



FRANCHISE DISCLOSURE DOCUMENT

THE HOMETEAM INSPECTION SERVICE, INC.

an Ohio corporation

575 Chamber Drive

Milford, Ohio 45150

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www.HomeTeam.com

A HomeTeam franchise sells building inspection services for single-family homes and certain multi-family residential buildings.

The total investment necessary to begin operation of a HomeTeam franchise ranges from ~~\$38,700~~ \$39,300 to ~~\$72,400~~ \$72,000. This includes ~~\$30,900~~ \$33,500 to ~~\$50,900~~ \$53,500 that must be paid to the franchisor or an affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact HomeTeam at 575 Chamber Drive, Milford, Ohio 45150 and (800) 598-5297.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: ~~April 1, 2015~~ April 1, 2016

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit I for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN OHIO. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR LITIGATE WITH US IN OHIO THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT OHIO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISOR HAS MINIMUM SALES PERFORMANCE STANDARDS THAT YOU MUST MAINTAIN. FAILURE TO DO SO MAY RESULT IN TERMINATION OF FRANCHISE AGREEMENT OR REDUCTION OF SIZE OF TERRITORY; YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Dates on the following page

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Documents be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The Franchise Disclosure Document is registered on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of ~~April 1, 2015~~ April 1, 2016.

	State Effective Date
California	April 20, 2015 Pending
Hawaii	March 8, 2016 Pending
Illinois	April 2, 2015 Pending
Indiana	April 2, 2015 Pending
Maryland	May 29, 2015 Pending
Michigan	April 2, 2015 Pending
Minnesota	April 14, 2015 Pending
New York	April 29, 2015 Pending
North Dakota	Not Registered Pending
Rhode Island	Not Registered Pending
South Dakota	April 3, 2015 Pending
Virginia	April 27, 2015 Pending
Washington	April 29, 2015 Pending
Wisconsin	April 2, 2015 Pending

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B	Irrevocable Power of Attorney	I	State Franchise Regulators
C	Guaranty and Assumption of Obligations	J	Financial Statements
D	Nondisclosure and Noncompetition Agreement	K	Franchisee List
E	Promissory Note	L	Franchisees Who Have Left the System
F	Franchisee Disclosure Questionnaire	M	Table of Contents of Operations Manual
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Item 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor, Business Form, Names, Address. In order to make this disclosure document easier to understand, "HomeTeam" or "we" means the franchisor, The HomeTeam Inspection Service, Inc. The terms "HomeTeam" or "we" do not include The HomeTeam Inspection Service, Inc.'s officers, directors, or shareholders. "You" means the person, corporation, partnership or other entity that buys the franchise. "You" does not include the shareholders or partners of a franchisee unless otherwise indicated.

HomeTeam is an Ohio corporation that was incorporated on December 14, 1992. Our principal business address is 575 Chamber Drive, Milford, Ohio, 45150. We do business under the name HOMETEAM INSPECTION SERVICE. Our agents for service of process are listed in Exhibit H.

Our Business Activities and the Franchises to be Offered in this State. We offer franchises to operate building inspection services under the name HOMETEAM INSPECTION SERVICE (in this disclosure document, we refer to the franchise we offer as a "HomeTeam franchise," regardless of whether it uses the HOMETEAM name). We formerly offered franchises under the name HOMEBIZ INSPECTION TEAM, all franchises formerly operating under that name have changed to the HOMETEAM INSPECTION SERVICE name. The most common type of inspection, called a "whole-house inspection," is typically performed on behalf of the buyer in connection with the purchase of a home, for the purpose of reporting on the general condition of the home at the time of the inspection and identifying any major defects in the home. You will offer your services to buyers, sellers and owners of homes and other buildings, directly and through referral sources such as real estate agents, relocation companies, banks, attorneys, appraisers, and mortgage lenders. You will compete with other inspection services in the same geographic area, including those that may be franchised by other national companies. Unless your franchise is located in a southern state with mild winters, you may experience a decline in sales during the months of December, January, and February.

In addition to performing inspections yourself, you also must be able to manage other inspectors. We provide you with proprietary and customized management software, *ISN* and *CloudInspect* (or similar software designated by us), which you are required to use. HomeTeam franchisees distinguish themselves from competitors by offering a professional service and by building brand recognition within their local communities. You must be prepared to purchase or lease vehicles that meet our specifications. You and your employees must wear uniforms that also meet our specifications during business hours. We recommend that you operate the franchised business from an office in your home, and then lease modest office space when your business matures and grows. Your office is not required to be located within your territory, but you must maintain a business address in your territory, and the telephone number for your franchise must be listed under an address or other location in your territory.

Industry Regulations. Nearly every state has laws that affect the building inspection industry. Most states, as well as some counties and municipalities, already require the licensing, certification, or registration of building inspectors, and those that do not are in the process of adopting licensing, certification, or registration requirements. You should assume that you will be required to obtain a license, certification, or registration to operate the franchised business. Due to the nature of the various states' licensing for home inspectors, we may substitute some or all of the inspection training aspects of the training program to a third party training organization approved by the various states. If a third party training organization is utilized, HomeTeam will pay up to half the cost of the initial state licensing training for one person. The licensing, certification or registration

process typically involves a combination of education, experience, and testing requirements. Some states also have established standards of practice and performance that apply in your territory. You should thoroughly investigate all relevant laws before making a purchase decision. You should consult with your attorney and local, state, and federal government agencies before entering into an agreement to buy a HomeTeam franchise to determine all legal requirements with which you must comply, in order to evaluate their effects on you and the cost of compliance.

HomeTeam was formed solely for the purpose of selling and supporting building inspection franchises. We have never operated any franchises. We have offered franchises of this type since December 21, 1992. We do not offer franchises in any other business. We have no parents.

~~Affiliates. Trigon Imaging Systems is an Ohio corporation with its principal place of business at 575 Chamber Drive, Milford, Ohio 45150. Trigon Imaging Systems offers vehicle wraps and presentation banners to the franchisor and its franchisees. HomeTeam does not have any affiliates that offer franchises in any line of business or provide products or services to HomeTeam franchisees.~~

Predecessors and Parents. We do not have any predecessors or parents.

This disclosure document describes the terms and conditions on which we currently offer franchises in this state. We reserve the right, in our sole discretion, to grant, or not to grant, a HomeTeam franchise to any prospective franchisee, regardless of the stage of the franchise contract process, costs expended by the prospective franchisee or otherwise. We may offer HomeTeam franchisees in other states or countries, on economic and/or other terms, which differ from those offered by this disclosure document and there may be instances where we have varied, or will vary, the terms on which we offer franchises to suit the circumstances of a particular transaction. We strongly urge you to carefully review all documents, including a comparison to any prior agreement if a Successor Franchise or the transfer of an existing franchise agreement is involved, as well as this disclosure document, with independent advisors retained by you and who can provide legal, business and economic guidance, such as a lawyer or accountant.

You should understand that every detail of your franchise will be important not only to you, but also to us and to all franchisees. Therefore, during the term of the franchise agreement, you must, at all times, develop and operate your franchised business in compliance with all system standards, as we may modify them in the future. Note that changes in the system standards may require additional investments by you in your franchised business.

This disclosure document contains a summary of various provisions of our program, the franchise agreement, and other documents. We have summarized the main features of our program above and further information appears at appropriate points throughout this disclosure document. Of course, the descriptions in this disclosure document are required to be brief and are for general informational purposes only. In many cases, the disclosure document contains only excerpts or summaries of other documents. The actual provisions of these documents will control in every case and you should refer to the franchise agreement and other documents for more complete information.

The franchised business involves substantial business risks that cannot be eliminated. Significant investment beyond that outlined in this disclosure document may be required to succeed. Your volume, profit, and possible success are primarily dependent on your financial, management, and other resources, your interpersonal, marketing, management, judgment, and other skills, your dedication and willingness to work hard, your proper use of our system, as well as factors over

which you will have no control, such as the housing market and the local, regional, and national economies in general. We cannot and do not guarantee your success.

Item 2. BUSINESS EXPERIENCE

Founder, President, Treasurer: Paul D. Spires, Jr.

Paul is one of our founders and has been a member of our Board of Directors since our organization in December 1992, our Treasurer since June 1995, and our Chairman since July 2007. He was our Chief Executive Officer from May 1998 through June 2007. Paul is the founder and President of Trigon Imaging Systems, Inc. since July, 2008, located in Milford, Ohio, and since 1985 has been a real estate investor in both multi-family residential and commercial properties.

Vice President: Gregory S. Haskett

Greg has been with HomeTeam since September 1994, initially as a franchise support specialist. He was promoted to Director of Franchise Operations in June 1998 to December 1999. In December of 1999, Greg was named Vice President of Franchise Operations. Greg has also served in the role of Secretary beginning in September 2000. From April 2007 until June 2012, Greg also was Vice President of H.D. Franchising Systems, Inc. in Milford, Ohio.

Vice President: Adam Long

Adam joined HomeTeam in May 2004, initially as the Information Technology Coordinator. He was promoted to Vice President in April 2007. From April 2007 until June 2012, Adam also served as Vice President of H.D. Franchising Systems, Inc. in Milford, Ohio.

Chief Financial Officer: Jerry Butterworth

Jerry has been with HomeTeam since April of 2009 as Chief Financial Officer.

Item 3. LITIGATION

No litigation is required to be disclosed in this Item.

Item 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5. INITIAL FEES

Initial Franchise Fee. You must pay an initial franchise fee when you sign the franchise agreement ("Initial Franchise Fee"). The amount of the franchise fee depends upon the demographics of your franchise territory. A franchise fee of ~~\$19,900~~ \$25,000 encompasses a territory of up to 50,000 owner occupied households, a franchise fee of ~~\$29,900~~ \$35,000 encompasses a territory of 50,001 to 100,000 owner occupied households and a franchise fee of ~~\$39,900~~ \$45,000 encompasses a territory of 100,001 to 150,000 owner occupied households. Initial Franchise Fees are entirely non-refundable and are uniform for all franchises currently being offered, however, we reserve the right to offer, from time to time, discounts or incentives under certain circumstances. The Initial Franchise Fee becomes part of our general funds with no limit on their use.

We obtain our demographic information from U.S. Census Bureau data and a geographic information system application licensed by Environmental Systems Research Institute, Inc. We have the right to designate a territory with more than 150,000 owner-occupied households, depending upon market size, demographic data, or other relevant factors, but we also have the right to charge a higher Initial Franchise Fee if we grant you a territory with more than 150,000 owner-occupied households.

Start-up Package Fee. You must also pay us a Start-up Package Fee of ~~\$11,000~~\$8,500 when you sign the franchise agreement. The Start-up Package Fee is uniform for all initial franchises. The Start-up Package includes your technology package (including computer, ipad, and other hardware, accounting and other software programs), marketing and promotional materials, a vehicle branding allowance, business cards, uniforms, tool package, and other supplies you will need for the operation of the franchised business. The contents of the Start-up Package may change without notice as quantities change, items are retired and/or replaced with new items, and program availability may vary from one market to another. The current contents are listed in Exhibit C of the franchise agreement, which is attached to this disclosure document as Exhibit A. The Start-up Package Fee is not refundable under any other circumstances.

VetFran Discount. We participate in the Veterans Transition Franchise Initiative, also known as "VetFran." VetFran is a voluntary effort of International Franchise Association members to encourage franchise ownership by veterans of the U.S. military by offering financial incentives. If you are an honorably-discharged U.S. military veteran and otherwise meet the VetFran requirements, we will discount the Initial Franchise Fee by ~~25~~15%.

Item 6. OTHER FEES

OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Weekly Royalty Fee (Note 1)	6% of Gross Sales <u>(Note 2) – Refunds calculated on the following: 6% of the first \$500,000 of Gross Sales per year, 5.5% on \$500,001 - \$750,000, 5% on the \$750,001 - \$1,000,000, and 4% on Gross Sales over \$1,000,001 (Note 2)</u>	Wednesday of each week by electronic funds transfer (Note 4)	The reporting week begins each Monday and ends on the following Sunday, and sales reports are due by the following Wednesday. <u>A weekly Royalty of 6% of Gross Sales will be collected, and any excess amounts collected will be refunded on a monthly basis. See Note 4 for more information.</u>
Annual Minimum Royalty requirement (Note 1)	6% of your Minimum Annual Gross Sales (Note 3)	On the anniversary date upon which the Franchise Agreement became effective, based upon your Minimum Annual Gross Sales for the preceding year that franchise agreement was effective	If the total weekly Royalty Fees that you pay each year are less than 4% - 6% of your Minimum Annual Gross Sales <u>(percentage based on Gross Sales amounts)</u> , you must pay the difference within 15 days after the end of year that franchise agreement is effective. Only applicable if annual gross sales fall below the Minimum Annual Gross Sales threshold.
Weekly Advertising Contribution (Note 5a)	3% of Gross Sales	Wednesday of each week by electronic funds transfer	The reporting week begins each Monday and ends on the following Sunday, and sales reports are due by the following Wednesday.
Annual Minimum Advertising Contribution (Note 5a)	3% of your Minimum Annual Gross Sales	On the anniversary date upon which the Franchise Agreement became effective, based upon your Minimum Annual Gross Sales for the preceding year that franchise agreement was effective	If the total weekly Advertising Contributions that you pay year are less than 3% of your Minimum Annual Gross Sales, you must pay the difference within 15 days after the end of each year that franchise agreement is effective.

Name of Fee	Amount	Due Date	Remarks
Local Advertising (Note 6)	\$2,500 per calendar half year for first three years, then 4% of Gross Sales	Each calendar half year	Each calendar half year, you must spend a minimum amount for local advertising and promotion directly related to your franchise.
Cooperative Advertising (Note 7)	Variable	Monthly	If an advertising cooperative is established or operating in your area, you must contribute.
Digital Marketing Fee (Note 5)	\$175	Monthly by electronic funds transfer	A small portion will be retained to administer programs. The amount is subject to change based on: technology changes; vendor arrangements; and change to model.
Transfer Fee (Note 1)	The then current transfer fee, <u>which is currently \$5,000 or \$3,000 for a transfer to an existing existing franchisees if you transfer to another HomeTeam franchisee, whichever is lower. If additional franchises are sold at the same time from the same transferor to the same transferee, the transfer fee for the first franchise will be \$5,000/\$3,000, and the transfer fee for additional franchises will be reduced to \$1,000 per franchise.</u>	Before the consummation of the transfer	Payable when you sell your franchise.
Successor Franchise Fee (Note 1)	\$2,500	At least 6 months before your franchise agreement expires	A "Successor Franchise" is a HomeTeam franchise that you may be granted under section 2.2 of the franchise agreement, as a successor to your initial HomeTeam franchise, for a ten-year term after the expiration of this agreement. Some HomeTeam franchisees signed a different form of franchise agreement (generally those effective before October 2007) that does not require them to pay a Successor Franchise Fee.
Convention Fee 	Variable, but standard per person package was \$775-\$825 for the 20156 convention.	Annually before our franchisee convention, typically held in February or March each year	If we host an annual convention for our franchisees, we will charge each franchisee a fee to attend. You must pay the convention fee each year regardless of whether you attend the convention. Some franchisees have a franchise agreement that does not require them to pay the fee unless they attend (generally those effective before October 2007).
Late Fee	\$20 for late payments; \$25 for late reports	On demand	You must pay a late fee each time we receive any report after its due date or any payment more than 5 days after its due date. Late fees on payments payable to us and on reports are payable to us; late fees on marketing contributions are payable to the national marketing fund.
Interest	18% from the date payment was due	On demand	In addition to a late fee, you must also pay 18% annual interest on each late payment we receive more than 30 days from its due date. Interest on payments payable to us is payable to us; interest on marketing contributions is payable to the national marketing fund.
Audit Fee (Note 1)	Cost of audit plus 18% interest on underpayment	On demand	Payable if audit shows an understatement of at least 3% for any week or if audit prompted by your failure to maintain records or submit information on time.

Name of Fee	Amount	Due Date	Remarks
Broker Commission	Variable	Upon the sale of your franchise	If you authorize us to retain the services of a business or franchise broker to procure a buyer for your franchise, you must pay the broker a commission. The amount of the commission will vary, but it is typically a percentage of the sale price of the franchised business.
Sales/Use Taxes (Note 8)	Variable	Payable with your royalty or marketing contribution payments	You must pay any state or local sales, use or value-added tax assessed on the royalties, marketing contributions, or other fees you pay us.
Reimbursement (Note 1)	Amount of expense advanced plus 18% interest	On demand	You must reimburse us if we pay your expenses when you fail to do so, such as rent, taxes, insurance, client refunds, or other liabilities.
Legal Expenses (Note 1)	Amount of expense advanced plus interest	On demand	You must pay any legal expenses we incur, including attorney fees, to enforce your franchise agreement.
Indemnification (Note 1)	Amount of expense advanced plus interest	On demand	You must reimburse us if we are held liable for claims arising from your business.
Software (Note 10)	Variable	On demand	You may be required to pay for periodic software user fees and upgrades, if any, for the use of required software including ISN or CloudInspect. You may also be required to purchase support services for required software from a supplier designated by HomeTeam. In the future, you may be required to purchase or lease other proprietary software from us or from a third party designated by us.

NOTES

- Imposed by and payable to HomeTeam.
- "Gross Sales" means all income (recognized on an accrual basis), whether cash or credit (and regardless of collection), less all refunds and discounts to clients and any sales or excise taxes.
- You will be required to achieve a minimum sales volume each year that your franchise agreement is effective ("Minimum Annual Gross Sales"). If you fail to achieve the Minimum Annual Gross Sales for 2 consecutive years that your franchise agreement is effective, we have the right to terminate your franchise agreement or reduce the geographic size of your territory. The Minimum Gross Annual Sales are listed in the following table:

Year	1	2	3	4	After 4
Minimum Annual Gross Sales	\$ 20,000	\$ 50,000	\$ 65,000	\$ 80,000	\$ 100,000

~~The figures in the table above are not financial performance representations, projections, or estimates of potential earnings, sales, or revenues. See Item 19 of this disclosure document for our disclaimer regarding financial performance representations.~~

If you are entering into an agreement for a Successor Franchise, the Minimum Annual Gross Sales will be \$100,000 per year that your franchise successor franchise agreement is effective, for the entire term of your franchise agreement.

- Franchisee will be required to pay a Weekly Royalty Fee of 6% of Gross Sales from the prior week. Monthly, refunds will be mailed to the franchisee reflecting the difference of the 6% of Gross Sales paid weekly and the percentages reflected below based on Gross Sales categories:
 - 6% on the first \$500,000 in Annual Gross Sales
 - 5.5% on \$500,001 to \$750,000 in Annual Gross Sales
 - 5% on \$750,001 to \$1,000,000 in Annual Gross Sales

- 4% on all Annual Gross Sales \$1,000,001 and over

Royalties are calculated per common franchise ownership and HomeTeam makes final decision based on their Business Judgment of common ownership status.

- 4.5. You must pay all fees and charges by electronic fund transfer or Automated Clearinghouse House transfer that we initiate, and sign an authorization form when you sign the franchise agreement. The authorization form is Exhibit E of the franchise agreement. The franchise agreement is attached to this disclosure document as Exhibit A.
- 5.6. Payable to the HomeTeam National Marketing Fund. See Item 11 of the disclosure document for an explanation of the National Marketing Fund.
- ~~6. To generate clients for your franchised business, you must conduct, at your expense, advertising and promotion directly related to your franchised business within your local trading area ("Local Advertising"). During the first 3 years after you open the franchised business, you must spend at least \$2,500 for Local Advertising each calendar half year. After your first 3 years of operation, you must spend at least 4% of your Gross Sales from the previous calendar half year. You must give us an itemized report of your monthly Local Advertising expenditures within 1 month after the end of each calendar half year. If you fail to spend at least the minimum amount required for Local Advertising for 2 consecutive calendar half years, you will be in default of your franchise agreement, and we will have the right to terminate your franchise unless you cure the default by paying the deficiency to the marketing fund within 1 month after notice from us. A "calendar half year" is the six month period from January 1 through and including June 30 and from July 1 through and including December 31 of each year.~~
- ~~7. Either we or the advertising cooperative will determine the amount of your monthly cooperative advertising contribution, but it cannot exceed 4% of your Gross Sales unless a majority of the cooperative members agree on a higher contribution. Your cooperative contribution will be credited toward your required local advertising expenditure, but not toward your marketing contribution. Each member of an advertising cooperative will have one vote per franchise. Each franchise operated by us or an affiliate of ours in an area in which an advertising cooperative has been established will contribute to the cooperative on the same basis as other members of that cooperative. See Item 11 for a more detailed explanation of advertising cooperatives.~~
- ~~7. We do not currently have a local or regional advertising cooperative and have no plans to form such cooperative in the immediate future. However, we may require that you join and actively participate in an advertising cooperative if one is established in a general geographic area you share with other HomeTeam franchise(s) for the purpose of promoting, coordinating, and purchasing advertising in local, regional or national area.~~
8. The royalties, marketing contributions, or other fees you pay to us may be entirely or partially subject to state or local sales, use, or value-added tax, depending upon the law in your state. If we are required to pay these taxes in your state, you must add the tax to your weekly royalty payment or marketing contribution.
9. All fees are non-refundable and uniformly imposed on all new franchisees. Some HomeTeam franchisees signed a different form of franchise agreement that may not require them to pay the annual minimum royalty, annual minimum advertising contribution, minimum local advertising, cooperative advertising, or successor franchise fees. In addition, some franchisees signed a different form of franchise agreement that requires them to pay a different transfer fee.
10. You are required to use *Inspection Support Network (ISN)*, ~~proprietary customized~~ sales lead management and inspection software, and *CloudInspect*, which interfaces with *ISN* and enables you to input inspection data at the inspection site using a hand-held computer. The computer system, including the setup of *ISN* and *CloudInspect*, is included in your Start-up Package. Due to the continuing evolution of all aspects of technology, you may be required to pay for periodic software user fees and upgrades, if any, for the use of required software including *ISN* or *CloudInspect* as disclosed in Item 6. You may also be required to purchase support services for required software from a supplier designated by HomeTeam.

In the future, you may be required to purchase or lease other proprietary or customized software from us or from a third party designated by us.

Item 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

DescriptionType of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	\$19,900 25,000 to \$39,900 45,000	Lump Sum	Upon signing franchise agreement	HomeTeam
Start-up Package Fee (Note 2)	\$11,000 8,500	Lump Sum	Upon signing franchise agreement	HomeTeam
Vehicle (Note 3)	\$500 to \$4,000 3,500	As Incurred	Before opening	Suppliers
Furniture and Equipment	\$500 to \$1,000 500	As Incurred	Before opening	Suppliers
Telephone (Note 4), Bank and Other Deposits	\$500 to \$1,000	As Incurred	Before opening	Suppliers
Travel & Living Expenses While Training (Note 5)	\$1,000 to \$2,000	As Incurred	At time of training	Hotel, airline, restaurants, employees
Real Estate and Improvements	(Note 6)	(Note 6)	(Note 6)	(Note 6)
Insurance (Note 7)	\$1,800 to \$4,000	Lump Sum	Before the effective date of the policy	Insurance Company
Permits, Licenses & Professional Memberships (Note 8)	\$500 to \$1,000 2,000	As Incurred	Before opening	State and/or local regulatory authorities (HomeTeam will train or pay for half of the cost of the initial state licensing training for one person).
Additional Funds - 3 months (Note 9)	\$3,000 2,000 to \$7,500 6,500	As Incurred	As expenses are incurred	Employees, taxing authorities suppliers, etc.
TOTALS (Note 10 10)	\$38,700 39,300 to \$72,400 72,000	(Does not include real estate costs)		

NOTES

1. **Initial Franchise Fee.** You must pay the Initial Franchise Fee in a lump sum when you sign the franchise agreement unless financing has been approved. The Initial Franchise Fee is discussed in detail in Item 5 above.
2. **Start-up Package.** The Start-up Package is discussed in detail in Item 5 above, and the current contents of the Start-up Package are listed in Exhibit C of the franchise agreement, which is attached to this disclosure document as Exhibit A. The contents may change without notice due to changing quantities, retiring and/or replacing items, and program availability may vary from one market to another. The Start-up Package Fee is not refundable under any other circumstances.
3. **Vehicle.** Before you open the franchised business, you must purchase or lease a vehicle if you do not already own a vehicle that meets our standards and specifications. You will need a vehicle for each team of inspectors, so you may need to acquire additional vehicles as your franchised business grows. Each inspector may use his or her own personal vehicle, so long as it meets our standards and specifications. You should consult your personal financial advisor to determine whether you should lease or purchase your vehicles. We estimate the cost of purchasing and outfitting a vehicle will range from \$16,000 to \$25,000. If you lease, you will be required to pay a deposit, the amount of which will vary. The low figure

in the above chart represents outfitting an existing vehicle. The high figure represents the estimated down payment required if you purchase the vehicle and the first 3 monthly payments.

4. Telephone Deposit. Your telephone service provider will typically require a normally refundable deposit for commercial service. You are required to maintain a separate business telephone line for the franchised business, and either an employee or an answering service capable of booking inspections to answer your line at all times during regular business hours.
5. Training. We do not charge a fee for the initial training, but you must pay the expenses of travel, lodging, food, wages, and workers' compensation for you and your employees during the classroom training. These expenses will range from \$1,000 to \$2,000 depending upon the distance and method of travel and the availability and quality of your hotel accommodations and living expenses during the classroom training program.
6. Real Estate and Improvements. We recommend that initially you operate your franchise from an office in your home if permitted by local zoning laws, so the chart above does not include any expenses for purchasing or renting office or warehouse space or improvements. Your office is not required to be located within your territory, but you must maintain a business address in your territory, and the telephone number for your franchise must be listed under an address or other location in your territory. After your business matures and grows, you may wish to rent modest office space in a commercial or light industrial area. You can anticipate requiring no more than 200 square feet for an office plus a parking space. Based upon a combined range of \$10.00 to \$20.00 per square foot, you should expect to pay \$2,000 to \$4,000 per year for rent. It is difficult to estimate lease acquisition costs because of the wide variation in these costs from one location to another. Lease costs will vary based upon variance in square footage, cost per square foot and required maintenance costs. The estimates do not include real estate taxes. The terms of your lease will depend on the size, location, condition and desirability of the premises. Rent payments may or may not include site preparation and build-out costs, which will depend on the arrangements that you negotiate with your landlord. You should not require significant, or perhaps any, build-out or improvements. You should expect the landlord to require the first month's rent and a security deposit equal to one month's rent. Amounts paid as rent are typically not refundable, but a security deposit may be refunded if you comply with the terms of your lease. If you purchase and/or construct a site for the franchised business, your initial costs will be significantly greater than the estimates above.
7. Insurance. You must obtain and maintain the types and amounts of insurance coverage described in Item 8 under the heading "Insurance." We must be named as an additional insured on these policies. We estimate that the average total annual cost for insurance coverage will be between \$1,800 and \$4,000. The premium is typically due prior to the effective date of the coverage unless your insurance company offers installment payment terms. Insurance costs will vary depending upon the location and size of your office, your gross revenues, the number of employees, the amount of your payroll and other factors, and may change from time to time due to changes in insurance rates and underwriting standards. Some insurance companies may allow you to finance their annual premiums. You must also maintain workers' compensation coverage and any other insurance that may be required by law in your territory. The cost for workers' compensation coverage and other insurance is not included in the above chart.
8. Permits and Licenses. Nearly every state has laws that affect the building inspection industry. Most states, as well as some counties and municipalities, already require the licensing, certification, or registration of building inspectors, and those that do not are in the process of adopting licensing, certification, or registration requirements. You should assume that you will be required to obtain a license, certification, or registration to operate the franchised business. Due to the nature of the various states' licensing for home inspectors, we may substitute some or all of the inspection training aspects of the training program to a third party training organization approved by the various states. If a third party training organization is utilized, HomeTeam will pay up to half the cost of the initial state licensing training for one person. The licensing, certification or registration process typically involves a combination of education, experience, and testing requirements. Some states also have established standards of practice and performance for building inspectors. You will be responsible for investigating and complying with the requirements that apply in your territory. The cost will vary from one locality to another. We also encourage you to join professional organizations for real estate professionals, such as

the local board of REALTORS¹®, Women's Council of Realtors® and similar groups, as an associate or supplier member.

9. **Additional Funds.** You should have approximately \$23,000 to \$67,500 of additional funds for such items as payroll expenses, initial supplies and operating expenses for the first 3 months of operation. In formulating the amount required for additional funds, we relied upon our experience in franchising building inspection businesses since 1993. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during this initial phase. You may also incur expenses for business license fees, professional licensing or qualification fees, legal fees, accounting fees, local permits and operating authorizations necessary to start your business, which may vary considerably from one area to another.
10. **Total.** The total figure listed in the above chart does not include compensation for your time or labor. Neither does the total figure take into account any finance charges, interest, debt service, or other costs which you may incur to finance all or any portion of your investment. These figures *DO NOT* include allowances for your personal living expenses; in addition to the initial investment itemized in the chart, you must have additional monies available, whether in cash or through a line of credit, or have other assets that you can liquidate or against which you can borrow, to cover your personal living expenses and any operating losses sustained during the initial phase of your business (see Note 6 above).
11. **Non-Refundable.** All expenditures are non-refundable unless specifically noted otherwise.
12. **Successor Franchise.** A "Successor Franchise" is a HomeTeam franchise that you may be granted under section 2.2 of the franchise agreement, as a successor to your initial HomeTeam franchise, for an additional ten-year term upon the expiration of this agreement. The disclosures in the above table refer only to the investment required to begin the operation of your franchise when you originally purchase it. Except for the Successor Franchise Fee disclosed in Item 6, there is no additional investment required for a Successor Franchise.

Item 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

System Standards. You should understand that every detail of your franchised business will be important, not only to you, but to us and to every other HomeTeam franchisee as well, in order to develop and maintain high and uniform operating standards based on the concepts of quality, consistency, reliability and professionalism; increase the demand for the services sold by HomeTeam franchises; and establish and maintain a reputation for offering uniform services exemplifying high customer service standards, ethical business practices, and integrity. A fundamental requirement of your joining and remaining a part of the HomeTeam system will be your commitment to the operation of your franchise in accordance with our system standards. During the term of the franchise agreement, you must at all times develop, maintain and operate your HomeTeam franchise in full compliance with all HomeTeam system standards, as we may modify and supplement them in the future.

We may require you to purchase from us or from our affiliate or designated suppliers any equipment, supplies, materials, products and services that you use in operating your HomeTeam franchise. We will provide you, in the operations manual or other written or electronic form, with a list of services and products that must be purchased from designated sources and, if required, a list of designated suppliers (which might include us, an affiliate of ours, or another supplier we designate) after you sign your franchise agreement, and we have the right to add or delete services, products, or suppliers from the list. If we or one of our affiliates is an approved supplier, you may

¹ REALTOR® is a registered mark of the National Association of Realtors in the United States and other countries.

be required to sign a purchase, lease, or supply agreement. We formulate and modify our specifications and standards for products and services based upon our research of the optimal products and services you will need to operate your HomeTeam franchise, our investigation of the available suppliers for each product and service, and our general business experience.

Suppliers. We will provide you with a list of approved suppliers for the products and services you will need to operate your HomeTeam franchise. Other suppliers may be approved by sending us a written request for approval by certified mail, return receipt requested, along with a sample of the supplier's product. We are not required to notify you of our approval or disapproval within a specific time period, but we will use our best efforts to notify you within 15 days after we receive all the necessary information. We will base our approval of suppliers upon a variety of factors, including their ability to meet our standards and specifications, their quality controls, their capacity to supply our franchisees' needs promptly and reliably, and their prices. Because of price discounts, benefits or other legitimate sales incentives, we may require you to participate with us or with other HomeTeam franchisees when purchasing certain products or services to be sold or used in your HomeTeam franchise. We do not charge a fee for approving suppliers. We may revoke approval of any approved supplier at any time if the quality of the product and the supplier's financial condition and ability to satisfy your requirements do not continue to meet our satisfaction. ~~Our affiliate, Trigon Imaging Service, in which our president, Paul Spires, owns an interest, is an approved supplier and has received no revenue from any HomeTeam franchise, though it has the right to do so in the future.~~

Materials Bearing Our Marks. Your marketing and promotional materials, business cards, business stationery, and other items bearing our trademarks, logos, and names must comply with specifications for content, size, typeface, color, and material. These specifications are contained in the operations manual. You may purchase these items from any approved supplier. Neither we nor any affiliate of ours will derive revenue from your purchases, ~~although Trigon may in the future.~~

Yellow Pages Advertising. You must maintain, at a minimum, a business listing in the White Pages and Yellow Pages directories serving your territory. To assure that we maintain consistency in Yellow Pages advertising, you must submit a sample to us for approval before placing.

Start-up Package. You are required to purchase from us, or an affiliate or a supplier designated by us, a Start-up Package consisting of your technology package (including computer, ipad, and other hardware, accounting and other software programs), marketing and promotional materials, a vehicle branding allowance, business cards, uniforms, tool package, and other supplies you will need for the operation of the franchised business. The contents of the Start-up Package are listed on Exhibit C of the franchise agreement, which is attached to this disclosure document as Exhibit A. Items in the Start-Up Package will be modified from time-to-time with some items be retired and eliminated from the Start-Up Package and some new items being added to the Start-Up Package. We will derive revenue equal to the Start-up Package Fees that you and other franchisees pay.

Vehicle Branding Allowance. As part of the Start-up package, ~~\$2,500~~ \$2,000 will be allocated in one of the two ways:

- If you own an existing vehicle that meets our standards and specifications, we will arrange for a branded vehicle wrap to be installed and cover up to ~~\$2,500~~ \$2,000 of expense including the wrap materials, shipping and installation. Depending on the size of vehicle and location for shipping, you may need to pay a small amount to cover the final cost; or

- The first ~~\$2,500~~\$2,000 of total expenses will be paid toward a lease of a vehicle with full branding from our approved leasing company (for example, if there was a \$400 deposit and your total monthly payments were ~~\$350~~\$400, including any shipping fees, you would begin making payments in the ~~7th~~5th month of the lease term).
- Branded vehicle wrap or lease of vehicle with full branding from our approved leasing company must take place within one year of the effective date of the franchise agreement or Vehicle Branding Allowance will be surrendered.

Insurance. Before opening the franchised business, you must obtain, and maintain at all times during the term of your franchise agreement, the following insurance coverage:

- All-Risk Insurance on all furniture, fixtures, equipment, supplies and other property used in the operation of the franchised business, for their full replacement cost.
- Commercial General Liability Insurance covering claims for bodily and personal injury, death, and property damage with a minimum per occurrence limit of \$250,000 and a minimum general aggregate limit of \$500,000 although we recommend \$1,000,000.
- Errors and Omissions Insurance with a minimum per occurrence limit of \$250,000 and a minimum general aggregate limit of \$500,000 although we recommend \$1,000,000 in per occurrence limit or other high limits if you routinely inspect higher valued homes.
- Automobile Liability Insurance for owned, hired, and non-owned vehicles with a minimum combined single limit of \$1,000,000.
- Worker's Compensation Insurance that complies with the statutory requirements of the state in which the franchised business is located and Employers' Liability Insurance with a minimum limit of \$100,000 or, if greater, the statutory minimum limit if required by state law.

All insurance policies must name HomeTeam as an additional insured, and no policy may have a deductible of more than \$10,000. You cannot open your franchise until you have obtained all required insurance coverage. If you fail to obtain and maintain this insurance coverage, we have the right to obtain it on your behalf and to charge you for the cost plus interest. We have the right to increase the minimum coverage, decrease the maximum deductible, or require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. We must give you at least 30 days' written notice. Neither HomeTeam nor any affiliate of HomeTeam will derive revenue from your insurance purchases.

Computer Hardware and Software. To operate your HomeTeam franchise, you will need a computer system and certain required computer programs. The specifications for the computer system are listed in the operations manual and Item 11 of this disclosure document. You are required to use *Inspection Support Network (ISN)*, ~~proprietary~~customized sales lead management and inspection software, and *CloudInspect*, which interfaces with *ISN* and enables you to input inspection data at the inspection site using a hand-held computer. The computer system, including the setup of *ISN* and *CloudInspect*, is included in your Start-up Package. Due to the continuing evolution of all aspects of technology, you may be required to pay for periodic software user fees and upgrades, if any, for the use of required software including *ISN* or *CloudInspect* as disclosed in Item 6. You may also be required to purchase support services for required software from a supplier designated by HomeTeam. In the future, you may be required to purchase or lease other proprietary or

customized software from us or from a third party designated by us. Except as described above, neither HomeTeam nor any affiliate of HomeTeam will derive revenue from the required computer purchases described above.

As a result of the sale of all required purchases and leases of products and services in the Start-Up package, listed in Exhibit C of the franchise agreement, to HomeTeam franchisees in calendar year 2015~~4~~, we received ~~\$48,900~~22,000 in revenue, representing ~~1.84~~1.84% of our total revenue in calendar year 2015~~4~~ of ~~\$1,110,843~~1,167,646 as reflected on our audited statement of income.

Some suppliers pay us a fee made payable to the Marketing Fund for sponsorships or display space at our annual convention. These fees defray the costs for the convention, but there are no specific restrictions on their use.

We estimate that the cost of goods purchased in accordance with the specifications described above will represent approximately ~~14~~15% to ~~25~~28% of your initial investment to commence the operation of your HomeTeam franchise (the exact percentage will depend upon the amount of your other variable start-up expenses), and approximately 10% to 15% of your operating expenses. Except as described above, we have not established any other specifications or designated suppliers for the equipment and supplies necessary to operate your HomeTeam franchise. We will provide you with a list of approved suppliers and suggested equipment and supplies after you purchase your franchise. Except as described above, we do not offer or sell equipment or supplies to franchisees or derive revenue from franchisees' purchases of equipment or supplies from other suppliers, although we have the right to and may do so in the future. We do not provide material benefits to a franchisee based upon the franchisee's use of designated or approved sources. Except as described above, you are not required to purchase any goods or services from any particular supplier. As the date of this disclosure document, there are no purchasing or distribution cooperatives.

Arrangements with Vendors. We have negotiated arrangements with certain suppliers to provide products and services to HomeTeam franchisees at reduced prices. Although full retail prices for these products and services will vary from one area of the country to another, the prices applicable to HomeTeam franchisees are generally more favorable than full retail prices for the same quality and service. These arrangements are briefly described in the list we will provide you during training.

Item 9. FRANCHISEE'S OBLIGATIONS

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Item in Disclosure Document <u>Item</u>
a. Site selection and acquisition/lease	§ 1.2, Art 3	Items 11 & 12
b. Pre-opening purchases/leases	Art 3, Art 4	Items 5 & 7
c. Site development & other pre-opening requirements	None	Not applicable
d. Initial and ongoing training	§ 7.1	Item 11
e. Opening	§ 7.6	

Obligation	Section in Agreement	Item in Disclosure Document
f. Fees	Art 4, 5, 17, §§ 2.2, 7.9, 11.8, 11.9 , 12.2(b)(13), 12.3(j), 13.3, 16.7	Items 5 & 6
g. Compliance with standards & policies/operating manual	§ 7.2, Art 9	Items 8, 11, 12 & 16
h. Trademarks and Proprietary information	Art 8, 9, 11	Item 13
i. Restrictions on products/services offered	§ 7.3	Item 16
j. Warranty and customer service requirements	§§ 7.3, 7.15	Item 6
k. Territorial development and sales quotas	§ 7.7	Items 12
l. Ongoing product/service purchases	§§ 7.3, 7.18(c) & (d), 11.8, 11.9	Item 8
m. Maintenance, appearance and remodeling requirements	§§ 7.4(b), 9.3	Not applicable
n. Insurance	§ 7.11	Items 7 & 8
o. Advertising	Art 11	Items 8 & 11
p. Indemnification	Art 17	Item 17
q. Owner's participation/ management/staffing	§§ 7.8, 7.17, 7.20	Item 15
r. Records/reports	§ 7.10	Item 17
s. Inspections/audits	§ 7.10(i)	Items 6 & 17
t. Transfer	Art 12	Item 17
u. Renewal	§ 2.2	Item 17
v. Post-termination obligations	Art 14, §§ 15.2, 15.3	Item 17
w. Non-competition covenants	§§ 15.1, 15.2, 15.3	Item 17
x. Dispute resolution	Art 16	Item 17
y. Other	None	Not applicable

Item 10. FINANCING

~~If you meet our credit standards~~For qualified buyers, we will finance up to 540% of the initial franchise fee upon the terms described below. The amount we will finance depends upon the size of the territory you purchase (see Item 5 for a detailed explanation of the territory sizes available). We will finance for either a three-year term at 8.5% interest, four-year term at 9.0% interest, or five-year term at 9.5% interest. When you sign the franchise agreement, you must sign a promissory note for the amount we will finance (a sample of the promissory note is attached to the franchise disclosure document as Exhibit E) and pay the balance of the initial franchise fee. The promissory note will be payable until all principal and interest has been paid in full as follows:

- The note will bear NO interest for the first six months and NO monthly payment is required;
- The note will then bear interest at a rate of ~~8.59% (three-year note term)~~, 9% (four-year note term) or 9.5% (five-year note term) per year for the remaining time there is an outstanding balance;
- The first six (6) payments (interest only payments) shall be due on the first day of the seventh (7th) calendar month immediately following the month in which you execute the Franchise Agreement and the payment amounts shall be equal to an interest only payment that will leave the balance on the note the same as the original amount;

d.—The remaining balance shall then be payable in equal monthly installments (with escalating payments over time) according to the following Financing Payment Plan Schedules; the first of which shall be due on the first day of the thirteenth (13th) calendar month immediately following the month in which you execute the Franchise Agreement; and

The financing terms for each territory size are listed in the following table:

SUMMARY OF FINANCING TERMS

<i>Territory Size</i>	<i>Amount of Down Payment (minimum)</i>	<i>Amount of Note (maximum)</i>	<i>Interest and Payments—1st six months</i>	<i>Interest Only Payments—7th to 12th month</i>	<i>Total Term of Note (months)</i>	<i>APR</i>	<i>Monthly Payment for remainder of note term</i>
<i>Large</i>	\$23,940	\$15,960	0	\$100.00	60	9%	\$398.00
<i>Medium</i>	\$17,940	\$11,960	0	\$75.00	54	9%	\$333.00
<i>Small</i>	\$11,940	\$7,960	0	\$50.00	48	9%	\$254.00

FRANCHISE FINANCING PAYMENT PLANS										
<i>Territory Size</i>	<i>Amount of Down Payment (minimum)</i>	<i>Amount of Note (maximum)</i>	<i>Annual Percentage Rate</i>	<i>Total Term of Note</i>	<i>Interest and Note Payment 1st six months</i>	<i>Interest Only Payments 7th to 12th month</i>	<i>Interest and Principal 13th to 24th month</i>	<i>Interest and Principal 15th to 36th month</i>	<i>Interest and Principal 37th to 48th month</i>	<i>Interest and Principal 49th to 60th month</i>
<i>Large</i>	\$22,500	\$22,500	9.5%	60	\$0.00	\$176.67	\$300.00	\$500.00	\$700.00	\$850.00
<i>Medium</i>	\$17,500	\$17,500	9.5%	60	\$0.00	\$137.41	\$200.00	\$400.00	\$500.00	\$740.00
<i>Small</i>	\$12,500	\$12,500	9.5%	60	\$0.00	\$98.15	\$150.00	\$250.00	\$425.00	\$500.00

<i>Territory Size</i>	<i>Amount of Down Payment (minimum)</i>	<i>Amount of Note (maximum)</i>	<i>Annual Percentage Rate</i>	<i>Total Term of Note</i>	<i>Interest and Note Payment 1st six months</i>	<i>Interest Only Payments 7th to 12th month</i>	<i>Interest and Principal 13th to 24th month</i>	<i>Interest and Principal 15th to 36th month</i>	<i>Interest and Principal 37th to 48th month</i>	
<i>Large</i>	\$22,500	\$22,500	9.0%	48	\$0.00	\$167.37	\$300.00	\$750.00	\$1,175.00	-
<i>Medium</i>	\$17,500	\$17,500	9.0%	48	\$0.00	\$130.18	\$300.00	\$550.00	\$875.00	-
<i>Small</i>	\$12,500	\$12,500	9.0%	48	\$0.00	\$92.99	\$250.00	\$400.00	\$575.00	-

<i>Territory Size</i>	<i>Amount of Down Payment (minimum)</i>	<i>Amount of Note (maximum)</i>	<i>Annual Percentage Rate</i>	<i>Total Term of Note</i>	<i>Interest and Note Payment 1st six months</i>	<i>Interest Only Payments 7th to 12th month</i>	<i>Interest and Principal 13th to 18th month</i>	<i>Interest and Principal 19th to 24th month</i>	<i>Interest and Principal 25th to 30th month</i>	<i>Interest and Principal 31st to 36th month</i>
<i>Large</i>	\$22,500	\$22,500	8.5%	36	\$0.00	\$158.07	\$300.00	\$800.00	\$1,300.00	\$1,800.00
<i>Medium</i>	\$17,500	\$17,500	8.5%	36	\$0.00	\$122.95	\$300.00	\$500.00	\$1,000.00	\$1,475.00
<i>Small</i>	\$12,500	\$12,500	8.5%	36	\$0.00	\$87.82	\$200.00	\$400.00	\$750.00	\$1,000.00

Payments must be made by automatic electronic fund transfer (a copy of the EFT authorization form is attached to the franchise agreement as Exhibit E). The only security we require is a personal guaranty of the notes by you and your spouse or by all the owners of a franchise that is a corporation, partnership or limited liability company (a sample of the guaranty is attached to the franchise disclosure document as Exhibit C). There will be no pre-payment penalty and, at your discretion, you may accelerate payments to save interest and reduce principal. If you do not pay the note on time, or if you breach the franchise agreement, we have the right to call the loan and demand immediate payment of the entire outstanding balance. Should you become delinquent on your note we have the right to terminate your franchise. You must pay our attorney's fees and court costs if a collection action is necessary. You waive your rights to presentment for payment and notice before a collection action may be started against you. You must pay a \$25 late charge on any payment that is more than 10 days late.

~~Except as disclosed above, we do not offer financing that requires you to confess judgment or waive a defense against us. We do not arrange financing from other sources. Commercial paper from franchisees has not been and is not sold or assigned to anyone, and we have no plans to do so. We do not guarantee your obligations to third parties.~~

HomeTeam has registered with the Small Business Administration's (SBA) Franchise Registry. This program streamlines the process of obtaining SBA guaranteed financing by having reviewed and approved our franchise contracts. HomeTeam may also assist you in applying for and obtaining funding from other sources we have relationships with.

Except as disclosed above, we do not offer financing that requires you to confess judgment or waive a defense against us. We do not arrange financing from other sources. Commercial paper from franchisees has not been and is not sold or assigned to anyone, and we have no plans to do so. We do not guarantee your obligations to third parties.

Item 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, HomeTeam is not required to provide you with any assistance.

Before you open your business, we will provide the following assistance:

1. We will approve or disapprove the boundaries that you submit for your franchise territory. The boundaries will be designated primarily by Postal Code. Your territory must be a single, undivided geographic area, and will contain between 50,000 and 150,000 owner-occupied households, although we have the right to specify a larger or smaller territory according to market size or other relevant factors (see Item 12 for a detailed explanation of the territorial restrictions). If the U.S. Postal Service alters the boundary or number of any of the Postal Code(s) assigned to your territory, or if any other boundary of your territory changes (such as the re-routing of a road used as a boundary, for example), you must notify us immediately and we will re-define the boundaries of the territory to correspond as nearly as possible to your original territory, and our decision will be final. You may not sign the franchise agreement until your territory has been designated. Franchise Agreement Article 1

2. We will provide you with a Start-up Package consisting of your technology package (including computer, ipad, and other hardware, accounting and other software programs), marketing and promotional materials, a vehicle branding allowance, business cards, uniforms, tool package, and other supplies you will need for the operation of the franchised business. The contents of the Start-up Package are listed on Exhibit C of the franchise agreement, which is attached to this disclosure document as Exhibit A. The Start-up Package is discussed in more detail in Item 5 of this disclosure document. Franchise Agreement § 6.1

3. We will provide written specifications and a list of approved suppliers for all equipment and supplies necessary to operate your franchise. Franchise Agreement § 6.1

4. We will provide a set of templates for advertisements, marketing materials, business cards and stationery. We will either provide you with paper or digital copies of these items at the time of your initial training, or provide you with instructions for downloading them from our franchisee intranet after you complete the initial training program. Franchise Agreement § 6.1

5. We will loan you a copy of our operations manual, which contains mandatory and suggested specifications, standards, and procedures, and software manual, which contains instructions for using our ~~proprietary~~ customized building inspection software. These manuals are confidential and remain our property. You will receive one copy of each manual when you begin the initial training program. The manuals are also accessible on our franchisee intranet. We may modify the manuals from time to time, but the modification will not alter your status and rights under the franchise agreement. The total number of pages in the operations manual is 477. The tables of contents of our manuals are attached to this disclosure document as Exhibit M. Franchise Agreement § 6.3

6. We will provide you with the forms and processes (primarily on a digital platform) you will use to report your sales, order supplies, and otherwise communicate with us. Franchise Agreement § 6.2

7. We will provide an initial training program at our training facility in Milford, Ohio for up to 2 people, one of which must be the franchisee, a principal or designated representative of the franchisee who is responsible for the general oversight and management of the franchised business. Franchise Agreement §§ 6.1 and 7.1

Paragraphs 1 through 7 above refer to assistance and materials we provide to new franchisees before they open their franchise. If you are acquiring a Successor Franchise, you already received these materials and assistance before you opened your HomeTeam franchise. You will be permitted to continue to use our manuals and proprietary or customized operations software, on loan or under license, respectively, to operate your Successor Franchise.

Length of Time to Open Franchise. Franchisees typically begin operating their franchises 3 to 6 months after the earlier of signing the franchise agreement or the first payment of consideration. The factors that affect this time are the availability and timing of your financing, your previous employment commitments (if any), and your ability to complete our training program, comply with licensing requirements in your jurisdiction, and schedule your initial marketing campaign. You must open your franchise within 6 months after you sign the franchise agreement or we have the right to terminate your franchise without refunding any fees you have paid. Franchise Agreement §§ 7.6 and 13.1(c)

During the operation of the franchised business, we will provide the following assistance:

1. We will provide you with assistance to the extent we deem necessary. Franchise Agreement § 6.1

2. We will provide you with periodic communication including email, newsletters, and such other materials, information, and assistance as we may deem necessary. Franchise Agreement § 6.1

Advertising. You ~~are required to spend a minimum amount on local advertising and you may~~ not solicit clients or Referral Sources (see Item 12 below for a definition of a “Referral Source”) in another franchisee’s territory. Your franchise agreement does not otherwise restrict or mandate the amount of advertising you may conduct or the media in which any advertising may be placed. We are not required to advertise the services offered by HomeTeam franchisees, and we are not required to spend any amount on advertising in your territory. We will provide you with a number of pre-approved advertisements in a digital format for use in various media, but you are free to use your own advertising material so long as we approve it first. If you wish to use an advertisement that we have not provided and that has not been previously approved, or advertise in a medium or with an advertiser that has not been previously approved, you must submit it to us by certified mail, return receipt requested, for approval. Unless we notify you that the advertisement is not acceptable within 15 days after we receive it, you may assume that it is acceptable. The approval of advertising will be made on a case-by-case basis using purely subjective criteria. All of your advertising in any medium must be conducted in a dignified manner, be completely accurate and truthful, conform to standards and requirements listed in the operations manual and to all applicable laws and regulations regarding consumer advertising, contain a notice that your franchise is independently owned and operated. Any advertisement that you develop for your HomeTeam franchise automatically becomes our property, and we may use it for our other franchisees without compensating you. There is no advertising council that specifically advises us on advertising policies, although we do have a Franchisee Advisory Council (see below). Franchise Agreement §§ 1.4, 11.6 – 11.8

HomeTeam Web Site. Although not required to do so by the franchise agreement, we maintain a website to promote our franchisees’ services and the sale of our franchises and to provide contact information for HomeTeam locations. We will provide you with personalized web pages on our web site at no cost to you. You may not establish your own web site, web page, or URL for your franchised business or that uses any of our trademarks. You may not advertise your services or use our trademarks in any listing, banner, advertisement, or any other service or link on or to the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines, or similar services, without our prior written approval. We will provide you with an e-mail account, which you are required to use for all electronic communications for the franchised business. You may purchase additional email addresses, subject to our approval, for a \$100 annual fee per email address. Franchise Agreement §§ 8.5 & 11.7

Digital Marketing Package. Although we are not required to do so by the franchise agreement, we, in conjunction with a variety of third party vendors, have developed a Digital Marketing Package (the “DMP”) as a way to enhance local online marketing for HOMETEAM Franchisees. The DMP fee for the 2015 is at a cost of \$175.00 per month. We have the right to change the amount of the fee (Franchise Agreement §5.5). The DMP currently includes:

- a) ~~Ongoing SEO services and reporting~~ – You will receive monthly SEO reports and updates to improve search visibility of your local website.
- b) ~~Facebook, LinkedIn and Google+ pages~~ – You will have a professionally managed Facebook, LinkedIn and Google+ Page for your local franchised business.

- c) Local Directory Listings Syndication – NAP (Name, Address, Phone Number) Information will be broadcast to local search directories.
- d) Review Solicitation – Clients, Buyer's Agents and Seller's Agents will receive review requests and these reviews will be available through your local website and social media sites.
- e) Reputation Management Program – Positive reviews will be used to solicit positive reviews on local search directories.

Franchisee Advisory Council. We have established a franchisee advisory council (the "Council"). The purpose of the Council is to promote constructive, open and two-way communications between our franchisees and our management, make franchisees, as a group, an integral part of our planning as we continue to grow and develop our franchise system, and address and resolve concerns of common interest before they develop into major issues. The Council serves in an advisory capacity only and does not have authority to establish or modify our policies or to direct or control the uses of our marketing fund or policies. The Council has 65 members. Any HomeTeam franchisee in good standing is eligible to serve on the Council. Each member is elected by a majority vote of franchisees attending our annual franchisee convention. We have the power to form, change and dissolve the Council.

Advertising Cooperatives. ~~We have the power to form, change, dissolve and merge local or regional marketing and advertising cooperatives in geographical areas with 2 or more HomeTeam franchises. Advertising cooperatives may be established for areas covered by advertising media relevant to particular geographic markets, Metropolitan or Micropolitan Statistical Areas, the building inspection industry, or our advertising strategies, in our discretion. If we establish an advertising cooperative in an area, each franchise within the cooperative area must join and contribute to the cooperative each month. Your cooperative contribution will be credited toward your required local advertising expenditure, but not toward your national marketing contribution. Either we or the cooperative will determine the amount of your monthly contribution, but it cannot exceed 4% of your Gross Sales unless a majority of the cooperative members agree on a higher contribution. The members of each cooperative will be responsible for its administration, subject to our approval. Each member of an advertising cooperative will have one vote per franchise. Each cooperative will operate from written governing documents and must prepare monthly financial statements, all of which will be available for its members' review. Each franchisor, or affiliate-owned location in an area in which an advertising cooperative has been established will contribute to the cooperative on the same basis as other members of that cooperative. As of the date of this disclosure document, we have not established any advertising cooperatives~~do not currently have a local or regional advertising cooperative and have no plans to form such cooperative in the immediate future. However, we may require that you join and actively participate in an advertising cooperative if one is established in a general geographic area you share with other HomeTeam franchise(s) for the purpose of promoting, coordinating, and purchasing advertising in local, regional or national areas. Franchise Agreement § 11.89

Local Advertising. ~~You must spend at least \$2,500 per calendar half year during the first three years after opening the Franchised Business, and thereafter 4% of your Gross Sales for the preceding calendar half year on local advertising. The Local Advertising Amount will be pro-rated for partial calendar half years. Local Advertising expenditures must be made directly by you. Within one month after the end of each calendar half year, you must furnish us with an itemized report of your Local Advertising expenditures for the previous half year. Franchise Agreement § 11.8~~

National Marketing Fund. Each franchisee is required to pay a weekly marketing contribution of 3% of Gross Sales to a national marketing fund (the "Marketing Fund"). If the weekly advertising contributions that you pay in each year that your franchise agreement is effective total less than 3% of your Minimum Annual Gross Sales for that year, you must also pay the difference to the Marketing Fund within 15 days after the end of that year (see Item 6 and 12 for an explanation of Minimum Annual Gross Sales). All marketing contributions are maintained in a separate account and must be spent on advertising, promotion and marketing of the services provided by HomeTeam franchises, the development of the HomeTeam brands, plus administrative costs associated with the maintenance of the Marketing Fund. We are reimbursed for postage, labor, and other expenses provided to the Marketing Fund. We are also reimbursed for any loans made to the Marketing Fund. Each franchisor-owned location must contribute to the Marketing Fund on the same basis as franchisees. The Marketing Fund is not and will not be an asset of HomeTeam. Except as disclosed above, neither HomeTeam nor any affiliate receives any payment from the Marketing Fund. Franchise Agreement §§ 5.3, 5.4 and 11.2

Our current policy is to use the Marketing Fund for the development of new advertising, promotional and marketing materials, to advertise the services provided by franchisees in certain media and on the Internet, and to work with outside advertising agencies and/or public relations firms to develop the HomeTeam brands. However, we have the right to change this policy at any time and to use the Marketing Fund to place advertising in any national, regional, or local media (including broadcast, print, or other medium). Except as disclosed above, neither we nor any affiliate of ours receives any payment from the Marketing Fund.

The Fund is administered by us. The Fund is not and will not be an asset of ours. The Fund is not audited, but an unaudited annual financial statement of the Fund is available to any franchisee after March 1 of each year. During the one-year period ending on December 31, 2015, the Fund's total receipts were \$578,159,672,107 and total expenses were \$551,928,541,683, of which 18.320.5% was spent for administrative expenses, 6.024.9% for advertising on behalf of franchisees, 16.417.1% for franchisee meetings, 7.75.5% for Internet costs, 1.3.4% for promotional programs and sponsorships, 22.79.5% for public relations and marketing materials, 7.621.8% for Digital Marketing Package, and 20.0.3% rebates to franchisees. The rebates were part of a previous program that is no longer offered. There were sufficient funds to cover expenses in the Fund.

We are not required to spend any amount on advertising in your territory. No portion of the Marketing Fund is used for advertising that is principally a solicitation for the sale of franchises. If all marketing contributions are not spent in the fiscal year in which they accrue, expenditures made from the Marketing Fund in the following year(s) will be made first out of accumulated earnings from previous years (if any), next out of earnings in the current year, and finally from contributions. Franchise Agreement §§ 11.1 – 11.3

Marketing Contribution Rebate Program. ~~We previously offered the rebate program in 2014 and have phased out that program and are not offering it moving forward.~~

Computer System. To operate your HomeTeam franchise, you will need a desktop computer with Windows Professional (latest version), a hand-held computer, a laser printer, accounting and other software programs (latest version). The minimum hardware and software specifications are listed in the operations manual. We provide the computer hardware and software listed above in your Start-up Package.

You will also need a high-speed Internet connection for communication and file transfer. Neither HomeTeam nor any affiliate of HomeTeam will derive revenue from the required Internet connection.

In addition to the software listed above, you are required to subscribe to and use web-based enterprise management software developed specifically for the home inspection industry and marketed under the brand names "Inspection Support Network" and "CloudInspect" by a company named Inspection Support, LLC located in Las Vegas, Nevada. Inspection Support, LLC is not affiliated with HomeTeam. You will use Inspection Support Network and CloudInspect software to maintain information about your clients, prepare and print contracts, inspection reports and invoices, maintain the financial records of the franchised business, access Internet sites, and communicate with prospective and current clients, referral sources, suppliers, us, and others via e-mail. You will be required to enter into a terms of use agreement with Inspection Support, LLC and pay Inspection Support, LLC a license fee of \$1.10 per inspection for CloudInspect and \$2.20 per inspection report for Inspection Support Network with a minimum of \$20 per month for Inspection Support Network. The total monthly cost will vary depending on the number of inspections you generate. There is no charge for set-up or installation of the Inspection Support Network software. There is an optional annual \$99.00 charge for storage (mainly for pictures during inspections) for the CloudInspect software.

We have entered into an agreement with Inspection Support, LLC. that prohibits it from increasing the license fees payable by our franchisees until December 31, 2017. The agreement will automatically renew for additional three-year periods at the end of each renewal term unless HomeTeam elects not to renew it at least 60 days before the end of the then-current term. After each term, Inspection Support, LLC may not increase the license fees by more than 10% over the rate charged during the previous term.

Because Inspection Support Network and CloudInspect software are web-based (which means you will access it via the Internet instead of loading it onto your computer), your terms of use agreement will require Inspection Support, LLC to use commercially reasonable means to provide round-the-clock access to the software. Inspection Support, LLC will have no other obligation to provide ongoing maintenance, repairs, upgrades, or updates for Inspection Support Network and CloudInspect software. We will have independent access to the information that will be generated and stored on Inspection Support Network and CloudInspect. You must provide us with independent access to all of the information that will be generated and stored on your computer system if we request it. There are no contractual limitations on our right to access the information. You are contractually required to upgrade and update your computer system as we require during the term of the franchise. There are no limits on the costs you may incur to upgrade or update. We currently do not require you to purchase a maintenance, repair, update, or upgrade service contract for your computer system, but we have the right to do so in the future. We do not know the annual cost of any optional or required maintenance, repair, updating, upgrading, or support contracts. Neither we nor any of our affiliates or any third party is obligated to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. Although the cost of the computer system is included in your Start-up Package (Franchise Agreement §§7.18 and 9.3 and Exhibit C), we estimate that it would cost \$2,800 if you purchased all the components separately.

Location of Franchised Business. You will operate the franchised business from a single office site. We do not select or approve a site, or provide you with assistance in selecting a site, for the franchised business. We do not impose any restrictions upon the location of your office. We recommend that, initially, you operate your franchise from your home, provided that doing so will not violate any zoning or building code or other ordinance. After your business matures and grows, you may wish to rent modest office space. If you elect not to operate your franchise from your home, the location should be geographically convenient to the more densely populated areas of your territory and to major thoroughfares. You are not required to operate the franchised business from a site within your territory, but you must maintain a business address in your territory, the

telephone number for your franchise must be listed under an address or other location in your territory, and you are not permitted to advertise or promote your franchised business in another franchisee's territory (see Item 12 for a detailed explanation of the territorial restrictions). You must provide us with the address of the location and notify us promptly of any change. Franchise Agreement Article 3

Training. Before you open your franchised business, we will provide 1 week of training for you at our corporate headquarters in Milford, Ohio. The initial training program is mandatory—either the franchisee or a representative of the franchisee designated as responsible for the general oversight and management of the franchised business must complete the initial training program to our satisfaction within 6 months after you sign the franchise agreement, or we have the right to terminate your franchise without refunding any fees you have paid. Our standard training program is outlined in the table below. Due to the nature of the various states' licensing for home inspectors, we may substitute some or all of the inspection training aspects of the training program to a third party training organization approved by the various states. We will assist you with our experience and contacts, but you will be solely responsible for investigating and complying with the requirements that apply in your territory. In this scenario, HomeTeam will continue to conduct the portion of the training program pertaining to business, operations, marketing, finance, and legal aspects of running the business. Training is typically scheduled on a monthly basis subject to demand. We do not charge a fee for the initial training program, but you are responsible for paying the costs of travel, lodging, meals and compensation for you and your employees (if any) during the training program. The agenda of the standard initial training program is listed below. Franchise Agreement §7.1

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation	1 ¾	0	Milford, Ohio
Inspection Standards	1	0	Milford, Ohio
Business Start-Up	4 ¾	0	Milford, Ohio
Pricing Methods	1 ½	0	Milford, Ohio
Inspection Preparation	2	0	Milford, Ohio
Accounting	2	0	Milford, Ohio
Legal Topics	1 ½	0	Milford, Ohio
Marketing	6 ¼	0	Milford, Ohio
Leadership Training	2 ¼	0	Milford, Ohio
Inspection Specifications	4 ½	4 ½	Milford, Ohio
Inspection Documents and Reports	1½	0	Milford, Ohio
Writing Reports	4½	4 ½	Milford, Ohio
Sales Presentations	2	0	Milford, Ohio
Communications	3	0	Milford, Ohio
TOTAL	40 ¾	9	

Our operations manual and *ISN/CloudInspect* online instruction manuals are the instructional materials for the initial training program. The names and qualifications of the training instructors are:

- Greg Haskett is our Vice President. Greg has been with HomeTeam in various capacities since 1994. He has experience in all aspects of the operation of a HomeTeam franchise, including marketing, operations, legal, inspections, and reporting.
- Adam Long is also a Vice President. Adam has been with HomeTeam in various capacities since 2004. He has experience in all aspects of the operation of a HomeTeam franchise, ~~primarily including, marketing, operations, legal, inspections and reporting technology and the management and use of our proprietary operations software and other software packages used in the management of the business.~~
- Shannon Keeney joined our staff in May 2011 as our Marketing Coordinator. She works with our franchisees on local marketing initiatives. Shannon graduated from Northern Kentucky University with a bachelor's degree in marketing and ~~holds a certificate in graphic design a master's in business administration.~~
- Paul Spires, Jr. is one of our founders and has been a member of our Board of Directors since our organization in December 1992, our Treasurer since June 1995, and our Chairman since July 2007. He was our Chief Executive Officer from May 1998 through June 2007. Paul is the founder and President of Trigon Imaging Systems, Inc. since July, 2008, and since 1985 has been a real estate investor in both multi-family residential and commercial properties.
- Sara Pettit joined our staff in December of 2012. She is our franchise paralegal and holds a degree in Paralegal Studies from the University of Cincinnati.
- Jerry Butterworth has been with HomeTeam since April of 2009 as Chief Financial Officer. Jerry served as Vice President, Finance & Treasurer for Powernet Global Communications in Fairfield, Ohio from 2008 to April 2009; prior to this position he was Vice President of Finance & Controller for Western & Southern Financial Group in Cincinnati, Ohio from 2002 to 2008.
- Anne ~~Slonaker~~ Mucci joined our staff in May of 2014. She has prior experience in Customer Service and Adult Learning. Her primary role is administration and phone support both internally and for certain franchise locations.
- Chris Zimmerman joined our staff in August of 2014 as a franchise support representative. He has prior experience in sales, operations, Human Resources, and technology. Chris is a previous business owner and has extensive experience with business start-ups.

Additional Training. Although we are not contractually obligated to do so, we will train your inspectors and management employees at our headquarters in Milford, Ohio. You must pay the travel and living expenses for your personnel during the training program. We may require you to attend additional training programs after your successful completion of the initial training program. In the past we have not charged franchisees a fee for additional training, but we have the right to do so in the future (Franchise Agreement §§ 7.1, 13.1).

Annual Convention. Although we are not required to do so by the franchise agreement, we hold an annual convention for HomeTeam franchisees, typically in February, to discuss sales techniques, operation procedures, marketing methods, and to introduce new software, marketing programs, or promotional items. We charge a fee to attend the convention. The convention fee for the 2016~~5~~ convention was ~~\$775-825~~ per person, but we have the right to change the amount of the fee. You must also pay all your travel and additional living expenses to attend the convention. You are not required to attend the annual convention, but you must pay the convention fee every year, regardless of whether you attend. (Franchise Agreement § 7.19).

Item 12. TERRITORY

Your franchise agreement will give you the right to operate a HomeTeam franchise within a specific territory. Your territory will be delineated primarily by Postal Codes. Some HomeTeam franchisees signed a different form of franchise agreement (generally those effective before October 2007) with territories delineated not by Postal Codes but by roads, political boundaries, or geographic boundaries, or a combination of these. For that reason, boundaries of your territory that are shared with existing HomeTeam franchisees (*i.e.*, your territory is on one side of the boundary and another HomeTeam franchisee's territory is on the other side) may be delineated by roads, political boundaries, or geographic boundaries, or a combination of these. We obtain our demographic information from U.S. Census Bureau data and a geographic information system application licensed by Environmental Systems Research Institute, Inc. In most cases, your franchise territory will contain 100,001 to 150,000 owner-occupied households. This is our large franchise territory. To bring our brand to more areas, in a business conscious way, we offer a small or medium franchise territory size in areas that are less densely populated and more rural. We refer to these territories as rural territories. The small franchise territory will encompass up to 50,000 owner occupied households. The medium territory will encompass 50,001 to 100,000 owner occupied households.

We will grant you a protected territory. Every HomeTeam franchisee is required to abide by the following territorial restrictions:

1. You may not solicit clients or Referral Sources in another franchisee's territory, and other HomeTeam franchisees (including us) may not solicit clients or Referral Sources in your territory. A "Referral Source" is a person or organization that, due to its purpose or the nature of its business, regularly encounters opportunities to recommend building inspectors to the general public or to the Referral Source's customers, clients, or members. Referral Sources include real estate agents and brokers, banks, relocation companies, title agents, real estate attorneys, appraisers, mortgage brokers, mortgage lenders, and financial institutions. Upon first contact with a Referral Source, it is your burden to ascertain whether their location is in your territory. The solicitation of clients or Referral Sources in another franchisee's territory would be a breach of your franchise agreement, for which we may terminate your franchise.
2. Although you are permitted to solicit clients and Referral Sources in areas that are not licensed to other franchisees, you do not acquire any rights to any areas outside your territory, including any right to compensation if the area becomes part of another franchisee's territory. We are not required to notify you before we grant another franchise for any area, even if the area is adjacent to your territory and/or you have been operating your franchise in the area. You must immediately stop operating in any areas that become part of another franchisee's territory as soon as we notify you.
3. You may NOT inspect a structure located within the franchise territory of another HomeTeam franchisee without the other franchisee's prior written consent, unless both of the following circumstances exist: (1) your client is represented by a real estate agent in connection with a proposed or pending sale or purchase of the structure, and (2) that agent's principal office is located within your territory at the time of the inspection. You may NOT inspect a structure, wherever located (even if located in your territory), without another HomeTeam franchisee's prior written consent if both of the following circumstances exist: (1) your prospective client is represented by a real estate agent in connection with a proposed or pending sale or purchase of the structure, and (2) that

agent's principal office is located within the franchise territory of the other HomeTeam franchisee at the time of the proposed inspection. Except as limited above, you may inspect any other structures, wherever located. If a dispute arises between you and another HomeTeam franchisee involving an alleged infringement by one of the parties into the other party's territory, you may not initiate a lawsuit or arbitration action without first attempting in good faith to settle the dispute by confidential, non-binding mediation before an independent, third-party mediator. We have the right, at our option, to be a party to the mediation.

4. You may not establish a web site, web page or URL for your franchised business or use any of our trademarks. You may not advertise your services or use our trademarks in any listing, banner, advertisement, or any other service or link on or to the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines, or similar services, without our prior written approval.
5. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, as previously stated and due to the referral nature of the home inspection industry, your territory is protected from other franchisees marketing in your territory and performing inspections for clients who have a real estate agent within your territory.

There are no other restrictions on your right to solicit or accept orders from clients outside of your territory.

We have the exclusive right to control business with Special Accounts, subject to your right to participate in Special Account business in your territory. A "Special Account" is a business or other organization with offices, stores, plants, buildings or other physical facilities that are not confined to the territory of a single HomeTeam franchisee or company-owned or affiliated business. If we negotiate a contract or arrangement with a Special Account, you will have the option to provide the services to the facilities of the Special Account in your territory at the prices and subject to the contract requirements we negotiate with the Special Account. If you accept the project, we will collect amounts due from the Special Account and pay you the amount due for services you provided to the Special Account, less the amount of the royalties and advertising contributions you owe us on the amount collected, which we will retain for our own account. All amounts you receive from Special Account work are included in Gross Sales for purposes of calculating your royalties. If you decline to service a Special Account, we have the unfettered right to fulfill the contract requirements to the Special Account in the territory in any manner we choose, including through another HomeTeam franchisee, a company-owned or affiliated business, or a third party contractor. If a Special Account requests that someone other than you provide services in the territory, we may revoke your right to provide the services and may fulfill the contract requirements to the Special Account in the territory in any manner we choose.

We retain all rights not specifically granted to you by your franchise agreement, including the right to operate a HomeTeam outlet anywhere *outside* your franchise territory, or license other HomeTeam outlets or other businesses substantially similar to a HomeTeam outlet (whether under the HOMETEAM trademark or other trademarks) to operate anywhere *outside* your franchise territory, regardless of the proximity of those office locations to you or your office, or the impact those outlets may have upon your franchised business. We also have the right to operate or franchise a business *inside* your territory that uses any channel of distribution to sell goods or services similar to those that you will offer, so long as it does so under different trademarks from

the ones you will use under the franchise agreement. However, neither we nor any affiliate of ours presently operates, franchises, or has plans to operate or franchise, a business under a different trademark that sells or will sell goods or services similar to those that you will offer. Except as described in the preceding paragraphs of this Item 12, there are no other restrictions on us from soliciting or accepting orders from clients inside your territory.

Minimum Annual Gross Sales. You will be required to achieve a minimum sales volume, or “Minimum Annual Gross Sales,” each year. The Minimum Annual Gross Sales are listed in the following table:

Year	1	2	3	4	After 4
Minimum Annual Gross Sales	\$ 20,000	\$ 50,000	\$ 65,000	\$ 80,000	\$ 100,000

The figures in this table above are not financial performance representation or projections or estimates of potential earnings, sales, or revenues. See Item 19 of this disclosure document for our disclaimer regarding financial performance representations.

If you are entering into an agreement for a Successor Franchise, the Minimum Annual Gross Sales will be \$100,000 per year for each that your successor franchise agreement is effective.

If you fail to achieve the Minimum Annual Gross Sales for 2 consecutive years that your franchise agreement is effective, we have the right to terminate your franchise agreement or reduce the size of your territory. Your rights to your territory are not otherwise dependent upon your achievement of a certain sales volume, market penetration, or other contingency. If the U.S. Postal Service alters the boundary or number of any Postal Code(s) assigned to you, or if any other boundary of your territory changes (such as the re-routing of a road used as a boundary, for example), you must notify us immediately and we will re-define the boundaries of your territory to correspond as nearly as possible to your original territory. Our decision on this matter will be final. You maintain the rights to your territory even if the number of owner-occupied households increases. We will not change the boundaries of your territory when you acquire a Successor Franchise, even if the number of owner-occupied households in your territory has increased or decreased since you originally purchased your franchise. There are no other circumstances that would permit us to modify your territorial rights without your consent.

You will operate the franchised business from a single office site. We do not select or approve a site or provide you with assistance in selecting a site for your office. We do not impose any restrictions upon the location of your office. We recommend that you locate your office in your home, provided that doing so will not violate any zoning or building code or other ordinance. Your office is not required to be located within your territory, but you must maintain a business address in your territory, and that address must be used in all of your advertising and in all telephone directory listings for the franchised business. Your office should be geographically convenient to the more densely populated areas of your territory and to major thoroughfares. You may relocate your office at any time without our approval, so long as you promptly provide us with the address of the new location. Although, given the geographic size of a typical territory, it is neither necessary nor advisable to operate your franchised business from more than one location; we do not prohibit you from doing so long as you provide us with the address of each location.

Your franchise agreement does not give you any option, right of first refusal, or similar right to acquire additional franchises.

Item 13. TRADEMARKS

If you purchase a HomeTeam franchise, you will use our trademarks to identify your building inspection business. You may use no other name or trademark without our approval.

Our principal trademark is the word mark HOMETEAM and the logo on the cover of this disclosure document. We have registered all of our Principal trademarks listed below on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"). We have filed all required affidavits in connection with the registrations listed below.

Registration No.	Description of Mark	Date of Registration	Renewed
1,814,201	THE HOMETEAM INSPECTION SERVICE Word Mark	December 28, 1993	December 20, 2013
2,006,336	THE HOMEBIZ INSPECTION TEAM Word Mark	October 8, 1996	August 4, 2006
3,249,579	ONE CALL DOES IT ALL Word Mark	June 5, 2007	April 4, 2014
3,538,012	HOMETEAM INSPECTION SERVICE Design Mark	November 25, 2008	June 30, 2014

We registered the marks listed below with the Canadian Intellectual Property Office ("CIPO").

Registration No.	Description of Mark	Date of Registration
TMA649,556	The HomeTeam Inspection Service	October 4, 2005
TMA794070	HomeTeam & SWIRLING HURRICANE HOUSE & DESIGN	March 28, 2011

You must follow our rules when you use these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You cannot use a name or mark on or as part of any web site, domain name, URL, web page, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines, or other similar services. You cannot register a name or mark as a trademark or domain name. You cannot use any of the marks in connection with the sale of an unauthorized product or service or in a manner not authorized by HomeTeam. You must not use, in advertising or any other form of promotion, any of our trademarks or commercial symbols without the appropriate notices that we or the law may require, including, ®, SM, or other trademark notice.

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of this state, or any court; pending infringement, opposition or cancellation; or pending litigation involving the marks.

There are no currently effective material determinations of the CIPO, pending infringement, opposition or cancellation; or pending litigation involving the marks.

You must notify us immediately when you learn about any infringement of or challenge to your use of any of our marks. We will take whatever action we think appropriate—we are not required to take any affirmative action. We are not required to protect your right to use our marks or protect you against claims of infringement or unfair competition arising out of your use of our marks. We are not required to participate in your defense or indemnify you for your expenses or damages if

you are a party to an administrative or judicial proceeding involving any of our marks, or if the proceeding is resolved unfavorably to you. We have the right to control any administrative proceedings or litigation involving any of our marks.

You must modify or discontinue your use of a mark and adopt any new or replacement marks at your expense if we modify or discontinue a mark or adopt a new or replacement mark. We are not required to reimburse you for your costs if you do. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

The following agreements limit our rights to use or license the use of trademarks listed in this Item 13:

1. Centex Corporation, a Texas company, has developed a division of their business named HOME TEAM SERVICES currently doing business in several locations within Texas, Arizona, Florida, Georgia, North Carolina, Virginia, Nevada, New Mexico, Washington D.C, Missouri, Maryland, Tennessee, and South Carolina. Centex was acquired by Rollins, Inc. The HOME TEAM SERVICES, which was renamed HOMETEAM PEST DEFENSE, division of Rollins includes home remodeling and contracting services, home security services, pest control services, and other environmental services. Although their businesses do not include home inspection services, Rollins' use of the HOME TEAM SERVICES name may infringe upon our federal registration. In return for Rollins promising not to enter the home inspection market or provide WDO reports (incident to pest inspections), we have informally agreed to co-exist with Rollins without challenging each other's use of the HOMETEAM name. In the event of a breach of the informal agreement, you may face competition from Rollins and HOMETEAM has the right, but not the obligation, to pursue enforcement of the informal agreement.

2. A real estate brokerage based in Dallas, Texas, named Ebby Halliday Real Estate, Inc. ("EHRE"), filed suit against two Dallas/Ft. Worth-area HomeTeam franchisees on August 31, 2000, to stop them from using the HOMETEAM name (Ebby Halliday Real Estate, Inc. v. James L. Wieting, Joe Holmes and Brian Lee, Dallas County District Court Case No. 00-07036). EHRE claimed a superior right to use the name HOME TEAM in the State of Texas, and claimed that our franchisees' use of the HOMETEAM mark infringed upon their HOME TEAM mark. In March 2001, EHRE and HomeTeam agreed that each party could continue to use their mark in the State of Texas without interference from the other party. HomeTeam also agreed to include a notice in all local advertising in the Dallas/Ft. Worth market (defined as the Texas counties of Dallas, Tarrant, Collin, Denton, Rockwall, Ellis, Johnson, Kaufman, Parker, Wise, Cooke and Grayson), disclaiming any affiliation with EHRE, and to prohibit our franchisees in that market from calling on EHRE offices without prior permission. The parties voluntarily dismissed the lawsuit.

We are aware of the following third-party uses of our HOMETEAM name. Any franchisees in or around these geographic areas could be materially affected by these infringing uses:

1. There are real estate brokerage firms in Maryland and Nebraska who previously used a derivative of "HomeTeam" in their general marketing materials to consumers. However, we do not believe they have a superior right that would affect our franchisees, as we perform home inspection services under the HomeTeam mark, as opposed to the real estate brokerage services performed by these businesses. A real estate brokerage based in Maryland, O'Connor, Piper & Flynn, owns a prior registration of the name HOME TEAM on the Principal Register of the U.S. Patent and Trademark Office. O'Connor, Piper & Flynn has claimed that our use of the HOMETEAM mark infringed upon their HOME TEAM mark in the State of Maryland. Because the vast majority of a HomeTeam franchise's business comes from referrals from real estate agents, we decided that challenging O'Connor, Piper & Flynn's use of their Home Team mark would risk losing a valuable source of

business for our franchises in Maryland. Instead we created the mark HOMEBIZ INSPECTION TEAM as an alternative trade name under which our franchises do business in Maryland or other markets in which a conflict may arise. O'Connor, Piper & Flynn has been acquired by NRT, Inc. From 1995 until 2013, the HOMEBIZ INSPECTION TEAM mark was utilized in this market, beginning in 2014 these franchises reverted back to THE HOMETEAM INSPECTION SERVICE mark.

2. — A real estate brokerage in Omaha, Nebraska, a Century 21 franchisee, has registered the phrase HOMETEAM with the State of Nebraska. Our use of the HOMETEAM mark may infringe upon their state registration. Again, rather than challenging their use of the mark and risk losing a source of business, we have chosen to use the HOMEBIZ mark for all HomeTeam franchises located in eastern Nebraska. From 1995 until 2013, the HOMEBIZ INSPECTION TEAM mark was utilized in this market, beginning in 2014 these franchises reverted back to THE HOMETEAM INSPECTION SERVICE mark.

3. — Three separate companies claim to have been using the phrase THE HOME TEAM in connection with the real estate services at 3740 Euclid Avenue, Cleveland, Ohio since 1985. Heben & Associates, a law firm, National Title, a title insurance agency, and Midtown Mortgage, a mortgage broker, jointly offer their services under the trade name THE HOME TEAM in the greater Cleveland area. Although they have claimed a superior right to use the name in their geographic market, they have not objected to our use of our mark in the same market. They may be able to prevent us from using or licensing the use of our HOMETEAM mark in their geographic market.

Except as disclosed above, we do not have actual knowledge of any other infringing uses that could materially affect your use of our marks. Except as disclosed above, no agreements limit our right to use or license the use of our marks. There may be other building inspection businesses or real estate agencies using the name HOMETEAM whose use predates our first use of the name. We and our franchisees may not be able to use the name HOMETEAM in the market areas of other building inspection businesses or real estate agencies using the name HOMETEAM or similar names.

Item 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents or pending patent applications that are material to the franchise.

We have not obtained any copyright registrations, but we claim common law copyrights in our operations manual, proprietary and customized software, marketing materials, and any other original and proprietary works developed by us. All such materials will bear copyright notices. We will retain all rights and interests in such materials. There are no agreements currently in effect that significantly limit our rights to use or license the use of the copyrights in any manner material to the franchise.

We have developed a distinctive system for the operation of a building inspection business. Our system includes pricing methods, management techniques, proposal and management forms/formats, specifications, procedures, knowledge and expertise in the operation of a building inspection business, much of which is not commonly known to the public or to our competitors, gives us an advantage over competitors who do not know or use it, and which we have identified or may identify as proprietary and confidential information. We will disclose proprietary and confidential information to you in the operations manual, during ongoing training seminars, and in guidance furnished to you during the term of your franchise agreement.

You will not acquire any interest in any proprietary and confidential information we may communicate to you, other than the right to utilize it in the operation of your franchised business during the term of your license agreement. The information is disclosed to you solely on the

condition that you (1) will not use it in any other business or capacity; (2) will maintain the absolute confidentiality of the information during and after the term of your franchise agreement; (3) will not make unauthorized copies of any portion of the operations manual or any other written communication from us; and (4) will adopt and implement all reasonable procedures we may require to prevent unauthorized use or disclosure of the information, including restrictions on disclosure of the information to employees of the franchised business and the use of nondisclosure and noncompetition clauses in employment agreements. All shareholders, officers, directors, partners, members, managers, or trustees of the franchisee are presumed to have access to proprietary and confidential information, and must sign a Nondisclosure and Noncompetition Agreement to maintain the confidentiality of the proprietary and confidential information and conform to the noncompetition covenants described in Item 15 below. A copy of the Nondisclosure and Noncompetition Agreement is attached to this disclosure document as Exhibit D.

There are no effective determinations of the U.S. Copyright Office, no pending infringement, opposition or cancellation, nor any pending material litigation involving any of the items or information in which we claim copyrights that are material to a HomeTeam franchise.

You must notify us immediately when you learn about any infringement of or challenge to your use of our copyrighted materials. We will take whatever action we think appropriate. We are not required to defend you against a claim against your use of our copyrighted materials or indemnify you for your liability or expenses arising from your defense of such a claim. We are not obligated to protect any of our copyrights.

You must not use, in advertising or any other form of promotion, any of our copyrighted materials, trademarks, or commercial symbols without the appropriate notices which we or the law may require, including © or other copyright registration notice. You must discontinue your use, at your expense, of any item or information in which we claim a copyright if any party demonstrates to our satisfaction a superior right to the use of such item or information. We are not required to reimburse you for your costs if you do. You must not directly or indirectly contest our right to any item or information in which we claim a copyright.

Item 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

At all times you or a designated representative shall devote his or her full time, energy, and best efforts to the management and operation of the Franchised Business. The Franchised Business must at all times be under the direct supervision of you or a designated representative. The representative must be approved by us and must have successfully completed our training program. No individual franchisee or owner of a non-individual franchisee may compete with us or own an interest in any competitor of ours anywhere during the term of your franchise agreement or within your franchised territory for 1 year after the expiration or termination of your franchise agreement. No individual franchisee or owner of a non-individual franchisee may contact any Referral Source within 25 miles of your franchise territory for the purpose of promoting a building inspection business for 2 years after the expiration or termination of your franchise agreement. Each owner of a non-individual franchisee must sign a Guaranty and Assumption of Obligations (a copy is attached to this disclosure document as Exhibit C) personally guaranteeing all of the franchisee's obligations under the franchise agreement, and a Nondisclosure and Noncompetition Agreement (Exhibit D) to maintain the confidentiality of any confidential information about us, our system, or your franchised business that may be disclosed to him or her.

Item 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

There are no restrictions on the goods or services you may offer for sale, except as described below in this Item 16.

You must operate your franchised business under the trade name HOMETEAM INSPECTION SERVICE. You may use no other names for your franchised business without our approval.

If you operate the franchised business from a location other than your home, you may not use the premises on which the franchised business is located for any purpose other than the operation of a HomeTeam franchise and the sale of authorized products and services, without our approval.

You may offer and sell only those goods and services that we have approved in writing. You must offer all goods and services that we designate as required for all franchisees. These required services are single-family residential whole-house inspections. We have the unlimited right to add or delete authorized products and services that you are required to offer. We have the right to designate some products and services as optional for franchisees. We also have the right to designate some products and services, such as home warranties, as optional for franchisees in certain markets.

You may solicit business only from real estate agents and other Referral Sources that are not located within another HomeTeam franchisee's territory. You may perform inspections anywhere, even in another franchisee's territory, so long as the client was referred to you by a real estate agent in your territory. If there is no real estate agent involved in the inspection, then you may perform the inspection only if the structure is not located within another franchisee's territory (see Item 12 above for a more detailed explanation of territorial restrictions).

Item 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Term Length of the Franchise Term	2.1	10 years
b. Renewal or extension of the term	2.2	There is no right to renew your franchise, but we will grant you a successor franchisor for another 10-year term for a fee of \$2,500. If you do not sign a successor agreement but continue to operate as a HomeTeam franchisee, your agreement with HomeTeam will continue on a month-to-month basis until HomeTeam provides notice to you of its intent to terminate this extended period or the parties enter into a successor agreement.
c. Requirements for you franchisee to renew or extend	2.2	You must have complied with the franchise agreement throughout the term; followed mandatory specifications, standards and operating procedures, and marketing programs; give notice between 6 and 12 months before franchise agreement expires; execute then-current form of franchise agreement; complete any refresher training required; sign general release of claims; and pay a successor franchise fee of \$2,500. You may be asked to sign a contract with materially different terms and conditions than your

Provision	Section in Franchise Agreement	Summary
		original contract.
d. Termination by you franchisee	None	You have no right to terminate your franchise.
e. Termination by us franchisor without cause	None	Not applicable
f. Termination by us franchisor with cause	13.1 & 13.2	We can terminate only if you are in default.
g. "Cause" defined -- curable defaults which can be cured	13.2	You have 30 days to cure: fail to pay fees, fail to submit reports, understate Gross Sales, failure to attain Minimum Annual Gross Sales for 2 consecutive years, failure to spend the minimum local advertising amount for 2 consecutive half years , fail to operate the franchised business in compliance with franchise agreement, the operations manual, and the system standards, and any other default not listed in section 13.1.
h. "Cause" defined -- non-curable defaults which cannot be cured	13.1	Non-curable defaults: fail to complete initial training program to our satisfaction within 6 months after franchise agreement signed, fail to open franchise within 6 months after franchise agreement signed, fail to achieve Minimum Annual Gross Sales for 2 consecutive years, fail to maintain franchised business in continuous operation, certain assignments, fail to comply with applicable law, unapproved transfers, misrepresentation, knowingly submit false report or maintain false books or records, 4th breach of same term within 1 year, 3rd breach of section 15.1, bankruptcy ¹ , seizure of or execution against your franchise, unsatisfied or unappealed judgment against franchisee, certain criminal misconduct, conduct which reflects negatively on the system, danger to public.
i. Your Franchisee's obligations on termination/nonrenewal	Article 14	Cease operating franchise, cease use of confidential information and Marks, return manuals, software, records, files, and all materials containing Marks, complete de-identification, cancel assumed name registration, assign or cancel telephone numbers and websites, pay outstanding amounts and damages, obtain tail coverage for insurance, comply with restrictions on post-termination competition (also see r, below).
j. Assignment of contract by us franchisor	12.1	No restriction on our right to assign.
k. "Transfer" by you franchisee - definition	12.2	Includes transfer of contract or assets, ownership change, and encumbrance.
l. Our Franchisor approval of transfer by you franchisee	12.2	We must approve all transfers but may not unreasonably withhold consent.
m. Conditions for our franchisor approval of transfer	12.2	All your financial obligations and transfer fee paid, transferee qualifies, purchase contract is submitted to us for review and approval, you and transferee release claims, transferee attends discovery day, signs current agreement, releases claims against us for your representations, completes training program, purchases Start-up Package, and completes training (also see r, below). You may not transfer to a competitor or grant any security interest in your franchise.
n. Our Franchisor's right of first refusal to acquire your franchisee's business	12.4	We can match any offer for your business.

Provision	Section in Franchise Agreement	Summary
d. Our Franchisor's option to purchase your franchisee's business	None	Not applicable
p. Your Franchisee's death or disability	12.5	Your heirs may inherit your franchise provided they qualify and meet other requirements for transfer (see m, above).
q. Non-competition covenants during the term of the franchise	15.1	No involvement in competing business; cannot assist or deal with a competing business; cannot operate in another franchisee's territory, cannot employ our or another franchisee's employees.
r. Non-competition covenants after the franchise is terminated or expires	15.2 & 15.3	No involvement in competing business for 2 years within franchise territory; no solicitation of Referral Sources of your franchise for 2 years within 25 miles of franchise territory.
s. Modification of the agreement	7.7, 9.3, 11.9(e) & 18.3	A majority of the members of an advertising cooperative may impose a cooperative contribution greater than 4% of Gross Sales; we We have the right to reduce the size of your territory if you fail to achieve the Minimum Annual Gross Sales for 2 consecutive years; we may modify the franchise agreement only by a written agreement, but we may modify the Manual so long as it does not change your fundamental status and rights.
t. Integration/merger clause	18.1	Only the terms of the franchise agreement are binding (subject to state law); any other promises may not be enforceable. Nothing in the franchise agreement waives or disclaims the disclosures made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Article 16	Except for certain claims, all disputes must be mediated in Milford, Ohio, before resorting to litigation; parties waive right to jury trial and punitive damages.
v. Choice of forum	16.6	Except for claims arising under a franchise law of the state where the franchised business is located, all litigation must take place where we are located, presently in Clermont County, Ohio.
w. Choice of law	16.5	Except for claims arising under a franchise law of the state where the franchised business is located, Ohio law applies.

Item 18. PUBLIC FIGURES

We do not use any public figure to promote our franchises.

Item 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

The tables below presents historic Gross Revenue for HomeTeam Inspection Service franchisees for the twelve-month periods ending on December 31, 2013 ~~and~~, December 31, 2014 ~~and~~ December

31, 2015 (each, a “Measurement Period”). For each of these Measurement Periods, only data from franchisees who reported Gross Revenue for all 12 months of the Measurement Period were included in the tables. ~~The information has been extracted from royalty reports submitted to us by our franchisees. We have not audited or independently verified this information. It may not be relied upon as a projection or forecast of what a new HomeTeam Inspection Service franchisee may experience.~~

Table #1 presents the highest Gross Revenue and average Gross Revenue of our 25 highest-grossing HomeTeam Inspection Service franchises that were open at least 24 months before the beginning of each respective Measurement Period.

TABLE #1
TOP 25 FRANCHISEES

	2013	2014
Total number of franchises in System¹	150	140
Number of franchisees included in this Table²	25	25
Highest Gross Revenue³	\$617,290	\$700,095
Average Gross Revenue of top 25 Franchisees⁴	\$313,658	\$333,594
Number of top 25 franchisees who attained or surpassed the average Gross Revenue⁵	8	8
Percentage of top 25 franchisees who attained or surpassed the average Gross Revenue⁵	32%	32%

Notes to Table #1:

1. — This row represents the total number of HomeTeam Inspection Service franchises in the System as of December 31, 2013, and December 31, 2014.

2. — ~~This row represents the number of HomeTeam Inspection Service franchisees whose results are included in Table #1. The franchisees in this Table represent the 25 highest-grossing franchisees that were open for at least 24 months before the beginning of each respective Measurement Period.~~

3. — “Highest Gross Revenue” means the total annual Gross Revenue that was earned by the highest-grossing HomeTeam Inspection Service franchisee during the Measurement Periods ending December 31, 2013, and December 31, 2014, respectively.

4. — “Average Gross Revenue of Top 25 Franchisees” was calculated by adding together the annual Gross Revenue earned by the 25 highest-grossing franchisees for the Measurement Periods ending December 31, 2013, and December 31, 2014, respectively, and dividing the total by 25 for each Measurement Period.

5. — For the Measurement Period ending December 31, 2013, 8 of the 25 franchisees whose data were used in this Table, or 32%, attained or surpassed the Average Gross Revenue for this

Measurement Period. For the Measurement Period ending December 31, 2014, 8 of the 25 franchisees whose data were used in this Table, or 32%, attained or surpassed the Average Gross Revenue for this Measurement Period.

Table #2 presents highest and average annual Gross Revenue for the Measurement Periods ending December 31, 2013, and December 31, 2014, respectively, for all HomeTeam Inspection Service franchisees open at least 2 years as of the end of each Measurement Period. 24%

TABLE #2
ALL FRANCHISEES OPEN 2 OR MORE YEARS

	2-Years	
	2013	2014
Total number of franchises in System¹	150	140
Number of Franchisees²	103	94
Highest Gross Revenue³	\$617,290	\$700,095
Average Gross Revenue⁴	\$135,678	\$154,539
Number of franchisees who attained or surpassed the Average Gross Revenue⁵	35	35
Percentage of franchisees who attained or surpassed the Average Gross Revenue⁵	34%	37%

Notes to Table #2:

1. — This row represents the total number of HomeTeam Inspection Service franchises in the System as of December 31, 2013, and December 31, 2014.

2. — This row represents the number of HomeTeam Inspection Service franchisees who were open for two or more years as of the end of each respective Measurement Period.

3. — These “Highest Gross Revenue” figures represent the total annual Gross Revenue that was earned by the highest-grossing HomeTeam Inspection Service franchisee (that had been open for at least two years) during the Measurement Periods ending December 31, 2013, and December 31, 2014, respectively.

4. — These “Average Gross Revenue” figures were calculated by adding together the annual Gross Revenue earned by all of the franchisees (that had been open for at least two years) during the Measurement Periods ending December 31, 2013, and December 31, 2014, respectively, and dividing the total by the total number of franchisees who had been open for two or more years as of the end of each Measurement Period.

5. — These figures reflect the numbers and percentages for the designated periods as follows:

For the Measurement Period ending December 31, 2013, 35 of the 103 franchisees who had been open for two years, or 34%, attained or surpassed the Average Gross Revenue for this Measurement Period.

For the Measurement Period ending December 31, 2014, 35 of the 94 franchisees who had been open for two years, or 37%, attained or surpassed the Average Gross Revenue for this Measurement Period.

AVERAGE GROSS REVENUES BY QUARTILE

Average annual Gross Revenue by quartile for all ownership groups who have been in business for at least two calendar years and reported an average annual Gross Revenue of over \$100,000 during the three year period 2013 – 2015.

<u>First Quartile of Franchisees</u>	<u>Year ending 12/31/13</u>	<u>Year ending 12/31/14</u>	<u>Year ending 12/31/15</u>
<u># of Franchises</u>	<u>12</u>	<u>12</u>	<u>13</u>
<u>Average Gross Revenues/1st Quartile</u>	<u>\$441,452.00</u>	<u>\$472,776.00</u>	<u>\$501,012.28</u>
<u>High Range of Gross Revenues</u>	<u>\$617,290.00</u>	<u>\$700,095.00</u>	<u>\$765,930.00</u>
<u>Low Range of Gross Revenues</u>	<u>\$266,660.00</u>	<u>\$298,461.00</u>	<u>\$314,684.00</u>
<u>Number of franchisees who attained or surpassed the Average Gross Revenue</u>	<u>6</u>	<u>7</u>	<u>6</u>
<u>Percentage of franchisees who attained or surpassed the Average Gross Revenue</u>	<u>50%</u>	<u>58%</u>	<u>46%</u>

<u>Second Quartile of Franchisees</u>	<u>Year ending 12/31/13</u>	<u>Year ending 12/31/14</u>	<u>Year ending 12/31/15</u>
<u># of Franchises</u>	<u>12</u>	<u>13</u>	<u>14</u>
<u>Average Gross Revenues/2nd Quartile</u>	<u>\$213,039.00</u>	<u>\$221,672.00</u>	<u>\$240,167.98</u>
<u>High Range of Gross Revenues</u>	<u>\$264,082.00</u>	<u>\$274,224.00</u>	<u>\$304,655.00</u>
<u>Low Range of Gross Revenues</u>	<u>\$184,800.00</u>	<u>\$190,560.00</u>	<u>\$197,488.00</u>
<u>Number of franchisees who attained or surpassed the Average Gross Revenue</u>	<u>4</u>	<u>6</u>	<u>6</u>
<u>Percentage of franchisees who attained or surpassed the Average Gross Revenue</u>	<u>33%</u>	<u>46%</u>	<u>43%</u>

<u>Third Quartile of Franchisees</u>	<u>Year ending 12/31/13</u>	<u>Year ending 12/31/14</u>	<u>Year ending 12/31/15</u>
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# of Franchises	<u>13</u>	<u>13</u>	<u>14</u>
Average Gross Revenues/3rd Quartile	<u>\$156,767.00</u>	<u>\$162,663.00</u>	<u>\$162,510.99</u>
High Range of Gross Revenues	<u>\$180,440.00</u>	<u>\$180,515.00</u>	<u>\$195,930.00</u>
Low Range of Gross Revenues	<u>\$128,535.00</u>	<u>\$144,879.00</u>	<u>\$140,207.00</u>
Number of franchisees who attained or surpassed the Average Gross Revenue	<u>8</u>	<u>6</u>	<u>8</u>
Percentage of franchisees who attained or surpassed the Average Gross Revenue	<u>62%</u>	<u>46%</u>	<u>57%</u>

Fourth Quartile of Franchisees	Year ending 12/31/13	Year ending 12/31/14	Year ending 12/31/15
# of Franchises	<u>13</u>	<u>13</u>	<u>14</u>
Average Gross Revenues/4th Quartile	<u>\$112,647.00</u>	<u>\$115,750.00</u>	<u>\$118,489.18</u>
High Range of Gross Revenues	<u>\$124,895.00</u>	<u>\$137,895.00</u>	<u>\$134,545.00</u>
Low Range of Gross Revenues	<u>\$100,487.00</u>	<u>\$100,690.00</u>	<u>\$101,420.00</u>
Number of franchisees who attained or surpassed the Average Gross Revenue	<u>8</u>	<u>5</u>	<u>8</u>
Percentage of franchisees who attained or surpassed the Average Gross Revenue	<u>62%</u>	<u>38%</u>	<u>57%</u>

The following preceding table presents the average annual Gross Revenue during the Measurement Periods ending December 31, 2013, December 31, 2014 and December 31, 2015 for a subset of all HomeTeam Inspection Service franchisees who have been in operations for 2 years and grossed over \$100,000 in average annual Gross Revenue during the three year period 2013-2015. It represents in the calendar year 2013, of the 150 franchisees in the system, 50 franchisees (30%) had annual Gross Revenue of at least \$100,000 during that calendar year; in the calendar year 2014, of the 140 franchisees in the system, 51 franchisees (36%) had annual Gross Revenue of at least \$100,000 during that calendar year; and in the calendar year of 2015, of the 134 franchisees in the system, 55 franchisees (41%) had annual Gross Revenue of at least \$100,000 during that calendar year.

The information has been extracted from royalty reports submitted to us by our franchises. We have not audited or independently verified this information. It may not be relied upon as a projection or forecast of what a new HomeTeam Inspection Service franchisee may experience.

General Notes to Item 19

1. For purposes of this Item 19, "Gross Revenue" means the total of all income arising from the operation of the franchised business, whether cash or credit. It is recognized on an accrual basis and does not take into account collection, which means that a franchisee's Gross Revenue for any period represents how much a franchisee billed its clients during the period, not how much the franchisee received. Gross Revenue does not include the amount of refunds and discounts made to clients in good faith, or the amount of sales or excise taxes that are separately stated and that the franchisee collects from clients and pays to the appropriate taxing authority.
2. The figures in the table do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenue figures to obtain your net income or profit. Those expenses include fees you are required to pay us under the terms of your franchise agreement, such as royalties, national branding fees and technology fees. Your sales and operating expenses will vary depending on many factors, such as the geographic location of your territory, competition from other providers in your market, the effectiveness of your advertising, whether you manage your franchise yourself or hire a Designated Representative, your pricing, the prices you pay for supplies, employee salaries and benefits (health insurance, retirement plan, etc.), other employment conditions in your market, insurance costs, weather conditions, ability to generate clients, client loyalty, and the necessity, cost and difficulty of obtaining a license to perform all of the services a HomeTeam Inspection Service franchise offers. You should conduct an independent investigation of the costs and expenses you will incur in operating a HomeTeam Inspection Service franchise. Franchisees and former franchisees listed in this disclosure document may be one source of this information.
3. The data in the tables above represents Gross Revenue for each reporting franchisee, not for each franchise (or franchise territory). Some franchisees own more than one territory and manage their business and report Gross Revenue and royalty information as a single unit for all territories they own. We have included this data in the table as reported by our franchisees.
4. You should use the information in the table only as one of several references in conducting your analysis and preparing your own projected income and cash flow statements. We strongly suggest that you consult a financial advisor or accountant for assistance in reviewing the table and in preparing your own financial projections, and for advice about the income and other taxes you will incur in operating a HomeTeam Inspection Service franchise and the effect of non-cash expenses such as depreciation and amortization on your business.
5. The success of your HomeTeam Inspection Service franchise will depend largely upon your personal abilities and how you use them, your willingness to engage in personal sales activities (or your ability to hire someone else to do so), and the number of competitors in your market. You are likely to achieve results that are different, possibly significantly and adversely, from the results shown in the tables above.
6. Some of our franchisees have sold these amounts. There is no assurance that you'll do as well. If you rely upon our figures, you must accept the risk of not doing as well. We do not make any promises or representations that you will achieve any particular results or level of sales or profitability, or even achieve break-even results in any particular year of operation.
7. Written substantiation for the figures in the above table will be made available to you upon request.
8. Other than the preceding financial performance representation, HomeTeam Inspection Service does not make any financial performance representations. We also do not authorize our

employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Gregory Haskett, Vice President, 575 Chamber Drive, Milford, Ohio 45150, (513) 831-1300, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
For Years ~~2013~~ to ~~2015~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2013 2012	159 162	151 159	-8 -3
	2014 2013	151 159	140 151	-11 -8
	2015 2014	140 151	134 140	-7 -11
Company-Owned	2013 2012	0 0	0 0	0 0
	2014 2013	0 0	0 0	0 0
	2015 2014	0 0	0 0	0 0
Total Outlets	2013 2012	159 162	151 159	-8 -3
	2014 2013	151 159	140 151	-11 -8
	2015 2014	140 151	134 140	-6 -11

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(Other than the Franchisor)
For Years ~~2013~~ to ~~2015~~

State	Year	Number of Transfers
California	2013 2012	0 2
	2014 2013	0 0
	2015 2014	0 0
<u>Florida</u>	<u>2013</u>	<u>0</u>
	<u>2014</u>	<u>0</u>
	<u>2015</u>	<u>1</u>
Kentucky	2013 2012	0 1
	2014 2013	0 0
	2015 2014	0 0
Ohio	2013 2012	0 1
	2014 2013	0 0
	2015 2014	0 0
Oregon	2013 2012	1 0
	2014 2013	0 1
	2015 2014	0 0
Texas	2013 2012	1 0
	2014 2013	0 1
	2015 2014	0 0
Total	2013 2012	2 4
	2014 2013	0 2

State	Year	Number of Transfers
	2015 2014	1 0

Table No. 3
STATUS OF FRANCHISED OUTLETS
For Years 2013~~2~~ to 2015~~4~~*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
Alaska	2013 2	2	0	0	0	0	0	2
	2014 3	2	0	0	0	0	0	2
	2015 4	2	0	0	1 0	0	0	1 2
Arkansas	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
California	2013 201 2	15 14	0 1	2 0	0 0	0 0	0 0	13 15
	2014 201 3	13 15	1 0	0 2	7 0	0 0	0 0	7 13
	2014 201 5	13 7	0 1	0 0	1 7	0 0	0 0	6 7
Colorado	2013 2	4	0	0	0	0	0	4
	2014 3	4	0	0	0	0	0	4
	2015 4	4	0	0	0	0	0	4
Connecticut	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
Florida	2013 201 2	30 30	0 0	0 0	1 0	0 0	0 0	29 30
	2014 201 3	29 30	0 0	0 0	0 1	0 0	0 0	29 29
	2014 201 5	29	1 0	1 0	4 0	0	0	25 29
Georgia	2013 2	2	0	0	0	0	0	2
	2014 3	2	0	0	0	0	0	2
	2015 4	2	0	1 0	0	0	0	1 2
Hawaii	2013 2	0	0	0	0	0	0	0
	2014 3	0	0	0	0	0	0	0
	2015 4	0	0	0	0	0	0	0
Idaho	2013 2	2	0	0	0	0	0	2
	2014 3	2	0	0	0	0	0	2
	2015 4	2	0	0	0	0	0	2
Illinois	2013 2	7	1 0	0	0	0	0	8 7
	2014 3	8 7	0 1	0	0	0	0	8
	2015 4	8	0	0	0	0	0	8
Indiana	2013 2	3	0	0	0	0	0	3
	2014 3	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Kansas	2015 4	3	10	0	0	0	0	43
	2013 2	3	0	0	0	0	0	3
	2014 3	3	0	0	0	0	0	3
	2015 4	3	0	0	0	0	0	3
Kentucky	2013 2	4	0	0	0	0	0	4
	2014 3	4	10	0	0	0	0	54
	2015 4	54	04	0	0	0	0	5
Maine	2013 2	3	0	0	10	0	0	23
	2014 3	23	0	0	04	0	0	2
	2015 4	2	0	20	0	0	0	02
Maryland	2013 2	5	0	0	0	0	0	5
	2014 3	5	0	0	0	0	0	5
	2015 4	5	0	0	0	0	0	5
Massachusetts	2013 2	0	0	0	0	0	0	0
	2014 3	0	0	0	0	0	0	0
	2015 4	0	0	0	0	0	0	0
Michigan	2013 2	6	0	0	0	0	0	6
	2014 3	6	0	0	0	0	0	6
	2014 4	6	0	0	0	0	0	6
Minnesota	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
Missouri	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
Montana	2013 2	0	0	0	0	0	0	0
	2014 3	0	0	0	0	0	0	0
	2015 4	0	0	0	0	0	0	0
Nebraska	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
Nevada	2013 2	1	0	0	0	0	0	1
	2014 3	1	10	0	0	0	0	24
	2015 4	24	04	0	0	0	0	2
New Hampshire	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
New Jersey	2013 2	3	0	0	10	0	0	23
	2014 3	23	0	0	04	0	0	2
	2015 4	2	0	0	0	0	0	2
New Mexico	2013 2	3	0	0	10	0	0	23
	2014 3	23	0	0	04	0	0	2
	2015 4	2	0	0	0	0	0	2
New York	2013 2	9	0	0	0	10	0	89
	2014 3	89	0	0	10	04	0	78
	2015 4	78	0	10	04	0	0	67
North Carolina	2013 2	5	0	0	10	10	0	35
	2014 3	35	0	0	04	04	0	3
	2015 4	3	20	0	0	0	0	53

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
North Dakota	2013 2	0	0	0	0	0	0	0
	2014 3	0	0	0	0	0	0	0
	2015 4	0	0	0	0	0	0	0
Ohio	2013 2	8	0	0	0	0	0	8
	2014 3	8	0	0	10	0	0	78
	2015 4	78	10	0	01	0	0	87
Oklahoma	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
Oregon	2013 2	3	0	0	0	0	0	3
	2014 3	3	0	0	0	0	0	3
	2015 4	3	0	0	0	0	0	3
Pennsylvania	2013 2	8	0	0	0	0	0	8
	2014 3	8	0	0	20	0	0	68
	2015 4	68	0	10	02	0	0	56
South Carolina	2013 2	23	0	0	01	0	0	2
	2014 3	2	0	0	0	0	0	2
	2015 4	2	0	0	0	0	0	2
South Dakota	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
Tennessee	2013 2	45	0	0	10	01	0	34
	2014 3	34	10	0	01	0	0	43
	2015 4	43	01	0	0	0	0	4
Texas	2013 2	910	0	0	0	01	0	9
	2014 3	9	10	0	10	0	0	9
	2015 4	9	01	0	01	0	0	9
Utah	2013 2	1	0	0	0	0	0	1
	2014 3	1	0	0	0	0	0	1
	2015 4	1	0	0	0	0	0	1
Washington	2013 2	3	0	0	0	0	0	3
	2014 3	3	0	0	10	0	0	23
	2015 4	23	0	0	01	0	0	2
Wisconsin	2013 2	12	0	0	0	01	0	1
	2012 3	1	0	10	0	0	0	01
	2015 4	01	0	01	0	0	0	0
Canada	2013 2	4	0	0	0	0	0	4
	2014 3	4	0	10	0	0	0	34
	2015 4	34	0	01	0	0	0	3
TOTALS	2013 2	159162	1	20	61	23	0	150159
	2014 3	150159	51	2	136	02	0	140150
	2015 4	140150	65	62	613	0	0	134140

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS
For Years ~~2013~~ to ~~2015~~

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Totals	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0

Table No. 5
PROJECTED OPENINGS
As of December 31, ~~2015~~

State	Franchise Agreements Signed but Franchises Not Opened	Projected New Franchised Locations in the Next Fiscal Year	Projected Company-Owned Locations in the Next Fiscal Year
Alabama	0	0	0
Arizona	0	1	0
California	0	3	0
Colorado	0	1	0
Florida	0	2	0
Georgia	0	2	0
<u>Hawaii</u>	<u>0</u>	<u>1</u>	<u>0</u>
Indiana	1	0	0
<u>Massachusetts</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Michigan</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Minnesota</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Missouri</u>	<u>0</u>	<u>1</u>	<u>0</u>
Nebraska	0	0	0
Nevada	0	1	0
New York	0	0	0
North Carolina	0	1	0
Ohio	0	0	0
Texas	0	3	0
<u>Virginia</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Washington</u>	<u>0</u>	<u>2</u>	<u>0</u>
TOTALS	6	13	0

The number of new franchised locations projected to be opened in the next fiscal year, as presented in the table above, is an estimate based on the best information we have as of the date of this disclosure document. There is no assurance that the actual number of openings, or the states in which we projected the openings, will be the same as our estimates.

A list of the names, addresses and telephone numbers of all franchisees is attached to this disclosure document as Exhibit K. A list of the names, last known home addresses and telephone numbers of every franchisee who has had their franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during

the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this disclosure document is attached to this disclosure document as Exhibit L. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the HomeTeam system. While we encourage you to speak with current and former franchisees, be aware that not all such franchisees will be able to communicate with you. Some franchisees have signed confidentiality clauses in the last 3 years.

| Our Franchisee Advisory Council has no office address; however, the current president of the Council is Raymond Fonos, whose address, telephone number and email address are 1216 Edgewood Drive, West Homestead, PA 15120, 412-461-8273, rfonos@hometeam.com. As of the date of this disclosure document, there are no other trademark-specific franchisee organizations associated with the HomeTeam franchise system that we have created, sponsored, or endorsed, and there are no independent trademark-specific franchisee organizations that have asked to be included in our disclosure document.

Item 21. FINANCIAL STATEMENTS

| Our audited financial statements for the fiscal years ending December 31, 201~~5~~⁴, 201~~4~~³ and 201~~3~~² fiscal years are attached to this disclosure document as Exhibit J. Our fiscal year ends on December 31.

Item 22. CONTRACTS

The following contracts are attached as exhibits to this disclosure document:

<u>Exhibit A</u>	Franchise Agreement and exhibits
<u>Exhibit B</u>	Irrevocable Power of Attorney
<u>Exhibit C</u>	Guaranty and Assumption of Obligations
<u>Exhibit D</u>	Nondisclosure and Noncompetition Agreement
<u>Exhibit E</u>	Promissory Note
<u>Exhibit F</u>	Franchisee Disclosure Questionnaire
<u>Exhibit G</u>	Addendum for Successor Franchise Agreement
<u>Exhibit N</u>	State-Specific Addendum

Item 23. RECEIPT

The last page of this disclosure document is a detachable document that you must sign to acknowledge your receipt of this disclosure document.

Exhibit A follows this page



**EXHIBIT A TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISE AGREEMENT

THE HOMETEAM INSPECTION SERVICE, INC.
FRANCHISE AGREEMENT

☐ HOMETEAM

Effective Date of this Agreement:_____

Required Opening Date – No Later Than:_____

Expiration Date:_____

Franchisor:The HomeTeam Inspection Service, Inc.

Franchisee:_____

Location:_____

Initial Franchise Fee: \$_____

Start-up Package Fee: \$_____

Transfer Fee: \$_____

Franchise Number:_____

THE HOMETEAM INSPECTION SERVICE, INC.

FRANCHISE AGREEMENT

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THIS FRANCHISE AGREEMENT is between The HomeTeam Inspection Service, Inc., an Ohio corporation ("Franchisor"), and the Franchisee identified on Exhibit A attached hereto and by this reference incorporated herein.

PREAMBLE:

A. Franchisor has created and developed and is in the process of further developing a system for the establishment and operation of a distinctive type of business that offers building inspection services.

B. The System (as defined in section ~~19.50~~19.50) consists of distinctive methods for marketing and advertising; specially designed business forms and procedures for the efficient operation of a Franchise (as defined in section ~~19.23~~19.23); operating manuals and a training course; proprietary and customized software; and procedures for the provision of the Franchisee's services.

C. Franchisor has registered as trademarks the words THE HOMETEAM INSPECTION SERVICE® as well as other Marks (as defined in section ~~19.29~~19.29), with the United States Patent and Trademark Office, and claims the exclusive right to use the Marks, any confusingly similar derivatives thereof, and certain other logos, designs, trade names, business names, trademarks, and commercial symbols in connection with the operation of the System.

D. Franchisor continues to develop, use and control the use of the Marks in order to identify to the public the source of products and services marketed thereunder and through the System, and to represent the System's standards of quality, appearance, and services.

E. Franchisor has granted and will continue to grant other parties the right and license to operate a Franchise and to use the Marks and the System under other franchise agreements.

F. Franchisee understands and acknowledges the importance of Franchisor's standards of quality, service, and appearance, of operating a Franchise in conformity with Franchisor's standards and specifications as presented in Franchisor's manuals and updates, and of preserving the confidentiality of the System.

G. Franchisee desires to purchase and operate a Franchise in accordance with all of the terms and conditions of this agreement.

THEREFORE, the parties agree as follows:

ARTICLE 1

APPOINTMENT

1.1 Grant of Franchise. Franchisor hereby grants to Franchisee, upon the terms and conditions in this agreement, (i) the right and franchise, and Franchisee undertakes the obligation, to operate the Franchised Business (as defined in section ~~19.14~~19.14) using the System, and (ii) a non-exclusive license to use the Marks and the System as they may be changed, improved and further developed from time to time, within the Territory (as defined in section 1.2). Franchisee specifically acknowledges that its Franchise is non-exclusive and is granted subject to the conditions in sections 1.2 through 1.5.

1.2 Territory. The "Territory" is the geographical area described in Exhibit B of this agreement. Franchisor has the right to reduce the size of the Territory in accordance with section 7.7. If for any reason the boundaries or numbers of any ZIP Code(s) that comprise the Territory are moved, altered or eliminated, or any other boundary of the Territory changes (such as the re-routing of a road used as a boundary, for example), Franchisee shall promptly notify Franchisor and Franchisor shall re-define the

boundaries of the Territory to correspond as nearly as possible, in Franchisor's Business Judgment, to the original Territory. Franchisor's decision will be final and binding upon Franchisor and Franchisee.

1.3 Territorial Rights and Limitations. Franchisor hereby grants Franchisee, and Franchisee hereby accepts, the following rights and limitations in connection with the Territory:

(a) So long as Franchisee is in Good Standing (as defined in section ~~19.21~~19.21) during the term of this agreement, Franchisor shall not operate or establish or authorize another to operate or establish a HomeTeam Franchise in the Territory.

(b) Except as provided in sections ~~1.31-3(c)~~(c), ~~1.31-3(d)~~(d), and 1.5, Franchisee may inspect any structure, wherever located.

(c) Franchisee shall NOT inspect a structure located within the franchise territory of another HomeTeam Franchisee (as defined in section ~~19.24~~19.24) without the other HomeTeam Franchisee's prior written consent, unless both of the following circumstances exist: Franchisee's client is represented by a real estate agent in connection with a proposed or pending sale or purchase of the structure, and that agent's principal office is located within the Territory at the time of the inspection.

(d) Franchisee shall NOT inspect a structure, wherever located (even if located in the Territory), without another HomeTeam Franchisee's prior written consent if both of the following circumstances exist: Franchisee's client is represented by a real estate agent in connection with a proposed or pending sale or purchase of the structure, and that agent's principal office is located within the franchise territory of the other HomeTeam Franchisee at the time of the inspection.

(e) Another HomeTeam Franchisee has the right to inspect structures located within the Territory if the other HomeTeam Franchisee's client is represented by a real estate agent in connection with a proposed or pending sale or purchase of the structure and that agent's principal office is located within the other HomeTeam Franchisee's territory at the time of the inspection.

(f) Franchisee shall not conduct, participate in, or place any mass media or direct mail advertising that is delivered, distributed, circulated, or broadcast in the franchise territory of another HomeTeam Franchisee, except in accordance with section 11.89 (relating to advertising cooperatives), or with Franchisor's prior written consent. Internet advertising and a listing or advertisement in a "paper" or online membership directory, Yellow Pages directory, or other commercial telephone directory are not considered mass media advertising and are not prohibited by this paragraph.

(g) Except as expressly permitted by subsection ~~1.31-3(h)~~(h), Franchisee shall not conduct In-Person Promotional Activities (as defined in section ~~19.26~~19.26) in the franchise territory of another HomeTeam Franchisee.

(h) Franchisee may join and participate in business meetings and networking, social, and other functions sponsored or hosted by Real-Estate-Related Membership Organizations (as defined in section ~~19.38~~19.38), even if the organization's principal office is located or the meeting or function is held in the franchise territory of another HomeTeam Franchisee, except that Franchisee shall not attend any meeting or function held at a Real Estate Agency located in the franchise territory of another HomeTeam Franchisee.

1.4 Reserved Rights of Franchisor. Franchisor specifically reserves all rights not expressly granted to Franchisee in this agreement. Without limiting the generality of the preceding sentence, Franchisor has the right to: (i) own, acquire, establish and operate, and license others to establish and operate,

businesses substantially similar to the Franchised Business, whether under the Marks or other proprietary marks, at any location outside the Territory; (ii) acquire a system of Competitive Businesses with units located within the Territory, so long as those units do not use the Marks; and (iii) offer and provide services to Special Accounts (subject only to the provisions of section 1.5).

1.5 Special Accounts. Franchisor has the exclusive right to contract with any Special Account (as defined in section ~~19.44~~19.44) for provision of Special Account Services (as defined in section ~~19.45~~19.45) regardless of where the account is headquartered and regardless of whether Franchisee or any other HomeTeam Franchisee has provided services to the Special Account before Franchisor entered into the contract with the Special Account. If Franchisor establishes a contract for the provision of Special Account Services that include facilities of the Special Account located in the Territory, Franchisor shall offer Franchisee the first option of providing the services to the Special Account at those facilities in the Territory at the prices and subject to the contract requirements negotiated by Franchisor with the Special Account. If Franchisee accepts the project, unless otherwise agreed by Franchisor, Franchisor will collect all amounts due from the Special Account and remit to Franchisee the amount due for services the Franchisee provided to the Special Account, less the amount of Royalties and Marketing Contributions due Franchisor on the amount collected, which Franchisor will retain for its own account. All amounts collected from Special Accounts on Franchisee's behalf or by Franchisee from Special Accounts will be included in Franchisee's Gross Sales for purposes of calculating Royalties and Marketing Contributions due under this agreement. If Franchisee declines to accept the project, Franchisor will have the unfettered right to fulfill the contract requirements to the Special Account in the Territory in any manner it deems suitable in its Business Judgment, including through another HomeTeam Franchisee, a Franchisor- or Affiliate-owned business, or a third-party contractor. Additionally, if at any time a Special Account for any reason requests that services in the Territory be provided by someone other than Franchisee, Franchisor may revoke Franchisee's option or right to provide or continue to provide the services, and may fulfill the contract requirements to the Special Account in the Territory in any manner Franchisor deems suitable in its Business Judgment.

ARTICLE 2

TERM; SUCCESSOR FRANCHISE

2.1 Term. Unless earlier terminated as provided in this agreement, the term of this agreement is ten years commencing on the Effective Date (as defined in section ~~19.12~~19.12) and ending on the Expiration Date (as defined in section ~~19.13~~19.13).

2.2 Successor Franchise. Franchisee's rights and Franchisor's obligations under this agreement terminate at the Expiration Date. Nothing in this agreement gives Franchisee any right to renew this agreement for an additional term, but, subject to subparagraphs (a) through (f) of this section 2.2, for a period of one year before the Expiration Date, Franchisee will be eligible for a Successor Franchise (as defined in section ~~19.48~~19.48) for the Territory, also for a ten-year term to commence the day after the Expiration Date of this agreement. The award of a Successor Franchise will be in Franchisor's Business Judgment. Any Successor Franchise will be on the terms of Franchisor's then-current franchise agreement (which may materially differ, in economic and other aspects, from this agreement and its requirements), but start-up terms (*e.g.*, initial training, phase in of Minimum Annual Gross Sales, etc.) will not apply, and Franchisee will not be required to pay another Initial Franchise Fee (although Franchisee will be required to pay a Successor Franchise Fee). Franchisor will not award Franchisee a Successor Franchise unless and until Franchisee complies with the following conditions:

- (a) Franchisee gives Franchisor a written request for a Successor Franchise at least six months, but not more than one year, before the Expiration Date. Within thirty days after its

receipt of a timely request, Franchisor shall confirm, in writing, Franchisee's eligibility or ineligibility for a Successor Franchise. If Franchisee has failed to comply with all of the conditions listed in this section 2.2 at the time Franchisor receives the request, Franchisor has the right to refuse to grant Franchisee a Successor Franchise. If Franchisee is ineligible to obtain a Successor Franchise, but the ineligibility is caused by a non-compliance that can be cured, and Franchisor, in its Business Judgment, is willing to consider granting Franchisee a Successor Franchise, Franchisor will notify Franchisee accordingly. Franchisee will be eligible for a Successor Franchise if Franchisee cures the noncompliance within thirty days after Franchisor notifies Franchisee of its ineligibility. Neither Franchisee's request to obtain a Successor Franchise nor Franchisor's failure to advise Franchisee of its ineligibility will affect or impair Franchisor's right to terminate this agreement under Article 13.

(b) Franchisee is in Good Standing and has substantially complied with all of the material terms and conditions of all agreements between Franchisee (or its Principals or Affiliates, as defined in sections ~~19.37~~19.37 and ~~19.119.1~~, respectively) and Franchisor (or any of the Franchisor-Related Persons, as defined in section ~~19.19~~19.19) during the respective terms thereof.

(c) At least sixty days before the Expiration Date, Franchisee executes Franchisor's then-current form of franchise agreement, which will supersede this agreement in all respects.

(d) At least sixty days before the Expiration Date, unless prohibited by the laws of the state in which Franchisee resides or the Franchised Business is located, Franchisee and each of its Principals and Remote Principals (as defined in section ~~19.42~~19.42) signs and delivers to Franchisor its then-current form of General Release (as defined in section ~~19.20~~19.20).

(e) At least thirty days before the Expiration Date, Franchisee complies with Franchisor's then-current qualification and training requirements, including any training requirements specifically designed for Successor Franchisees.

(f) Franchisee pays Franchisor the Successor Franchise Fee (as defined in section ~~19.49~~19.49) at the same time that Franchisee gives Franchisor the written request required by section 2.2(a). If Franchisor refuses to grant Franchisee a Successor Franchise, Franchisor shall, at the same time Franchisor notifies Franchisee of the refusal, refund the Successor Franchise Fee paid by Franchisee. The Successor Franchise Fee is not refundable under any other circumstances.

2.3 Continued Operation Following Expiration. Franchisee has no right to continue to operate the Franchised Business after the Expiration Date unless Franchisee is granted a Successor Franchise in accordance with section 2.2. If Franchisor permits Franchisee to continue to operate the Franchised Business after the Expiration Date but before the execution of a Successor Franchise Agreement as required by section 2.2(c), then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at the will of Franchisor by giving Franchisee written notice of termination at least thirty days before the termination is effective. If the laws of the jurisdiction in which the Franchisee or the Franchised Business are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

ARTICLE 3

LOCATION OF BUSINESS

Franchisee shall lease, purchase or otherwise secure a suitable Franchise Premises (as defined in section ~~19.18~~~~19.18~~) for the operation of the Franchised Business. Franchisee may operate the Franchised Business from Franchisee's residence (whether or not Franchisee resides within the Territory) if permitted by, and so long as Franchisee fully complies with, all applicable building, zoning and licensing laws, ordinances, requirements and restrictions. If Franchisee resides outside the Territory, Franchisee must obtain, before opening the Franchised Business, and maintain at all times during the term of this agreement, a mailing address located within the Territory. If Franchisee does not operate the Franchised Business from Franchisee's residence, the Franchise Premises must be located within the Territory. Franchisee shall provide Franchisor with the address of the Franchise Premises prior to opening the Franchised Business, and shall notify Franchisor promptly of any change in the location of the Franchise Premises.

ARTICLE 4

INITIAL FEES

4.1 Initial Franchise Fee. Franchisee shall pay Franchisor an Initial Franchise Fee of ~~\$19,900~~~~25,000~~ for a small territory encompassing up to 50,000 qualified households, ~~\$29,900~~~~35,000~~ for a medium territory encompassing 50,001 to 100,000 qualified households, or ~~\$39,900~~~~45,000~~ for a large territory encompassing 100,001 to 150,000 qualified households. The Initial Franchise Fee is fully earned, due and payable to Franchisor upon the execution of this agreement. The Initial Franchise Fee is not refundable.

4.2 Start-up Package Fee. Franchisee shall pay Franchisor a Start-up Package Fee of ~~\$11,000~~~~8,500~~ for the Start-up Package described in section 6.1(a). The Start-up Package Fee is due upon Franchisee's execution of this agreement. If this agreement is terminated before Franchisee opens the Franchised Business, Franchisor shall repurchase any unopened, unused items in saleable condition from the Start-up Package (excluding customized promotional materials and supplies) and provide Franchisee with a refund for the returned items. Franchisee shall pay all transportation costs to return Start-up Package items. The Start-up Package Fee is not refundable under any other circumstances.

ARTICLE 5

RECURRING FEES

5.1 Royalty. Solely in consideration of Franchisee's continued right to use the Marks, Franchisee shall pay Franchisor a weekly Royalty of 6% of Franchisee's Gross Sales. Royalty payments for each weekly reporting period are due by the following Wednesday. The weekly reporting period begins on Monday and ends the following Sunday.

5.2 Annual Minimum Royalty. Franchisee shall pay Franchisor, on an annual basis, the Royalties payable under section 5.1 or a Minimum Royalty of 6% of Franchisee's Minimum Annual Gross Sales (as defined in section 7.7), whichever is greater. If the Royalties payable on Franchisee's actual Gross Sales during each year that this Franchise Agreement is effective is less than 6% of Franchisee's Minimum Annual Gross Sales, then Franchisee shall pay Franchisor the difference by the fifteenth day of the next calendar quarter.

5.3 Marketing Contribution. Franchisee shall pay to Franchisor, or to any Marketing Fund established under Article 11, a Marketing Contribution of 3% of Franchisee's Gross Sales. All Marketing Contributions for each weekly reporting period are due by the following Thursday.

5.4 Annual Minimum Marketing Contribution. Franchisee shall pay Franchisor, on a yearly basis, the Marketing Contribution payable under section 5.3 or a Minimum Marketing Contribution of 3% of Franchisee's Minimum Annual Gross Sales, whichever is greater. If the Marketing Contribution payable on Franchisee's actual Gross Sales during each year that this Franchise Agreement is effective is less than 3% of Franchisee's Minimum Annual Gross Sales, then Franchisee shall pay Franchisor the difference by the fifteenth day of the next calendar quarter.

5.5 Digital Marketing Fee. Franchisee shall pay Franchisor a monthly fee, currently \$175, beginning on the month prior to the franchise opening for business. Franchisor has the right to adjust this Digital Marketing Fee contingent on changes due to continuing evolution of all aspects of technology.

5.6 Software User Fee. Franchisee shall pay ~~Franchisor~~ a third party software provider all continuing monthly or periodic support, maintenance, and upgrade fees as required by a ~~Software License Agreement~~ Software Terms of Use Agreement, currently at a rate of \$1.10 per inspection and \$2.20 per inspection report for customized software. Franchisor ~~or third party software providers~~ has the right to increase Software User Fees from time to time in its Business Judgment.

5.7 Late Payments and Reports.

(a) Franchisee shall pay to Franchisor (or to the Marketing Fund, as the case may be) a \$20.00 late fee on each payment of any kind that is not received by Franchisor within five days after its due date.

(b) Any payment of any kind that is not received by Franchisor within thirty days after its due date will bear interest at the rate of 18% per annum, or the highest rate allowed by law, whichever is lower, from the date payment was due until the date the payment is received by Franchisor, regardless of any subordinate agreement that may be in effect to postpone payment of any fees.

(c) Franchisee shall pay Franchisor a \$25.00 late fee each time any report required by section 7.10 or otherwise by this agreement is not received by Franchisor by its due date and time.

5.8 Gross Sales. The term "Gross Sales" means all sales and other income, whether cash or credit (and regardless of collection in the case of credit), less (i) refunds and discounts made to customers in good faith and in accordance with Franchisor's policies, and (ii) sales or excise taxes that are separately stated and that Franchisee may be required to and does collect from customers and pays to any federal, state, or local taxing authority.

5.9 Electronic Funds Transfer.

(a) Franchisee shall make all payments to Franchisor, the Marketing Funds, or any Affiliate of Franchisor, including Royalties, Marketing Contributions, Software User Fees, interest, late fees and legal expenses, through an electronic depository transfer account ("EDT Account") established at a national banking institution approved by Franchisor. Within six months after the Effective Date and before opening the Franchised Business, Franchisee shall establish the EDT Account and execute and deliver to Franchisor an authorization for electronic funds transfer (in substantially the form attached to this agreement as Exhibit E or a form prescribed by or acceptable to Franchisor's and Franchisee's bank) for direct debits from the EDT Account. At all times thereafter during the term of this agreement, Franchisee shall ensure that Franchisor has

access to Franchisee's EDT Account for purposes of receiving electronic funds transfer payments, and Franchisee shall comply with procedures specified by Franchisor and perform such acts as may be necessary to accomplish payment by electronic funds transfer. Franchisee hereby authorizes Franchisor to initiate debit entries and credit correction entries to the EDT Account for payment of Royalties, Marketing Contributions, Software User Fees, legal expenses, interest, late fees and other any amounts payable to Franchisor or any Affiliate of Franchisor. Franchisee shall make funds available in its EDT Account in sufficient amounts to meet its obligations as they become due. If any debit properly initiated by Franchisor from Franchisee's EDT Account is denied or charged back due to nonsufficient funds or the closing of the EDT Account, Franchisee shall pay Franchisor a \$25.00 charge-back fee and reimburse Franchisor for all bank and transaction charges incurred by Franchisor as the result of the charge-back. Once established, Franchisee may not close the EDT Account without Franchisor's consent.

(b) If Franchisee has not timely reported Franchisee's Gross Sales to Franchisor for any reporting period, then Franchisor shall debit Franchisee's EDT Account an amount equal to the late fee prescribed by section 5.7(c) plus 125% of the amounts payable by Franchisee for the Royalty and Marketing Contribution for the last reporting period for which Franchisee reported its Gross Sales. If the amounts debited are less than the amounts Franchisee actually owes (once Franchisor determines Franchisee's true Gross Sales for the reporting period), Franchisor shall debit the EDT Account for the balance of the Royalty and Marketing Contribution due on the date specified by Franchisor. If the amounts debited are greater than the amounts Franchisee actually owes (once Franchisor determines Franchisee's true Gross Sales for the reporting period), Franchisor shall credit the excess (without interest) against the amount Franchisor otherwise would debit from the EDT Account the week after Franchisor determines Franchisee's true Gross Sales for the reporting period. Nothing in this paragraph is to be construed to waive, postpone or suspend Franchisee's obligations to submit any reports, records, or other materials required by this agreement. Franchisee acknowledges that its failure to accurately report Gross Sales when due constitutes grounds for the termination of this agreement, notwithstanding this paragraph.

5.10 Convention Fee. If Franchisor holds an annual convention for HomeTeam Franchisees as described in section 7.19, Franchisee shall pay Franchisor the convention fee in the amount and at the time required by Franchisor, regardless of whether Franchisee or the Designated Representative actually attends the convention.

5.11 Taxes on Amounts Paid to Franchisor. All payments required to be made by Franchisee to Franchisor shall be the gross amount determined according to the applicable paragraph, without deduction for any sales, use, withholding, gross receipts, income, or other taxes that may be levied or assessed on the payments by any state, county, or municipality in which the Franchised Business is located or operates, in which Franchisee resides, or which otherwise possesses the power to tax Franchisee or the Franchised Business. Franchisee shall remit to the appropriate taxing authorities all sales, use, withholding, gross receipts, or other taxes (other than income taxes) levied or assessed on amounts paid by Franchisee to Franchisor which would otherwise be due from Franchisor, shall promptly deliver to Franchisor receipts of applicable governmental authorities showing that all such taxes were properly paid in compliance with applicable law, and shall indemnify and defend Franchisor and hold Franchisor harmless from and against all liability for such taxes (including interest and penalties thereon). Franchisee shall fully and promptly cooperate with Franchisor to provide such information and records as Franchisor may request in connection with any application by Franchisor to any taxing authority with respect to any tax credits.

5.12 Application of Payments. As to Franchisee and any Affiliate of Franchisee, Franchisor has the right to: (i) apply any payments received to any past due, current, future or other indebtedness of any kind in

Franchisor's Business Judgment, regardless of how payment is designated by Franchisee or any other Person; (ii) set off, from any amounts that may be owed by Franchisor, any amount owed to Franchisor or any Marketing Funds; and (iii) retain any amounts received for Franchisee's account (and/or that of any Affiliate of Franchisee), whether rebates from suppliers or otherwise, as a payment against any amounts owed to Franchisor. Franchisor can exercise any of the foregoing rights in connection with amounts owed to or from Franchisor, any Franchisor-Related Person, and/or any Marketing Funds.

5.13 Currency. Unless otherwise specified, all references to money in this agreement mean United States Dollars.

ARTICLE 6

DUTIES OF FRANCHISOR

6.1 Assistance by Franchisor. Franchisor, at its sole expense and cost, shall provide the following assistance and materials to Franchisee:

- (a) a Start-up Package containing the technology package (including computer, ipad, and other hardware, accounting and other software programs), marketing and promotional materials, a vehicle branding allowance, business cards, uniforms, tool package, and other supplies required for the operation of the Franchised Business, as detailed in Exhibit C. Items in the Start-Up Package will be modified from time-to-time with some items being retired and eliminated from the Start-Up Package and some new items being added to the Start-Up Package;
- (b) the initial training described in section 7.1 for up to two individuals, one of whom must be either Franchisee or the Designated Representative;
- (c) a list of all equipment necessary to operate the Franchised Business;
- (d) a current set of advertising and promotional templates;
- (e) approved and readily available sources for purchasing supplies, advertising and marketing materials, computer hardware and software, and other items necessary for the operation of the Franchised Business;
- (f) periodic assistance to the extent Franchisor deems necessary in its Business Judgment; and
- (g) periodic newsletters, bulletins, and such other materials, information and assistance as Franchisor may from time to time deem necessary in its Business Judgment.

6.2 Business Forms. Franchisor shall furnish Franchisee with the business and reporting forms, primarily on a digital platform, for use by Franchisee in the Franchised Business. Upon request, Franchisor will provide Franchisee with specifications for the proper preparation of the business and reporting forms, which Franchisee may purchase from a supplier who has complied with Franchisor's supplier approval guidelines as described in section 7.5. Because all business and reporting forms will bear the Marks, Franchisor may require any supplier to execute a license agreement specifying the manner in which the Marks are to be imprinted, the required text on the forms, and other necessary specifications and standards for the preparation of the forms.

6.3 Manual. Franchisor shall loan Franchisee, at no charge to Franchisee, one copy of Franchisor's current Manual as described in Article 9, which may consist of one or more volumes and may be provided digitally via the Franchisee Intranet, compact disk, DVD, or other medium.

6.4 Software. Franchisor ~~shall grant~~ will provide Franchisee with customized management software, a non-exclusive license to use. The Franchisee shall install and use the Software in connection with the operation of the franchised business. At the time Franchisee executes this agreement, Franchisee shall execute a ~~Software License Agreement~~ Software Terms of Use Agreement with a third party software provider and thereafter shall execute a new or successor ~~Software License Agreement~~ Software Terms of Use Agreement as required by ~~Franchisor~~ the third party software provider in connection with the Software or any Enhancement thereto. Franchisor shall assist Franchisee with the ~~installation setup~~ of the Software and provide training and support services in combination with the third party software provider as provided in the Software License Agreement. Franchisee shall pay ~~Franchisor~~ the third party software provider all continuing periodic user, support, maintenance, and upgrade fees required by the ~~Software License Agreement~~ Software Terms of Use Agreement. The Software and all supporting files are protected by United States copyright laws and international treaty provisions. Franchisee may not rent, lease, sell, reverse engineer, decompile, disassemble, modify, or create derivative works from the Software. The Software and all supporting files are Confidential Information and remain the property of Franchisor at all times. In no event will Franchisor be liable to Franchisee, its Principals, Remote Principals, representatives, directors, officers, or agents, for any special, consequential, indirect or similar damages, including any lost profits or lost data arising out of the use or inability to use the Software or any data supplied therewith, even if Franchisor or anyone else has been advised of the possibility of such damages, or for any claim by any other person. Franchisee shall use only the Software or other software provided or designated by Franchisor or the Franchisor's recommended third party software provider, and no other computer programs or applications, to maintain financial, client and referral contact information relating to the Franchised Business and to prepare inspection agreements and reports in connection with the operation of the Franchised Business. Franchisee may use the Software only in connection with the operation of the Franchised Business. Franchisee shall obtain support for the Software only from vendors designated by Franchisor from time to time. **FRANCHISOR DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE SOFTWARE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

ARTICLE 7

DUTIES OF FRANCHISEE

7.1 Training. Within six months after the Effective Date and before opening the Franchised Business, either Franchisee or the Designated Representative shall complete, to Franchisor's satisfaction, Franchisor's initial training program for new franchisees at Franchisor's corporate headquarters or other facility designated by Franchisor. If Franchisee or the Designated Representative fails to complete the initial training program to Franchisor's satisfaction within six months after the Effective Date, then Franchisor may terminate this agreement without refunding any money paid by Franchisee. Franchisee or the Designated Representative also shall attend and complete, to Franchisor's satisfaction, all additional training programs reasonably required by Franchisor from time to time. Franchisor, at its option, may charge Franchisee a fee for any additional training. Training programs may be held, in Franchisor's Business Judgment, at Franchisor's corporate headquarters, a convention or national or regional meeting site, or any other facility designated by Franchisor. In connection with all such training, Franchisee is responsible for all expenses incurred by Franchisee or its trainees, including the cost of travel, lodging, meals, wages and training fees charged by Franchisor.

7.2 System Standards. Franchisee acknowledges and agrees that every detail of the System is important, not only to Franchisee but also to Franchisor and other HomeTeam Franchisees, in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services sold by all HomeTeam Franchisees, and to establish and maintain a reputation for providing

uniform, efficient, and high-quality services. Franchisee further acknowledges and agrees that a fundamental requirement of the System, this agreement, and other HomeTeam Franchises is adherence by all HomeTeam Franchisees to the System Standards (as defined in section ~~19.51~~19.51). Accordingly, Franchisee shall comply with each and every System Standard, as periodically modified and supplemented by Franchisor in its Business Judgment, during the term of this agreement. Franchisee further agrees that System Standards prescribed from time to time in the Manual or otherwise communicated to Franchisee in writing will constitute provisions of this agreement as if fully set forth in this agreement. All references to this agreement include all System Standards as periodically modified.

7.3 Authorized Products and Services. Franchisee shall offer and sell all Authorized Products and Services (as defined in section ~~19.31~~19.3) and only Authorized Products and Services. Franchisor may unilaterally add products or services to the Authorized Products and Services in its Business Judgment at any time. Franchisor may also designate any Authorized Products and Services as optional.

7.4 Equipment.

(a) Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, signs, the Communication and Information System described in section 7.18, the service vehicles described in section 7.4(b), and other equipment specified by the Systems Standards as modified from time to time; and shall not permit the installation of any fixtures, furnishings, signs, software, or equipment that does not conform to the System Standards as modified from time to time.

(b) To protect the best interests of all franchisees, Franchisor has established specifications and guidelines for the acceptable appearance and use of all HomeTeam service vehicles and signage, including the color and use of the HomeTeam logo decals. Franchisee shall use the service vehicles solely for the operation of the Franchised Business in compliance with this agreement. Franchisee shall ensure that its service vehicles present a professional image in conformance with the System Standards, and shall maintain them in good repair and safe condition, which may include the repair or replacement of damaged, worn-out or obsolete equipment, signs and service vehicles. Franchisee shall modify, re-equip and refurbish its service vehicles at reasonable intervals as Franchisor directs, to accommodate changes in the System Standards as required of new HomeTeam Franchisees (provided that Franchisee will have a reasonable time period remaining under this agreement to amortize the costs of service vehicle improvements). Franchisee shall place or display on the service vehicles only signs, emblems, lettering, logos, and display and marketing materials approved by Franchisor. If at any time in Franchisor's Business Judgment, the general state of repair, appearance or cleanliness of Franchisee's service vehicles, or any fixtures, equipment, or signs used in the Franchised Business, do not meet Franchisor's standards, Franchisor will notify Franchisee, specifying the action required to correct the deficiency. If Franchisee does not correct the deficiency within thirty days, Franchisor has the right (in addition to Franchisor's rights under Article 13) to prohibit Franchisee from using any substandard service vehicle, and the right, but not the obligation, to correct the deficiencies on Franchisee's behalf, and Franchisee shall reimburse Franchisor upon demand for all costs incurred by Franchisor to correct the deficiencies.

7.5 Supplier Approval. Franchisee shall purchase all furnishings, fixtures, signs, supplies and other products, materials and services required for the operation of the Franchised Business solely from suppliers (including manufacturers, distributors, wholesalers, and brokers) who have been approved or designated by Franchisor. Franchisor will base its approval of suppliers upon a variety of factors, including their ability to meet Franchisor's then current standards and specifications; their quality controls; their capacity to supply Franchisee's needs promptly and reliably; and their prices. Franchisee recognizes that because of price discounts, benefits or other legitimate sales incentives, Franchisor may

require Franchisee to participate with Franchisor or other HomeTeam Franchisees when purchasing certain items, products or services to be sold or utilized in the Franchised Business. If Franchisee desires to purchase any items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for approval or request the supplier itself to do so. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at Franchisor's option, either to Franchisor or to an independent certified laboratory designated by Franchisor, for testing, and the actual cost for the tests shall be paid by Franchisee or the supplier. Franchisor shall use its best efforts to notify Franchisee of Franchisor's approval or disapproval within fifteen days after Franchisor receives all information requested by Franchisor. Franchisor has the right, in its Business Judgment, to inspect the facilities and products of any approved supplier, and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's criteria. Franchisor and its Affiliates have the right to receive rebates, discounts, allowances, and other payments from suppliers in respect of group purchasing programs and otherwise on account of the suppliers' dealings with Franchisee and other HomeTeam Franchisees, which Franchisor is entitled to retain and use without restriction for any purpose and without accounting to Franchisee.

7.6 Business Operation. Franchisee shall open the Franchised Business within six months after the Effective Date, or, with Franchisor's prior written approval, such longer period as may be required to comply with governmental licensing requirements. After opening, Franchisee shall maintain the Franchised Business in continuous operation during the term of this agreement. Franchisee shall not use or permit the use of the Franchise Premises for any purpose or activity other than the operation of the Franchised Business without first obtaining the written consent of Franchisor. This restriction does not apply if the Franchise Premises is located in Franchisee's residence.

7.7 Minimum Gross Sales.

(a) Franchisee's Gross Sales for each year must equal or exceed the applicable "Minimum Annual Gross Sales" in the table below. Franchisee's failure to achieve or exceed the Minimum Annual Gross Sales for two consecutive calendar years is a material breach of this agreement, for which Franchisor, in addition to its other legal and equitable remedies, may terminate this agreement in accordance with section 13.21, ~~or~~ reduce the geographic size of the Territory or require mandatory operational remediation.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>After Year 4</u>
Minimum Annual Gross Sales	\$ 25,000	\$ 50,000	\$ 65,000	\$ 85,000	\$ 100,000

For example, Franchisee's Gross Sales for Year 3 must equal or exceed \$65,000. For purposes of the table above, "Year 1" is the period that begins on the Effective Date and ends on and includes the last day of the year before the first anniversary of the Effective Date; "Year 2" is the one-year period that begins one year from the Effective Date and ends on and includes the last day of the year before the anniversary date of the Effective Date. For example, for an Effective Date of May 23, 2015~~6~~, Year 1 begins on that date and ends on May 22, 2016~~7~~; Year 2 begins on May 23, 2016~~7~~ and ends on May 22, 2017~~8~~; and so on.

(b) Franchisee acknowledges that the Minimum Annual Gross Sales amounts in the above table do not constitute, and are not in the nature of, "earnings claims" or "financial performance representations." Franchisor disclaims any representation, warranty, or guarantee that Franchisee can or will achieve levels of sales necessary to comply with the Minimum Annual Gross Sales amounts above, or any other level or range of sales, income, or other measures of performance. As a practical business matter, Franchisor is unable to reliably estimate or predict

the future financial or other results of any HomeTeam Franchisee, and is unable to reliably estimate or predict Franchisee's potential results.

Franchisee specifically understands that section 7.7 above permits Franchisor to terminate this agreement or reduce the size of Franchisee's Territory if Franchisee fails to achieve or exceed the applicable Minimum Gross Sales for two consecutive years.

_____ **Initials of Franchisee or individual signing on behalf of Franchisee**

7.8 Management of Franchised Business. At all times during the term of this agreement, Franchisee, or the Designated Representative, shall devote his or her full time, energy, and best efforts to the management and operation of the Franchised Business. The Franchised Business must at all times be under the direct supervision of Franchisee or the Designated Representative.

7.9 Payment of Liabilities and Taxes. Franchisee shall pay its distributors, lessors, contractors, suppliers, trade creditors, employees, and other creditors promptly as the debts and obligations to such parties become due, and pay all taxes on real and personal property, leasehold improvements, and fixtures and equipment, and all sales and use, income, payroll and other taxes promptly when due, and shall hold Franchisor harmless therefrom. All taxes shall be paid directly to the appropriate taxing authority prior to the delinquent date. If Franchisee fails to pay any such obligations promptly as they become due, or if any taxes become delinquent, Franchisor, in addition to its other remedies provided in this agreement, may pay any obligation or tax on behalf of Franchisee, together with any late charges, penalties, and interest, if any, and Franchisee shall, upon demand, reimburse Franchisor for any sums Franchisor has paid, together with interest at the rate of 18% per annum, or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

7.10 Records and Reports. Franchisee shall maintain and preserve, for at least six years after the date of their preparation, full, complete and accurate books and records of account, prepared in accordance with generally accepted accounting principles, and customer files and records, all in the form and manner prescribed by Franchisor in the Manual or otherwise in writing. In connection with its maintenance of such accounts and records Franchisee, at its expense, shall:

(a) Submit to Franchisor, by 5:00 p.m. Eastern Time on Wednesday of each week, a Gross Sales report in the form prescribed by Franchisor, certified by Franchisee or by the Designated Representative, accurately reflecting Franchisee's Gross Sales during the preceding weekly reporting period ending on Sunday, and such other data or information as Franchisor may require;

(b) Submit to Franchisor, by the last day of each calendar month, an income statement, certified by Franchisee or by the Designated Representative as accurately reflecting the results of operations of the Franchised Business for the preceding calendar ~~month~~quarter;

(c) Submit to Franchisor, by April 30 of each year, an income statement and balance sheet, certified by Franchisee or by the Designated Representative as accurately reflecting the results of operations of the Franchised Business for the preceding calendar year and the financial condition of the Franchised Business as of December 31 of the preceding calendar year, together with such other information as may be prescribed by Franchisor;

(d) Submit to Franchisor signed copies of the federal income tax return for the previous tax year, as filed with the Internal Revenue Service, of Franchisee and of any Affiliate of Franchisee, on or before April 30 of each year or, if the taxpayer has received an extension of time to file and Franchisee submits to Franchisor a signed, file-stamped copy of IRS Form 4868 or 2688, as applicable, by April 30, then within fifteen days after the final due date for such return, but in no event later than October 30 of each year;

(e) Submit to Franchisor, within one month after the end of each calendar ~~quarter~~year, an itemized report of Franchisee's Local Advertising expenditures for the calendar ~~quarter~~year (and, if requested by Franchisor, receipts for all Local Advertising expenditures) as required by section 11.8;

(f) Submit to Franchisor, within ten days after request, such other forms, reports, bank statements, customer files, records, information and data as Franchisor may reasonably request;

(g) Use only the chart of bookkeeping accounts prescribed by Franchisor in the Manual or otherwise communicated to Franchisee;

(h) Purchase and install such equipment as Franchisor may require to automate the reporting of financial information and the payment of recurring fees by Franchisee pursuant to this agreement, including Internet or intranet reporting and pre-authorization of electronic funds transfer or bank debit; and

(i) At all times during the term of this agreement and for a period of three years after the termination or expiration of this agreement, permit Franchisor or its designated agents at all reasonable times to examine, at Franchisor's expense and at such location as Franchisor may reasonably select, Franchisee's books and records of account, bank statements, canceled checks, customer files, federal, state and local income tax, sales tax, and payroll tax returns, and any other information or records pertaining to the Franchised Business or which Franchisee is required to maintain under this agreement (hereafter referred to as Franchisee's "Business Records"). If, as a result of any inspection, Franchisor determines that Franchisee has understated its Gross Sales (as defined in section 5.8) in any report to Franchisor, then Franchisee shall immediately pay the Royalty and Marketing Contribution payable on the amount of the understatement, plus the late fee and interest imposed by section 5.7. In addition, if, as a result of any inspection, Franchisor determines that Franchisee has understated its Gross Sales by 3% or more for any weekly period, or if an inspection is prompted by Franchisee's failure to maintain any records or to timely submit any report or other information required by this agreement, then Franchisee shall reimburse Franchisor for all costs and expenses of the inspection (including wages paid by Franchisor to its employees, travel expenses, and reasonable accounting and legal expenses). The foregoing remedies are in addition to any other remedies Franchisor may have under this agreement or at law or in equity. Franchisor may also, at all times during the term of this agreement and for a period of three years after the termination or expiration of this agreement, retain an independent party to audit Franchisee's Business Records. The terms of this paragraph will survive the expiration, termination or cancellation of this agreement.

7.11 Insurance.

(a) Before opening the Franchised Business and thereafter at all times during the entire term of this agreement, Franchisee, at its own expense, shall obtain and keep in force by advance payment of premium:

- (1) All-Risk Insurance on all furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business, for its full replacement cost;
- (2) Commercial General Liability Insurance covering claims for bodily and personal injury, death, and property damage with a minimum per occurrence limit of \$250,000 and a minimum general aggregate limit of \$500,000 although we recommend \$1,000,000;
- (3) Errors and Omissions Insurance covering claims for bodily injury, death and property damage arising out of the rendering or failure to render building inspection services by Franchisee or any agent of Franchisee, with a minimum per occurrence limit of \$250,000 and a minimum general aggregate limit of \$500,000 although we recommend \$1,000,000 in per occurrence limit or other high limits if you routinely inspect high valued homes;
- (4) Automobile Liability Insurance for owned, hired, and non-owned vehicles with a minimum combined single limit of \$1,000,000;
- (5) Worker's Compensation Insurance that complies with the statutory requirements of the state in which the Franchised Business is located and Employers' Liability Insurance with a minimum limit of \$100,000 or, if greater, the statutory minimum limit if required by state law.

(b) Franchisee shall maintain such other insurance as may be required by statute or rule of the state or locality in which the Franchised Business is located and operated, and as may be required by any lease to which Franchisee is a party. All policies of insurance that Franchisee is required to maintain hereunder shall contain a separate endorsement naming Franchisor as an additional insured, as its interest may appear, and shall have a deductible of not more than \$5,000. All insurance shall be placed with an insurance carrier or carriers approved in writing by Franchisor and shall not be subject to cancellation except upon ten days written notice to Franchisor. Franchisee shall submit to Franchisor, before opening the Franchised Business, certifications of insurance (with a copy of the original policy attached) and a workers' compensation certificate of premium payment, showing full compliance with the requirements of this paragraph, and shall keep current certifications on deposit with Franchisor at all times during the term of this agreement. Franchisee shall not open or operate the Franchised Business until Franchisee has complied with all of the requirements of this paragraph. If Franchisee fails to comply with these requirements, Franchisor has the right (but is not obliged) to obtain the required insurance and keep it in force and effect, and Franchisee shall pay Franchisor, upon demand, the cost thereof, together with interest thereon at the rate of 18% per annum, or the highest rate allowed by law, whichever is less. Franchisor, upon not less than thirty days written notice to Franchisee, may reasonably increase the minimum coverage for any insurance required hereunder, decrease the maximum deductible, or require different or additional kinds of insurance coverage to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. The terms of this paragraph will survive the expiration, termination or cancellation of this agreement.

7.12 Non-Individual Franchisee. If Franchisee is not an individual, it shall comply with the following requirements before its execution of this agreement:

- (a) Franchisee shall be newly organized and its articles of incorporation or organization, bylaws, partnership agreement, or operating agreement shall provide that its activities are confined exclusively to operating the Franchised Business.

(b) Franchisee shall provide Franchisor with written information about each Principal of Franchisee and the interest of each on Exhibit A hereto, and shall promptly notify Franchisor of any changes in any such information during the term of this agreement;

(c) All Principals of Franchisee shall enter into a Guaranty and Assumption of Obligations, in a form satisfactory to Franchisor, unconditionally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor.

(d) Each ownership certificate of Franchisee must have conspicuously endorsed upon its face the following legend:

"The transfer, sale or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with The HomeTeam Inspection Service, Inc."

If Franchisee is a partnership or limited liability company without certificates evidencing ownership, Franchisee shall provide Franchisor with acceptable evidence that its partnership or operating agreement or other organizational documents contain provisions acceptable to Franchisor prohibiting the Transfer (as defined in section ~~19.54~~~~19.54~~) of any Ownership Interest in Franchisee (as defined in section ~~19.34~~~~19.34~~) other than in compliance with the terms of this agreement. Franchisee shall not cause or permit any such provision to be deleted or modified during the term of this agreement.

(e) Franchisee shall furnish Franchisor for its approval copies of Franchisee's articles of incorporation or organization, by-laws, partnership agreement, and/or operating agreement, as the case may be, and other organizational documents, including the resolutions of its Principals or governing board authorizing the execution of this agreement.

(f) Franchisee's name may not contain any of the Marks or any colorable variation thereof.

7.13 Compliance with Law. Franchisee shall comply with all laws, regulations and requirements of federal, state, municipal, and other governmental entities and agencies (including fictitious or assumed name statutes, Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and any other federal, state or local employment laws), and obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise necessary to conduct the Franchised Business in any jurisdiction in which it operates. Franchisee agrees and acknowledges that Franchisee alone is responsible for compliance with the obligations under this paragraph and that Franchisor has no obligation to Franchisee or any other Person for Franchisee's compliance under this paragraph. Franchisee specifically acknowledges and agrees that its indemnification responsibilities in Article 17 include Franchisee's obligations under this paragraph. In connection with its obligations under this paragraph, Franchisor hereby consents for Franchisee to disclose to Franchisee's legal counsel, for the purpose of ensuring compliance with and enforceability under state and local law, any and all forms, agreements and other documents provided by Franchisor for use in the Franchised Business.

7.14 Compliance with USA Patriot Act. Franchisee certifies that neither Franchisee nor any of its Affiliates, Principals, or employees is listed in the Annex to Executive Order 13224 ("the Annex," which is available at <http://www.treasury.gov/offices/enforcement/ofac/sdn>.) Franchisee shall not hire nor have any dealings with a Person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee or any of its Affiliates, Principals, or employees being listed in the Annex. Franchisee shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined in section ~~19.21~~~~19.2~~). In connection with such compliance, Franchisee certifies, represents, and warrants that none of its property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that

Franchisee and its Affiliates and Principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities in Article 17 include Franchisee's obligations under this section 7.14. Any misrepresentation by Franchisee under this paragraph or any violation of the Anti-Terrorism Laws by Franchisee, its Affiliates, Principals, or employees, will constitute grounds for immediate termination of this agreement and any other agreement between any Franchisor-Related Person and Franchisee or any of its Affiliates, Principals, or employees.

7.15 Customer Dispute Resolution. Franchisee acknowledges that customer satisfaction is essential to Franchisee's success as well as the reputation and success of the Marks, the System, and other HomeTeam Franchisees. Accordingly, Franchisee agrees to: (i) use its best efforts to ensure the satisfaction of each of Franchisee's customers; (ii) use good faith in all dealings with customers, potential customers, Referral Sources, suppliers and creditors; (iii) respond to customer complaints in a courteous, prompt, and professional manner; and (iv) use its best efforts to promptly and fairly resolve customer disputes in a mutually-agreeable manner. If Franchisee fails to resolve a dispute with a customer, for any reason whatsoever, Franchisor, in its Business Judgment and for the sole purpose of protecting the goodwill and reputation of the Marks, may (but shall not be obligated to) investigate the matter and require Franchisee to take such actions as Franchisor may deem necessary or appropriate to resolve the dispute fairly and promptly. Nothing contained in this section or in any other provision of this agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

7.16 Background Review of Employees. Franchisee acknowledges and understands that Franchisee's employees will be entering the homes of Franchisee's customers and other Persons to sell and provide Authorized Products and Services. Accordingly, to ensure the safety of Franchisee's customers and other Persons, before hiring any prospective employee, Franchisee shall conduct a background review of the prospective employee's criminal, motor vehicle and/or credit history, and update each employee's background review at least every two years. Franchisee shall not hire any individual or retain any employee for any position involving entrance to any residence if the prospective or current employee's background review indicates, in Franchisee's reasonable judgment, a propensity for violence, dishonesty, or negligent, reckless or careless behavior. Franchisor is not liable to Franchisee, any employee or prospective employee of Franchisee, or any other Person for any act or omission of Franchisee or any employee or agent of Franchisee. Franchisee specifically acknowledges and agrees that its indemnification responsibilities in Article 17 include Franchisee's (i) obligations under this paragraph (ii) any claims, demands or actions arising from any act or omission of Franchisee or any employee or agent of Franchisee relating to refusal to hire, negligent hiring, or employment discrimination, and (iii) claims asserted by third parties for intentional torts allegedly committed by any employee or agent of Franchisee.

7.17 Designated Representative. Before beginning the initial training program described in section 7.1, Franchisee shall designate, subject to Franchisor's reasonable approval, a "Designated Representative" who will be responsible for general oversight and management of the operations of the Franchised Business on behalf of Franchisee. The Designated Representative must attend and successfully complete the initial training program and such other training programs as Franchisor may from time to time require during the term of this agreement. Franchisee acknowledges and agrees that Franchisor has the right to rely upon the Designated Representative to have been given, by Franchisee, decision-making authority and responsibility regarding all aspects of the Franchised Business. If the person designated as the Designated Representative dies, becomes incapacitated, leaves Franchisee's employ, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business,

Franchisee shall promptly designate a new Designated Representative, subject to Franchisor's reasonable approval.

7.18 Communication and Information System. To ensure the efficient management and operation of the Franchised Business and the transmission of data to and from Franchisor, Franchisee, at its own expense, shall install, prior to opening the Franchised Business, and shall maintain and utilize during the term of this agreement, the Communication and Information System specified by the System Standards from time to time.

- (a) As used in this agreement, the term "Communication and Information System" means: computer hardware (including one or more computers and/or other computer components); computer software for the management and operation of the Franchised Business and reporting and sharing information with Franchisor; and communication systems (including digital and analog modems, satellite, cable, and other systems).
- (b) Franchisee shall lease and/or purchase its Communication and Information System only from suppliers that Franchisor has approved in writing pursuant to section 7.5. Franchisee shall not install, or permit to be installed, any devices, software or other programs not approved by Franchisor for use with the Communication and Information System.
- (c) Franchisor may from time to time develop or authorize others to develop proprietary or customized computer applications for use in the System, which Franchisee may be required to purchase and/or license and use in the operation of the Franchised Business. Franchisee shall execute any license, sublicense, or maintenance agreement required by Franchisor or any other approved licensor or supplier of proprietary computer applications designated by Franchisor. Franchisee agrees that Franchisor has no liability to Franchisee or any other Person for any damages, costs, or expenses caused by Third-Party Software (as defined in section ~~19.53~~19.53).
- (d) If required by Franchisor, Franchisee shall obtain and maintain a contract with a supplier that Franchisor has approved in writing for software maintenance, support, and upgrade services for Franchisee's Communication and Information System and to provide Franchisee with such assistance as Franchisee and Franchisee's employees may require. Franchisee acknowledges that Franchisor may be one of, or the only, approved supplier for such services, and if Franchisee obtains these services from Franchisor, then Franchisee shall pay Franchisor any fees, if any, required by Franchisor for the services. Notwithstanding Franchisor's right to provide such services, this paragraph does not obligate Franchisor to provide any such services or support for the hardware or software used in the Communication and Information System.
- (e) Franchisor may modify the Communication and Information System specifications as needed from time to time to maximize the operation of the Software, to maintain access to the Franchisee Intranet, or to foster the efficient operation and management of the Franchised Business. Franchisee shall make all Enhancements to its Communication and Information System in the manner and when specified by Franchisor in accordance with section 9.3.
- (f) Franchisee shall have the sole and complete responsibility for the manner in which Franchisee's Communication and Information System interfaces with other systems, including those of Franchisor and other third parties, as well as any and all consequences that may arise if Franchisee's Communication and Information System is not properly operated, maintained, and upgraded.

- (g) Franchisee shall: –(a) promptly enter into its Communication and Information System and maintain all information required to be entered and maintained by Franchisor; (b) provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained, and (c) permit Franchisor to access Franchisee’s Communication and Information System at all times by any commercially available means specified by Franchisor from time to time. Franchisee shall cooperate with Franchisor, and shall execute all documents required by Franchisor, to permit access to Franchisee’s Communication and Information System and data contained therein. The reporting requirements in this section are in addition to and not in lieu of the reporting requirements in section 7.10.
- (h) Any and all data collected or provided by Franchisee, downloaded from Franchisee’s Communication and Information System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor, who has the right to use the data in any manner without compensation to Franchisee. Franchisee is hereby licensed, without additional compensation, to use such data solely for the purpose of operating the Franchised Business. This license will automatically and irrevocably expire, without additional notice or action by Franchisor, when this agreement terminates or expires.
- (i) Franchisee shall maintain at least one dedicated telephone line for use exclusively by the Franchised Business. Each telephone line shall have service features as required by Franchisor in the Manual or otherwise communicated to Franchisee from time to time. Franchisor may require Franchisee to provide a full-time employee or answering service to answer Franchisee’s telephone during regular business hours. All lines shall be operational and functional before opening the Franchised Business and thereafter at all times. The telephone number for the Franchised Business must be listed in a white-pages telephone directory under the Trade Name and an address or other location within the Territory.
- (j) Before opening the Franchised Business and thereafter at all times, Franchisee shall obtain and maintain a high speed Internet connection. Franchisee hereby authorizes Franchisor to communicate with Franchisee via electronic mail.
- (k) Franchisor has the right, but not the obligation, to establish a Franchisee Intranet (as defined in section ~~19.16~~19.16) in its Business Judgment. If required by Franchisor, Franchisee shall establish and maintain access to and use the Franchisee Intranet in the manner specified by Franchisor. Franchisor may, in its Business Judgment, use the Franchisee Intranet to provide various forms of training and other assistance to Franchisee, to provide access to the Manual and updates thereto, for HomeTeam Franchisees to file financial and other reports required by Franchisor, for general communications between Franchisor and HomeTeam Franchisees and among HomeTeam Franchisees, and for such other purposes as Franchisor may authorize or require from time to time. Franchisee shall use the Franchisee Intranet for those purposes designated by Franchisor and follow the usage rules, policies and requirements as they may be modified by Franchisor from time to time. Franchisee understands that the Franchisee Intranet may be inaccessible if Franchisee does not follow the usage rules, policies, and maintain the required Communication and Information System, or maintain a high-speed connection to the Franchisee Intranet. Franchisor is not responsible for any damages incurred by Franchisee in such event or that may arise due to any Internet service provider failing to provide service.

7.19 Attendance at Franchisee Meetings and Conventions. Franchisor may, but is not obligated to, hold an annual convention and national and/or regional meetings with Franchisor’s personnel and HomeTeam Franchisees at locations designated by Franchisor, to provide additional training, exchange sales,

operating and marketing ideas and methods, introduce new software, marketing programs, or promotional items, and for any other purpose determined by Franchisor. Franchisee or the Designated Representative shall attend all national and/or regional meetings designated by Franchisor as mandatory. Franchisor has the right to charge Franchisee a reasonable fee for conventions or meetings. Convention fee must be paid regardless of whether you attend the convention. Nothing in this agreement is to be construed to require Franchisor to hold, provide, sponsor, host, or organize any conventions or meetings.

7.20 Covenants of Employees and Agents. Franchisee shall require each of its management employees (except those individuals required to execute a Nondisclosure and Noncompetition Agreement pursuant to section 15.9), at the time of the commencement of their association with Franchisee, to execute an “Engagement Agreement” containing provisions:

(a) requiring that all Confidential Information (as defined in section 10.1) that may be acquired by or imparted to the person in connection with their association with Franchisee (including the Manual, any proprietary or customized software provided by Franchisor, and all information contained therein) be held in strict confidence and used solely for the benefit of Franchisee or Franchisor during their association with Franchisee and at all times thereafter;

(b) prohibiting the person, during their association with Franchisee, from diverting or attempting to divert any business or customer of the Franchised Business or of any other HomeTeam Franchisee to any Competitive Business (as defined in section ~~19.8~~^{19.8}), by direct or indirect inducement or otherwise;

(c) prohibiting the person, during their association with Franchisee, from doing or performing, directly or indirectly, any act injurious or prejudicial to the goodwill associated with the Marks and the System;

(d) prohibiting the person, during their association with Franchisee, from employing or seeking to employ any person who is at that time employed by Franchisor, Franchisee, or any other HomeTeam Franchisee, or otherwise directly or indirectly inducing or attempting to induce such person to leave his or her employment; and

(e) prohibiting the person, during their association with Franchisee and for a continuous period of one year (or the maximum period permitted or enforced by the laws of the state in which the Franchised Business is located, if such period is less than one year, but in no event less than six months) after the termination of their association with Franchisee, from operating, owning, maintaining, promoting, engaging in, or performing services for (as an employee or otherwise) a Competitive Business.

Franchisee shall provide Franchisor with executed copies of all Engagement Agreements required by this section. Franchisee may not grant any person enumerated above access to any confidential aspect of the System or the Franchised Business before their execution of an Engagement Agreement. All Engagement Agreements required by this section must be in a form satisfactory to Franchisor and must specifically identify Franchisor as a third-party beneficiary with the independent right to enforce the agreement. Franchisee’s failure to obtain the execution of all Engagement Agreements required by this section and provide copies thereof to Franchisor is a material breach of this agreement.

7.21 Disclosure of Information About Franchisee. Franchisee acknowledges that Franchisor may from time to time be required, or find it necessary to disclose to third parties, certain information about Franchisee and Franchisee’s Principals, including personally identifiable information such as names, addresses, and telephone numbers, and information collected by Franchisor under sections 7.10, 7.18, and other provisions of this agreement. Franchisee hereby consents to Franchisor’s collection, use, and

disclosure of any information pertaining to the Franchised Business (including personally identifiable information of Franchisee and Franchisee's Principals) for Franchisor's reasonable business purposes and for any purpose described in Franchisor's privacy policy (as may be amended from time to time), subject to the limitations of this paragraph. Without limiting the generality of the foregoing sentence, Franchisee hereby consents to: (i) the collection, use and disclosure of any information about Franchisee and Franchisee's Principals (including personally identifiable information) to develop, modify, and enhance the System, to conduct credit checks or other personal history investigations, to develop general franchisee profiles, to comply with federal and state franchise disclosure and/or registration laws, and to otherwise comply with any applicable law; (ii) the transfer of any information (including personally identifiable information) to any third party in order for Franchisor to fulfill its obligations under this agreement or attempt to obtain any benefit for Franchisor, Franchisee, or the System as a whole; and (iii) the release to Franchisee's landlord, lenders or prospective landlords or lenders, of any financial or operational information relating to Franchisee and/or the Franchised Business (without obligating Franchisor to do so). Franchisor shall protect confidential data and personally identifiable information of Franchisee's employees and customers. If Franchisor discloses financial information of Franchisee in a franchise disclosure document, Franchisor shall not identify Franchisee or disclose any personally identifiable information of Franchisee in connection with the financial information. "Personally identifiable information" is any information about a Person that can be used to uniquely identify, contact, or locate the Person.

ARTICLE 8

INTELLECTUAL PROPERTY

8.1 Use by Franchisee. Franchisee's right to use Franchisor's Marks, any proprietary or customized software provided by Franchisor, other materials in which Franchisor claims a copyright, trademark, or other right to exclusive use, trade secrets, and other Intellectual Property (as defined in section ~~19.27~~19.27) as granted in this agreement is limited to their use in connection with the operation of the Franchised Business within the Territory, and otherwise as described in this agreement and as authorized in the Manual or as may be prescribed in writing by Franchisor from time to time. Franchisee shall use only the name listed on Exhibit B (the "Trade Name") as the trade name of the Franchised Business, shall use only the trademark listed on Exhibit B as its primary trademark to identify and distinguish the services offered by Franchisee, and shall use no other trade name, business name, or trademark in connection with the Franchised Business without Franchisor's prior written consent.

8.2 Exclusive Property of Franchisor. Franchisee acknowledges Franchisor's exclusive right, title and interest in and to its Intellectual Property, and the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in the System. Franchisee is a "related company" within the meaning of 15 U.S.C. § 1127 and Franchisee's use of the Marks pursuant to this agreement inures to the benefit of Franchisor. Except as expressly provided by this agreement, Franchisee shall acquire no right, title or interest therein, and any and all goodwill associated with the System and the Intellectual Property shall inure exclusively to Franchisor's benefit. Upon the expiration or termination of this agreement, no monetary amount will be designated as attributable to goodwill associated with Franchisee's use of the System or the Intellectual Property.

8.3 Infringement by Franchisee. Franchisee acknowledges that its use of the Intellectual Property outside of the scope of this agreement without Franchisor's prior written consent is an infringement of Franchisor's rights, title and interest in and to its Intellectual Property, and that its use of the Marks after the expiration or termination of this agreement without Franchisor's prior written consent constitutes trademark counterfeiting. During the term of this agreement and after its expiration or termination, Franchisee shall not, directly or indirectly, commit an act of infringement or counterfeiting, or contest or

aid in contesting, the validity or ownership of the Intellectual Property, or take any other action in derogation thereof. The provisions of this paragraph will survive the expiration, termination or cancellation of this agreement.

8.4 Infringement by Others. Franchisee shall promptly notify Franchisor of any use of any Intellectual Property, any colorable variation thereof, or any other property in which Franchisor has or claims a proprietary interest, by any Person other than Franchisor, its representatives and agents, or other HomeTeam Franchisees. Franchisee shall promptly notify Franchisor of any litigation instituted by any Person against Franchisor or Franchisee involving the Intellectual Property. If Franchisor, in its Business Judgment, undertakes the defense, prosecution, or settlement of any litigation relating to the Intellectual Property, Franchisee shall execute all documents and render any assistance as Franchisor, in its Business Judgment, determines necessary to carry out such defense, prosecution or settlement. Franchisee acknowledges that the nature of trademark and intellectual property law makes it impossible for Franchisor to guarantee or warrant the exclusivity of Franchisor's right to use any of the Marks, and that nothing in this agreement or in any other document or promotional material provided by Franchisor to Franchisee or to any other party may be construed to guarantee, warrant, or imply that Franchisor's right to use any of the Marks is exclusive or superior to the rights of any other Person. If any Person demonstrates, to Franchisor's sole satisfaction, a superior right to use any of the Intellectual Property, Franchisee shall, upon demand by Franchisor, discontinue its use of such Intellectual Property and, in the case of the Trade Name or any of the Marks, adopt, at Franchisee's sole cost and expense, any replacement trade name or mark(s), if any, selected by Franchisor, and Franchisor will have no liability to Franchisee therefor.

8.5 Improper Use of Marks. Franchisee shall not use any of the Marks, or any derivative or colorable variation thereof: (i) as part of Franchisee's corporate, company, or partnership name; (ii) on or as part of any Website (as defined in section ~~19.56~~~~19.56~~), domain name, URL, web page, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines, social media sites, or other similar services; (iii) with any prefix, suffix, or other modifying words, terms, designs, or symbols (including the word "Inc."); (iv) after the expiration or termination of this agreement; or (v) in any modified form. Franchisee shall not register any of the Marks, or any derivative or colorable variation thereof, as a service mark, trademark, or Internet domain name, or hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as could reasonably result in making Franchisor liable therefor or which may harm, tarnish, or impair Franchisor's reputation, name, service or Marks. If Franchisor provides Franchisee with any contracts, agreements, forms, or other documents that contain any of the Marks, Franchisee shall not alter or modify such contracts, agreements, forms, or documents without Franchisor's prior written consent. The provisions of this paragraph will survive the expiration, termination or cancellation of this agreement.

8.6 Non-exclusive Use. Franchisee expressly acknowledges and agrees that its license to use the Intellectual Property is non-exclusive, and Franchisor reserves all rights not expressly granted to Franchisee in this agreement, including those described in section 1.5.

8.7 Use by Others. Franchisee shall not permit any third party to imprint the Marks on any products, materials, documents, and supplies utilized by Franchisee in connection with the operation of the Franchised Business without first obtaining the consent of Franchisor and, at Franchisor's option, requiring the party to execute a license agreement as specifically described in section 6.2.

8.8 Ownership of Future Intellectual Property. All rights to any Intellectual Property that Franchisee acquires, obtains, develops, or creates for, in connection with, or which relates to, the Franchised Business during the term of this agreement (including all advertising, marketing, promotional, public relations, or

sales concepts, plans, programs, activities, materials, or Websites proposed or developed by Franchisee for the Franchised Business, whether or not they bear the Marks) are the sole property of Franchisor, free and clear of any claim by Franchisee or anyone claiming under Franchisee. Franchisor may use and authorize the use of any Intellectual Property to which this paragraph applies by other HomeTeam Franchisees without any compensation to Franchisee. If for any reason, Franchisee and not Franchisor is deemed to own any rights to any Intellectual Property to which this paragraph applies, then this agreement will operate as an agreement to irrevocably transfer and assign all rights in and to that Intellectual Property. Franchisee hereby irrevocably transfers and assigns to Franchisor all rights, title and interest in, and to all Intellectual Property to which this paragraph applies (including copyrights, as “works made for hire” under the U.S. Copyright Act). Franchisee shall take no steps to appropriate for itself any Intellectual Property to which this paragraph applies. Franchisee shall, at Franchisor’s request, execute all assignments, certificates or other instruments (and, if necessary, require its independent contractors to execute such documents as well) as Franchisor may from time to time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend its rights, title or interest in or to Intellectual Property to which this paragraph applies, or to otherwise effect the provisions of this paragraph.

ARTICLE 9

OPERATIONS MANUAL

9.1 Business Operations. In order to protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation under the Marks, Franchisee shall conduct its operations hereunder in accordance with the Manual (as defined in section ~~19.30~~^{19.30}), as the same may be amended or modified from time to time, which Franchisee acknowledges having received on loan from Franchisor.

9.2 Confidentiality. The Manual shall at all times remain the sole property of Franchisor. Franchisor treats as confidential and proprietary the Manual and all information contained therein. Franchisee also shall treat as confidential and proprietary the Manual and all information contained therein, and shall use all reasonable efforts to maintain such information as confidential and proprietary. Franchisee shall also ensure that its employees treat as confidential and proprietary the Manual and all information contained therein. Franchisee shall not at any time copy, duplicate, record, or otherwise make the same available to any unauthorized person. The provisions of this paragraph will survive the expiration, termination or cancellation of this agreement.

9.3 Modification. Franchisor has the right to add to or otherwise modify the Manual from time to time in its Business Judgment to reflect changes in the industry, marketing techniques, or any of the System Standards, or advances in computer technology, so long as no addition or modification alters Franchisee’s fundamental status and rights under this agreement. Without limiting the generality of the foregoing sentence, Franchisor has the right, during the term of this agreement, to require Franchisee to make Enhancements to the Communication and Information System at Franchisee’s expense, and Franchisee agrees to acquire (or acquire the right to use for the remainder of the term of this agreement), within 120 days after receipt of written notice from Franchisor, the Enhancement specified by Franchisor and to take all actions as may be necessary to enable it to operate as specified by Franchisor. Any Enhancement may require Franchisee to incur costs to purchase, lease, and/or license new or modified computer hardware and/or software or other equipment and to obtain different and/or additional service and support services during the term of this agreement. Franchisee acknowledges that Franchisor cannot estimate the costs of future maintenance or Enhancements to the Communication and Information System or other items, and that any maintenance or Enhancement required by Franchisor may involve additional investment by Franchisee during the term of this agreement. Franchisee shall at all times insure that its

copy of the Manual is kept secure, current, and up to date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office will be controlling. Upon Franchisor's request, Franchisee shall cooperate in the efficient return of all Manuals that have been identified by Franchisor as obsolete. As used in this agreement, "Enhancement" is a defined term that includes any modification, upgrade, update, enhancement, or replacement of all or any part of the Communication and Information System.

ARTICLE 10

CONFIDENTIAL INFORMATION

10.1 Definition. "Confidential Information" means any confidential and/or proprietary information and/or trade secrets relating to Franchisor, the System, the Franchised Business, or other HomeTeam Franchisees, and includes the following overlapping categories of information: (a) System business methods, techniques, specifications, standards, procedures, and formats; (b) Franchisor policies, procedures, information, concepts, systems, and knowledge of and experience in franchise development and operation, including the information comprising the System; (c) marketing programs for HomeTeam Franchises; (d) the Communication and Information System, each component thereof (including all aspects—including code, functions, menus, and screen views—of any proprietary or customized software developed or owned by Franchisor or any Affiliate of Franchisor), and all future Enhancements thereto; (e) the financial condition, results of operations, and other financial information about Franchisor, Franchisee, the Franchised Business, and/or other HomeTeam Franchisees; and (f) all information about all past, present and future customers and suppliers of the Franchised Business, including contact, statistical, financial, and personally identifiable information, and all lists. Franchisee may acquire Confidential Information from Franchisor through the Manual, through training, guidance, and assistance provided by Franchisor, through the operation of the Franchised Business, or from other HomeTeam Franchisees. Confidential Information is not intended to include any information that: is or subsequently becomes publicly available other than by the breach of a legal obligation; was known to Franchisee before becoming a HomeTeam Franchisee, or became known to Franchisee independently of Franchisee's relationship with Franchisor and other than through Franchisee's breach of a legal obligation.

10.2 Ownership of Confidential Information. Franchisee agrees that Franchisor owns and controls (i) all domain names and uniform resource locators ("URLs") containing any of the Marks (or any derivative or colorable variation thereof) or relating to any HomeTeam Franchise (including the Franchised Business), and (ii) all Confidential Information (which may include trade secrets belonging to Franchisor). Franchisee's only interest in any Confidential Information or proprietary information (even if not Confidential Information) is the right to use it pursuant to this agreement.

10.3 Use of Confidential Information. Franchisee agrees that Franchisee's relationship with Franchisor does not give Franchisee the right to use the Confidential Information for any purpose other than the development and operation of the Franchised Business in accordance with this agreement, and that the use of the Confidential Information in any other business would constitute unfair competition. Franchisee shall: (a) not use the Confidential Information in any other business or capacity; (b) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of this agreement; (c) not make unauthorized copies of any portion of the Confidential Information; and (d) adopt and implement all reasonable procedures Franchisor prescribes from time to time to prevent unauthorized use or disclosure of or access to the Confidential Information. Franchisee shall divulge the Confidential Information only to those employees and agents of Franchisee who must have access to it in order to operate the Franchised Business in accordance with this agreement or to provide professional services or advice to Franchisee. In connection therewith, Franchisee is fully responsible for ensuring that its

employees and agents comply with this section. The provisions of this paragraph will survive the expiration, termination or cancellation of this agreement.

10.4 Remedies. Franchisee acknowledges that any failure to comply with section 10.3 will cause Franchisor irreparable injury, and Franchisee consents to the issuance of, and agrees to pay all reasonable legal expenses incurred by Franchisor in obtaining, specific performance of, or any injunction by a court of competent jurisdiction against a violation of, the requirements of section 10.3.

10.5 Preservation of Confidentiality. Franchisee shall require Franchisee's Principals, Remote Principals, representatives, directors, officers, and management employees, at the time of the commencement of their association with Franchisee, to execute confidentiality agreements, in a form approved by Franchisor, requiring that all Confidential Information that may be acquired by or imparted to such Persons be held in strict confidence and used solely for the benefit of Franchisee and Franchisor, at all times during their association with Franchisee and thereafter. Franchisee shall require each prospective purchaser of the Franchised Business, of the license granted under this agreement, or of any interest in Franchisee, before disclosing any Confidential Information to such Person, to execute a confidentiality agreement, in a form approved by Franchisor, requiring that all Confidential Information that may be disclosed to such person in connection with his or her investigation of Franchisee or the Franchised Business will be held in strict confidence and used solely to evaluate the contemplated transaction. All confidentiality agreements described in this paragraph must include a specific identification of Franchisor as a third-party beneficiary with the independent right to enforce the agreement.

ARTICLE 11

ADVERTISING

Recognizing the value of marketing and the importance of consistency of advertising and promotion to the furtherance of the goodwill and public image of the System and the development of Franchisor's brands, the parties agree that Franchisor shall conduct, determine, maintain, and administer all national and/or regional marketing funds that are or may hereafter be established under section 11.2, and has sole discretion over the concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout, and content of all national, regional, and local advertising, and accordingly agree as follows:

11.1 Marketing Contribution. As required in sections 5.2, 5.3 and 5.4 Franchisee shall contribute to such national and/or regional marketing funds (collectively, the "Marketing Funds") as Franchisor may establish for marketing for the System.

11.2 Marketing Funds. Franchisor has the right, in its Business Judgment, to establish one or more Marketing Funds, both national and/or regional, and to designate any geographical area as a region for establishing regional Marketing Funds. Franchisor shall maintain and administer the Marketing Funds as follows:

(a) Franchisee agrees and acknowledges that the Marketing Funds are intended to maximize general public recognition and acceptance of the Marks for the benefit of all Franchises within the System or within a region, as the case may be, and that Franchisor is not obligated in administering the Marketing Funds to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contributions or to ensure that any particular HomeTeam Franchisee benefits directly or pro rata from the placement of advertising.

(b) The Marketing Funds are not and will not be assets of Franchisor. The Marketing Funds, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all

costs of maintaining, administering, researching, directing, and preparing advertising and/or promotional activities, including the costs of preparing and conducting marketing campaigns in various media; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; product development; and developing and providing promotional and other marketing materials for HomeTeam Franchisees.

(c) Franchisor shall, for each of its company-owned locations (if any), make contributions to the Marketing Funds on the same basis as assessments required of comparable HomeTeam Franchisees.

(d) Franchisee shall contribute to the Marketing Funds by separate transaction made payable to HOMETEAM NATIONAL MARKETING FUND or such other designation as Franchisor may from time to time prescribe. All contributions by Franchisee to the Marketing Funds shall be maintained in an account separate from the other moneys of Franchisor. The contributions may not be used to defray any of Franchisor's general expenses, except for reasonable salaries, overhead, and administrative, accounting, legal (including the defense of any claims against Franchisor and/or Franchisor's designee regarding the management of the Marketing Funds) and other costs, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Marketing Funds or marketing programs for HomeTeam Franchisees and the System, including the costs of enforcing contributions to the Marketing Funds required under this agreement and the costs of preparing a statement of operations. The Marketing Funds and their earnings will not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for each Marketing Fund. Franchisor may loan money to the Marketing Funds.

(e) It is anticipated that all contributions to and earnings of the Marketing Funds shall be expended for marketing and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Marketing Funds at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

(f) Franchisee agrees that Franchisor (and any designee of Franchisor) will have no direct or indirect liability or obligation to Franchisee, the Marketing Funds, or otherwise with respect to the management, maintenance, direction, or administration of the Marketing Funds. Franchisee further agrees that Franchisor will not be liable for any act or omission, whether with respect to the Marketing Funds or otherwise, that is consistent with this agreement or other information provided to Franchisee, or that is done in subjective good faith. Franchisee and Franchisor, each having a mutual interest and agreeing on the critical practical business importance of their relationship being governed solely by written instruments signed by the parties to be bound (and not having either party subject to the uncertainty inherent in the application of legal or other concepts not expressly agreed to in writing by both parties), agree that their rights and obligations with respect to the Marketing Funds and all related matters are governed solely by this agreement, and that neither this agreement nor the Marketing Funds are in the nature of a "trust," "fiduciary relationship" or similar special arrangement, but is only an ordinary commercial relationship between independent businesspersons for their independent economic benefit.

11.3 Termination of Marketing Funds. Although Franchisor intends the Marketing Funds to be of perpetual duration, Franchisor has the right to terminate any Marketing Fund. No Marketing Fund may be terminated, however, until all moneys in the Marketing Fund have been expended for marketing

and/or promotional purposes or returned to HomeTeam Franchisees in Good Standing on the basis of their respective contributions during the one-year period immediately preceding the termination.

11.4 Marketing Materials. Franchisee shall obtain and maintain an adequate supply of brochures, pamphlets, and special promotional materials of such kind and size as Franchisor may reasonably require from time to time in the Manual or otherwise in writing.

11.5 Delegation of Franchisor's Duties. Franchisor has the right to delegate and redelegate its responsibilities and duties under this agreement to any designee(s) of its choosing, but shall retain the right of final approval of all marketing programs at all times.

11.6 Approval of Advertising. All advertising by Franchisee in any medium must be conducted in a dignified manner, conform to such standards and requirements as Franchisor may specify from time to time in writing, conform to all applicable laws and regulations relating to consumer advertising, be completely accurate and truthful, and give notice that the Franchised Business is independently owned and operated. Franchisee shall submit to Franchisor (by certified mail, return receipt requested), for Franchisor's prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials, including signs, and all other materials displaying the Marks that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. Unless Franchisee receives a written objection thereto from Franchisor within fifteen days after Franchisor's receipt thereof, Franchisor will be deemed to have given the required approval. Franchisee shall display the Marks in the manner prescribed by Franchisor on all signs and all other advertising and promotional materials used in connection with the Franchised Business. The word "advertising" as used in this agreement includes signs (including signs on vehicles), uniform resource locators ("URLs"), e-mail addresses, Internet listings, banners, advertisements, pay-per-click programs, and other services or links on or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines (including Google.com and Yahoo.com), social media sites (including Facebook, LinkedIn, Plaxo, MySpace, and Twitter and Nymz) and similar services. Additionally, in order to present a unified and consistent image to consumers, Franchisor has the sole and exclusive right, but not the obligation, to own and control any and all Internet Websites or web pages relating to or bearing the Marks, the System, or the Franchised Business, and to control other advertising, marketing and promotional activities relating to the Marks, the System, or the Franchised Business that are national or international in scope.

11.7 Website. Franchisee specifically acknowledges and agrees that a Website is "advertising" under this agreement, and is subject to (among other things) Franchisor's approval under section 11.6. In connection with any Website, Franchisee agrees to the following:

- (a) Franchisor has the right, but is not obligated, to establish and maintain a Website, which may, without limitation, promote the Marks, the System, any or all of the Authorized Products and Services, HomeTeam franchised or company-owned locations, and/or the offer and sale of HomeTeam Franchises. Franchisor has the sole right to control all aspects of the Website, including its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. Franchisor also has the right to discontinue the operation of the Website at any time.
- (b) Franchisee shall not establish a separate Website.
- (c) Franchisee shall not establish or permit or aid any other person to establish any links to any Website or any other electronic or computer-generated advertising or communication arrangement that Franchisor may establish.

(d) Franchisor has the right, but is not obligated, to designate one or more web page(s) to describe Franchisee, the Franchised Business, and/or Franchisee's location, with such web page(s) to be located within Franchisor's Website. Franchisee shall comply with Franchisor's policies and terms of use with respect to the creation, maintenance, and content of any such web pages, and Franchisor has the right to limit and/or discontinue the content and/or operation of such Website and web pages.

(e) Franchisor has the right to modify the provisions of this section 11.7 relating to Websites as Franchisor in its Business Judgment determines is necessary or appropriate for the best interests of the System.

~~(e) 11.8 Local Advertising. Franchisee shall spend at least the Minimum Local Advertising Amount during each calendar half year for Local Advertising. The "Minimum Local Advertising Amount" is \$2,500 per calendar half year during the first three years after opening the Franchised Business, and thereafter 4% of Franchisee's Gross Sales for the preceding calendar half year. The Minimum Local Advertising Amount will be pro-rated for partial calendar half years. Local Advertising expenditures must be made directly by Franchisee. Within one month after the end of each calendar half year, Franchisee shall furnish Franchisor with an itemized report of Franchisee's Local Advertising expenditures for the previous half year. Franchisee's failure to spend at least the Minimum Local Advertising Amount for two consecutive calendar half years will constitute a material default of this agreement. Franchisee may cure the default by paying to the Advertising Fund, within one month after notice from Franchisor, the difference between the Minimum Local Advertising Amount for the relevant periods less Franchisee's actual Local Advertising expenditures for the same periods. Franchisee may not use any advertising or promotional plans or materials (including circulars, brochures, flyers, newspaper and direct mail advertisements, and radio and television commercials) without Franchisor's prior approval pursuant to the procedures in section 11.6. For purposes of this agreement, the term "calendar half year" means the six-month periods from January 1 through and including June 30, and from July 1 through and including December 31.~~

11.98 Advertising Cooperatives. Franchisor may, in its Business Judgment, designate any geographical area in which at least two HomeTeam Franchises are located for the purpose of establishing a local or regional marketing and advertising cooperative (a "Cooperative"). We do not currently have a local or regional advertising Cooperative and have no plans to form such Cooperatives in the immediate future. However, we may require that you join and actively participate in an advertising Cooperative if one is established in a general geographic area you share with another HomeTeam franchises(s) for the purpose of promoting, coordinating, and purchasing advertising in local, regional or national areas. Franchisee shall take appropriate steps to establish and participate in a Cooperative if required to do so by Franchisor. If a Cooperative for the geographical area in which the Franchised Business is located has already been established when Franchisee opens the Franchised Business, then Franchisee shall immediately become a member of the Cooperative under the terms of its governing documents. If a Cooperative for the geographical area in which the Franchised Business is located is established during the term of this agreement, Franchisee shall immediately become a member of the Cooperative, and take all steps necessary to become a member. In no event shall Franchisee be required to be a member of more than one Cooperative for the Franchised Business established under this agreement. The following provisions apply to each Cooperative:

(a) Each Cooperative will be organized and governed in a form and manner prescribed or approved by Franchisor in writing, and will commence operations on a date specified by Franchisor. Any disputes arising between Franchisee and the Cooperative or other HomeTeam Franchisees in the Cooperative will be resolved in accordance with the rules and procedures in the Cooperative's governing documents.

~~(b) — Each Cooperative will be organized for the exclusive purpose of administering local or regional marketing programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising and promotion.~~

~~(c) — No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor pursuant to the procedures in section 11.6.~~

~~(d) — Each month that a Cooperative is in existence for Franchisee's geographical area, Franchisee shall contribute to the Cooperative an amount specified by Franchisor or the Cooperative (the "Cooperative Contribution"). Franchisee's Cooperative Contribution will be credited towards Franchisee's monthly minimum Local Advertising expenditures required by section 11.8, but will not be credited towards the Marketing Contribution required by section 11.1.~~

~~(e) — Franchisor or the members of the Cooperative will determine the amount of the Cooperative Contribution in accordance with its governing documents, but the Cooperative Contribution may not exceed 4% of Franchisee's Gross Sales unless the members of the Cooperative, by a majority vote conducted in accordance with its rules, bylaws, or other governing documents, agree to a Cooperative Contribution in excess thereof. Franchisee shall pay its Cooperative Contribution, together with any statements or reports that Franchisor or the Cooperative (with Franchisor's prior written approval) may require, on a date each month determined by the Cooperative, but no later than the tenth day of each month.~~

~~(f) — For each Franchise operated by Franchisor or an Affiliate of Franchisor in a geographical area for which a Cooperative has been established, Franchisor shall make a Cooperative Contribution on the same basis as assessments required of comparable HomeTeam Franchisees that are members of the same Cooperative.~~

~~(g) — Cooperatives established by Franchisor are intended to be of perpetual duration. However, Franchisor maintains the right to terminate any Cooperative. Franchisor shall use any unexpended monies from the terminated Cooperative only for advertising or promotional purposes for the System.~~

ARTICLE 12

TRANSFERABILITY OF INTEREST

12.1 Transfer by Franchisor. Franchisor has the right to transfer or assign all or any part of its rights and/or obligations under this agreement to any Person, including a subfranchisor specifically responsible for assisting Franchisee. Franchisee shall execute any forms that Franchisor may reasonably request to effectuate any transfer or assignment by Franchisor.

12.2 Transfer by Franchisee.

(a) Franchisee understands and acknowledges that its rights and duties in this agreement are personal to Franchisee, and that Franchisor has entered into this agreement in reliance upon Franchisee's business skills and financial capacity. Accordingly, neither Franchisee, any Principal or Remote Principal of Franchisee, or any immediate or remote successor to any part of Franchisee's interest in the Franchise granted under this agreement, may Transfer any interest in this agreement, in the Franchised Business or the Franchise granted under this agreement, or in Franchisee, without the prior written consent of Franchisor. Any purported Transfer, by operation of law or otherwise, not having the written consent of Franchisor, is null and void and constitutes a material breach of this agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Article 13.

(b) Except as provided in section 12.2(c), Franchisor shall not unreasonably withhold its consent to a Transfer, but Franchisor, in its Business Judgment, may require as conditions to Franchisor's consent:

- (1) All of Franchisee's accrued monetary obligations to Franchisor or any of its Affiliates and all other outstanding obligations related to the Franchised Business (including obligations under any promissory note in favor of Franchisor or its Affiliates) must be satisfied;
- (2) The transferee must attend a discovery day at Franchisor's headquarters;
- (3) Franchisee, its Principals, and Remote Principals must execute a General Release effective as of the date of Transfer;
- (4) The transferee must execute a General Release of any and all claims against Franchisor with respect to any representations regarding the Franchise, the business conducted pursuant thereto, or any other matter, which may have been made to the transferee by Franchisee or any of its Principals, Remote Principals, representatives, directors, officers, employees, or agents;
- (5) The transferee must demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the business;
- (6) The transferee must execute Franchisor's then-current form of franchise agreement and such ancillary agreements as Franchisor may require, for a term ending on the Expiration Date or two years from the effective date of the Transfer, whichever is later;
- (7) The transferee or its Designated Representative must successfully complete, within a reasonable period of time after the closing of the Transfer but before the transferee assumes the day-to-day operation of the Franchised Business, Franchisor's initial training program for new franchisees or similar training program then in effect for HomeTeam Franchisees. Franchisor shall provide initial training program and all related materials at no cost to the transferee, but the transferee will be responsible for all transportation, lodging, meals and other expenses related to initial training program;
- (8) Franchisor must approve the material terms and conditions of the Transfer, including that the price and terms of payment are not so burdensome as to adversely affect the operation of the Franchised Business by the transferee;
- (9) Franchisee has provided Franchisor with an opportunity to exercise Franchisor's right of first refusal under section 12.4 of this agreement, and Franchisor has declined to exercise that right;
- (10) The transferee must purchase a Start-up Package (or such components thereof as Franchisor may reasonably determine necessary) from Franchisor and pay the then-current Start-up Package Fee charged by Franchisor;
- (11) All of the transferee's obligations to Franchisee must be subordinated to transferee's obligations to Franchisor (whether arising before or after the date of the

Transfer), and Franchisee and the transferee must execute any and all instruments reasonably required by Franchisor to evidence the subordination;

(12) Franchisee must comply with the requirements of section 10.4 relating to the disclosure of Confidential Information to a prospective transferee; and

(13) Either Franchisee or the transferee must pay Franchisor the Transfer Fee (as defined in section 19.55) plus Franchisor's actual legal expenses, to cover the administrative, legal, and other expenses incurred by Franchisor in connection with the Transfer. No Transfer Fee will be required if the transferee is: (i) a spouse, domestic partner, or one of its Principals; (ii) a Principal of Franchisee; or (iii) a Business Organization formed solely for the convenience of ownership or tax purposes or to limit Franchisee's liability for debts of the Franchised Business in accordance with section 12.3, if the entire Franchised Business and all of Franchisee's interest in this agreement are Transferred to the Business Organization and, immediately after the Transfer, Franchisee or one or more of the individuals listed in clause (i) of this subparagraph will beneficially own 100% of the Ownership Interests in the Business Organization.

(c) Notwithstanding the provisions of section 12.2(b), neither Franchisee, any Principal or Remote Principal, or any immediate or remote successor to any part of Franchisee's interest in the Franchise granted under this agreement, shall pledge, mortgage, grant a security interest, or otherwise encumber any interest in this agreement, in the Franchise granted under this agreement, or in Franchisee (whether or not in connection with an absolute Transfer of an interest in the Franchised Business). Franchisor is not obliged to consent to any such Transfer.

(d) Notwithstanding any other provision of this section 12.2, neither Franchisee, any Principal or Remote Principal, or any immediate or remote successor to any part of Franchisee's interest in the Franchise granted under this agreement, shall Transfer any interest in this agreement, in the Franchise granted under this agreement, or in Franchisee to a Person that owns, operates, franchises, develops, consults with, manages, is involved in, or controls a Competitive Business. If Franchisor refuses to permit a Transfer under this paragraph, the sole remedy of Franchisee, its Principals and Remote Principals will be to have a mediator or court determine whether the proposed transferee's business is a Competitive Business.

(e) In connection with any proposed Transfer, Franchisee shall comply with any laws that apply to the Transfer, including state and federal laws governing the offer and sale of franchises. Franchisee shall indemnify and defend the Franchisor-Related Persons and hold them harmless against any and all claims arising and expenses incurred (including attorney fees) directly or indirectly from, as a result of, or in connection with any alleged failure on Franchisee's part to comply with any franchise law or other law applicable to a Transfer.

(f) In connection with any proposed Transfer, Franchisor has the right to communicate with any prospective transferee and to make available for inspection by any prospective transferee all or any part of Franchisor's records relating to this agreement, the business operations, financial condition, contracts and history of the Franchised Business under Franchisee's ownership, or the history of the relationship of the parties, without any liability to Franchisee or its Affiliates, Principals, Remote Principals, representatives, directors, officers, employees or agents. Franchisee hereby specifically consents to such disclosure by Franchisor and absolutely releases and agrees to hold Franchisor harmless from and against any claim, loss or injury resulting therefrom.

12.3 Transfer to Controlled Entity. Franchisee may Transfer all of its interest in the Franchised Business to a Business Organization formed solely for the convenience of ownership or tax purposes, or to limit Franchisee's liability for debts of the Franchised Business, without Franchisor's consent, upon Franchisee's written notice to Franchisor and compliance with the following requirements:

(a) The transferee entity must be newly organized and its articles of incorporation or organization, bylaws, partnership agreement, or operating agreement must provide that its activities are confined exclusively to operating the Franchised Business.

(b) Franchisee shall beneficially hold a Controlling Interest in the transferee entity, shall not diminish his/her Ownership Interest therein, except as may be required by law, and shall act as its principal executive and operating officer, partner, or member.

(c) Franchisee shall provide Franchisor, on a form satisfactory to Franchisor, with written information about each Principal of the transferee entity and the Ownership Interest thereof, and shall agree to promptly notify Franchisor of any changes in any such information during the term of this agreement.

(d) The transferee entity shall designate a Designated Representative in compliance with section 7.17.

(e) Franchisee, the transferee entity, and all of its Principals shall enter into an agreement, in a form satisfactory to Franchisor, under which Franchisee assigns and the transfer entity assumes all of Franchisee's rights and obligations under this agreement.

(f) All Principals of the transferee entity must enter into a Guaranty and Assumption of Obligations, in a form satisfactory to Franchisor, unconditionally guaranteeing the full payment and performance of the transferee entity's obligations to Franchisor.

(g) Each ownership certificate of the transferee entity must have conspicuously endorsed upon its face the following legend:

"The transfer, sale or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with The HomeTeam Inspection Service, Inc."

If Franchisee is a partnership or limited liability company without certificates evidencing ownership, Franchisee shall provide Franchisor with acceptable evidence that its partnership or operating agreement or other organizational documents contain provisions acceptable to Franchisor prohibiting the Transfer of any Ownership Interest in Franchisee other than in compliance with the terms of this agreement. Franchisee shall not cause or permit any such provision to be deleted or modified during the term of this agreement.

(h) Franchisee shall furnish Franchisor for its approval copies of the transferee entity's articles of incorporation or organization, by-laws, partnership or operating agreement, and other governing documents, including the resolutions of its Principals or governing board authorizing the execution of this agreement.

(i) The name of the transferee entity may not consist of or contain any of the Marks.

(j) Franchisee shall reimburse Franchisor for actual legal costs incurred by Franchisor in approving and effectuating the Transfer.

12.4 Franchisor's Right of First Refusal. Before Franchisee may complete a Transfer, Franchisee or its Principals shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed

purchaser and shall submit an exact copy thereof to Franchisor. For a period of thirty days after the date of delivery of the offer to Franchisor, Franchisor will have the right, exercisable by written notice to Franchisee or any of its Principals, to purchase the rights or interests to be transferred in the offer for the same price and on the same terms and conditions contained in the offer, except that Franchisor may substitute equivalent cash for any form of payment proposed in the offer. Any purchase by Franchisor must be completed within sixty days after Franchisee's receipt of Franchisor's written notice of its intent to purchase. If Franchisor does not exercise its right of first refusal, Franchisee or its Principals may complete the Transfer to the bona fide purchaser, subject to Franchisor's approval of the purchaser as provided in section 12.2. If the sale to that purchaser is not completed within one hundred twenty days after the delivery of the offer to Franchisor, Franchisor will again have the right of first refusal herein provided.

12.5 Right of Franchisee's Heirs Upon Death, Disability or Dissolution of Franchisee. A Transfer to the heirs, surviving spouse, conservators, or personal or other legal representative of Franchisee or a Principal of Franchisee (collectively, "Involuntary Transferees") upon the death, dissolution or legal disability of Franchisee or its Principal, shall not be subject to Franchisor's right of first refusal under section 12.4 or right to terminate for failure to obtain written approval under section 12.2(a), so long as the Involuntary Transferees (i) satisfy Franchisor that they are qualified to act as Franchisee pursuant to section 12.2(b)(5) herein or retain an individual or entity to operate and manage the Franchised Business who is so qualified and who is approved in writing by Franchisor, and (ii) perform all other applicable acts required under section 12.2 herein. The Transfer must be made within one hundred eighty days after the death, disability, or dissolution of Franchisee or Franchisee's Principal, as the case may be. Any subsequent Transfer by any Involuntary Transferees will be subject to Franchisor's right of written approval under section 12.2 and to Franchisor's right of first refusal under section 12.4. A Transfer to Involuntary Transferees does not require the payment of the Transfer Fee required by section 12.2(b)(10), but Franchisee shall pay any legal costs incurred by Franchisor to approve and effectuating the Transfer.

12.6 Franchisor's Disclosure to Transferee. Franchisor has the right, without any liability to Franchisee, to make available for inspection by any intended transferee of Franchisee, all or any part of Franchisor's records relating to this agreement, the Franchised Business, or to the history of the relationship of the parties. Franchisee hereby specifically consents to such disclosure by Franchisor and absolutely releases and agrees to hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

ARTICLE 13

TERMINATION

13.1 Termination Without Opportunity to Cure. Franchisor may terminate this agreement upon notice to Franchisee, with immediate effect and without opportunity to cure, upon the occurrence of any of the following events:

- (a) Franchisee or the Designated Representative fails to complete the initial training program described in section 7.1 to Franchisor's satisfaction within six months after the Effective Date;
- (b) Franchisee fails to open the Franchised Business within six months after the Effective Date (or, with Franchisor's prior written approval, such longer period as required to comply with governmental licensing requirements);

- (c) after opening the Franchised Business, Franchisee abandons it or otherwise fails to maintain it in continuous operation;
- (d) Franchisee is declared bankrupt or insolvent or Franchisee is the debtor in a voluntary or involuntary bankruptcy proceeding under the U.S. Bankruptcy Code;
- (e) a receiver is appointed for Franchisee or for any part of its property, or Franchisee makes any assignment for the benefit its creditors, if not dismissed within fifteen days;
- (f) after Franchisee's receipt of a notice of noncompliance (regardless of the source of the notice) applicable to the Franchised Business, Franchisee fails, within the time limit stated in the notice (or, if no time limit is stated or referred to in the notice, within thirty days), to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business, unless Franchisee in good faith and with due diligence disputes the allegation of noncompliance;
- (g) any Transfer or attempted Transfer that fails to comply with the provisions of Article 12;
- (h) Franchisee maintains false books or records or submits any false report, record or document to Franchisor, knowing the same to be false;
- (i) the Franchised Business or Franchise Premises are seized, taken over, or foreclosed by a government official in the exercise of his duties or by a creditor, lienholder or lessor of Franchisee;
- (j) a final judgment against Franchisee remains unsatisfied for thirty days (unless a supersedeas or other appeal bond has been filed);
- (k) a levy of execution has been made upon the license granted by this agreement or upon any property used in the Franchised Business, which is not discharged within fifteen days;
- (l) a material misrepresentation by Franchisee relating to the acquisition of its Franchise;
- (m) any conduct or activity by Franchisee or any Principal, Remote Principal, representative, director, or officer of Franchisee, that is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Business, Franchisor, the System, the Marks, or the goodwill associated therewith, including a felony conviction of Franchisee or any Principal, Remote Principal, representative, director or officer of Franchisee;
- (n) within the same one-year period, Franchisee breaches any term of this agreement after having breached the same term three times (provided that Franchisee was given notice of the first three breaches and an opportunity to cure as required herein);
- (o) Franchisee breaches section 15.1 after having breached that section (though not necessarily the same subsection thereof) twice at any time (provided that Franchisee was given notice of the first two breaches and an opportunity to cure as required herein); or
- (p) Franchisor reasonably determines that the continued operation of the Franchised Business by Franchisee will result in immediate danger to public health or safety.

13.2 Termination With Opportunity to Cure. This agreement will automatically terminate thirty days (or such longer period as may be required by applicable law) after Franchisee's receipt of written notice of any of the following events of default, unless Franchisee cures the default within the thirty-day period (or such longer period as may be required by applicable law):

(a) Franchisee fails to pay when due any sum it is required to pay under this agreement or any other agreement or instrument between Franchisee and any Franchisor-Related Person;

(b) Franchisee fails to furnish when due any report required by this agreement;

(c) Franchisee fails to attain the Minimum Annual Gross Sales quotas required by section 7.7 for two consecutive calendar years (unless the parties mutually agree on a reduction of the size of the Territory in lieu of termination);

~~(d) Franchisee fails to spend at least the Minimum Local Advertising Amount for two consecutive calendar half years (unless cured as provided in section 11.8);~~

~~(e)~~(d) Franchisee fails to operate its Franchise in compliance with the terms of this agreement, the Manual, or the System Standards;

~~(f)~~(e) Franchisee breaches or fails to perform any provision of this agreement not otherwise described in section 13.1, or breaches or fails to perform any provision of any other agreement between Franchisee and any Franchisor-Related Person; or

~~(g)~~(f) Franchisee understates its Gross Sales in any report submitted to Franchisor.

13.3 Failure to Cure Default. If Franchisee fails to cure any default within the applicable time period stated in section 13.2, Franchisee shall indemnify Franchisor for all damages, costs and expenses incurred by Franchisor as a result of Franchisee's default, including reasonable attorney and accounting fees. This paragraph applies regardless of whether or not Franchisor exercises its right to terminate this agreement. Termination of this agreement by Franchisor in accordance with this Article 13 does not prejudice any other legal or equitable rights or remedies Franchisor may have. This paragraph will survive the expiration, termination or cancellation of this agreement.

ARTICLE 14

OBLIGATIONS UPON TERMINATION

14.1 Upon the termination or expiration of this agreement, for any reason, Franchisee shall take the following actions:

(a) Franchisee shall immediately and permanently cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former HomeTeam Franchisee.

(b) Franchisee shall immediately and permanently cease all use of the Marks and any derivative or confusingly similar variation thereof.

(c) Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, materials, confidential methods, procedures, or techniques associated with the System or which display the Marks or any other distinctive forms, slogans, signs, symbols, or devices associated with or belonging to Franchisor. Without limiting the generality of the preceding sentence, Franchisee's obligations under this paragraph include (i) permanently discontinuing all Internet advertising, including, but not limited to, Facebook, LinkedIn, Plaxo, MySpace, Twitter, Nymz, Service Magic, Google, and pay-per-click programs, containing any of the Marks or any derivative or confusingly similar variation thereof, and (ii) permanently removing or obscuring from the exterior of all motor vehicles belonging to

Franchisee or used in the operation of the Franchised Business, the Trade Name, the Marks, and all telephone numbers used in connection with the Franchised Business.

(d) Franchisee shall make such modifications or alterations to the Franchise Premises (including changing all telephone numbers), including the improvements thereon, as may be necessary or requested by Franchisor to prevent the operation of any business on the Franchise Premises that might be deemed substantially similar to that of Franchisor or any other HomeTeam Franchisee. If Franchisee fails or refuses to comply with the requirements of this section, Franchisor has the right to enter the Franchise Premises, without being guilty of trespass or any other tort or crime, for the purposes of making or causing to be made such changes as may be required at the expense of Franchisee (this sentence does not apply if the Franchise Premises is located in Franchisee's residence).

(e) Franchisee shall promptly turn over to Franchisor, at Franchisee's expense, all sales literature, brochures, mailers, advertisements, commercials and promotional materials bearing any of the Marks, and complete, accurate and legible copies of all customer lists, records, correspondence and agreements, and all financial and other business records relating to the Franchised Business, in the same medium as the information was stored by Franchisee.

(f) Franchisee shall promptly return to Franchisor, at Franchisee's expense, all training and operating Manuals, computer disks, policies, procedures, bulletins, memoranda, notices and instructions provided to Franchisee by Franchisor under Articles 6 and 9 or otherwise relating to the Franchised Business (all of which Franchisee acknowledges to be Franchisor's sole property), together with all copies thereof.

(g) Franchisee shall promptly ~~delete~~ remove shortcuts, bookmarks, downloaded data, cached data and any information pertaining to all software used for the all Confidential Information (including proprietary software) relating to the Franchised Business from all computers and delete all data relating to the Franchised Business from all electronic devices including, but not limited to servers, computers, tablets and smart phones (whether or not owned by Franchisee and including computers owned by Principals, Remote Principals, officers, representatives, directors, employees, and relatives of Franchisee or any of the foregoing persons) and return to Franchisor the original disks for all customized proprietary software.

(h) At Franchisor's option, Franchisee shall either cancel or assign to Franchisor or Franchisor's designee, all of Franchisee's right, title and interest in and to all (i) telephone numbers used for the Franchised Business or otherwise listed under the Trade Name or any of the Marks, and all related Yellow Pages, White Pages and other business listings, and (ii) Websites, web pages, listings, banners, URLs, advertisements or any other services and links related to the Franchised Business or use of the Marks on or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, social media sites, search engines or other similar services.

(i) Franchisee shall immediately pay all sums due and owing to Franchisor, whether pursuant to this agreement or otherwise, including any unpaid Marketing Contributions and Royalties.

(j) Franchisee shall promptly take such action as may be necessary to cancel any fictitious or assumed name or equivalent registration that contains the Trade Name or any of the other Marks, and furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty days after the termination or expiration of this agreement.

(k) Franchisee shall obtain, and maintain in effect, tail coverage for the errors and omissions insurance and general liability insurance required by section 7.11, to extend the period in which claims may be asserted for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located, or for two years, whichever is less, and furnish Franchisor with a certificate of insurance evidencing compliance with this obligation within thirty days after the termination or expiration of this agreement and at least thirty days before each renewal date thereafter.

14.2 Franchisee does hereby irrevocably constitute and appoint Franchisor as the true and lawful agent and attorney-in-fact, coupled with an interest, for Franchisee to carry out Franchisee's obligations under this Article 14. Franchisee agrees to promptly execute, acknowledge and deliver to Franchisor any and all such documents as may be required to carry out Franchisee's obligations hereunder. The provisions of this Article 14 will survive the expiration, termination or cancellation of this agreement.

ARTICLE 15

RESTRICTIVE COVENANTS

15.1 Franchisee's Covenants During Term of Franchise Agreement. Franchisee specifically acknowledges that, pursuant to this agreement, Franchisee will receive valuable specialized training and Confidential Information, including information regarding the design, development and operation of the Franchised Business, and the sales, promotional, and marketing methods and techniques of Franchisor and the System. Accordingly, during the term of this agreement, Franchisee shall not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with, any Person (including the spouse or children of Franchisee or any Principal or Remote Principal):

- (a) divert or attempt to divert any business or customer of the Franchised Business or of any other HomeTeam Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;
- (b) employ or seek to employ any person who is at that time employed by Franchisor or any other HomeTeam Franchisee, or otherwise directly or indirectly induce or attempt to induce such person to leave his or her employment;
- (c) own, maintain, engage in, or have any interest in any Competitive Business;
- (d) except as specifically permitted in Article 1, advertise or conduct promotional activities or offer, sell, or provide any Authorized Products or Services at site located within a franchise territory licensed to another HomeTeam Franchisee, or otherwise infringe upon rights granted under franchise agreements with other HomeTeam Franchisees; or
- (e) aid, assist, or provide goods or services to any Competitive Business.

15.2 Post-Termination Noncompetition. Franchisee shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this agreement (regardless of the cause for termination) and continuing for TWO YEARS thereafter, directly or indirectly, for itself or through, on behalf of, or in conjunction with any Person (including the spouse or children of Franchisee or any Principal or Remote Principal), own, maintain, operate, engage in, or have any interest in, any Competitive Business that is located or operates within the geographical boundaries of the Territory. This covenant will survive the expiration, termination or cancellation of this agreement. The time period referred to in this section will be stayed during any violation or breach of the terms of this section.

15.3 Post-Termination Nonsolicitation. For a continuous and uninterrupted period commencing upon the expiration or termination of this agreement (regardless of the cause for termination) and continuing for TWO YEARS thereafter, Franchisee shall not, directly or indirectly, for itself or through, on behalf of, or in conjunction with any Person (including the spouse or children of Franchisee or any Principal or Remote Principal), (i) solicit, contact, or otherwise communicate with any person who was a client of the Franchised Business at any time, for the purpose of promoting, advertising, or offering Authorized Products and Services or other products or services that had been offered by the Franchised Business, or (ii) contact or communicate with any Referral Source that has an office located anywhere in the Territory or within twenty-five miles of the geographical boundaries of the Territory, for the purpose of promoting or soliciting referrals for any business or services that had been offered by the Franchised Business. The time period referred to in this section will be stayed during any violation or breach of the terms of this section. The provisions of this section will survive the expiration, termination or cancellation of this agreement.

15.4 Exception for Publicly Traded Company. Section 15.2 does not apply to the beneficial ownership of less than 1% of the outstanding equity securities of any Business Organization that is registered under the Securities and Exchange Act of 1934.

15.5 Covenants Independent and Severable. Each of the covenants in sections 15.1 through 15.3 is to be construed as independent of any other provision of this agreement. If all or any portion of a covenant in this Article 15 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenants subsumed within the terms of the unreasonable or unenforceable covenant that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this Article 15.

15.6 Reduction of Covenants by Franchisor. Franchisor has the right, in its Business Judgment, to reduce the scope of any covenant in this Article 15, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of section 18.3 hereof.

15.7 Claims Against Franchisor No Defense. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Article 15.

15.8 Injunctive Relief. Franchisee acknowledges that Franchisee's violation of the terms of this Article 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of, and agrees to pay all court costs and reasonable legal expenses incurred by Franchisor in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article 15.

15.9 Nondisclosure and Noncompetition Agreements. At the request of Franchisor, Franchisee shall provide Franchisor with an executed "Nondisclosure and Noncompetition Agreement" containing covenants similar in substance to those in this Article 15 (including covenants applicable upon the termination of a Person's relationship with Franchisee), from each of the Principals, officers, and directors of Franchisee and the Principals, officers, and directors of any non-individual Principal of Franchisee. With respect to each Person who becomes associated with Franchisee in one of those capacities after the Effective Date, Franchisee shall require and obtain a Nondisclosure and Noncompetition Agreement from them and promptly provide Franchisor with an executed copy thereof. Franchisee shall not grant any Person holding any of the foregoing positions access to any confidential aspect of the System or the Franchised Business before they execute a Nondisclosure and Noncompetition Agreement. All

Nondisclosure and Noncompetition Agreements required by this section must be in form satisfactory to Franchisor, including the specific identification of Franchisor as a third-party beneficiary with the independent right to enforce it. Franchisee's failure to obtain the execution of any Nondisclosure and Noncompetition Agreement required by this section and provide them to Franchisor will be a material breach of this agreement.

ARTICLE 16

DISPUTE RESOLUTION

16.1 Injunctive Relief. Notwithstanding any provision of this agreement to the contrary, Franchisor expressly reserves the right, without first complying with the mandatory mediation provisions of section 16.2, to seek temporary and permanent injunctions and orders of specific performance from a court of competent jurisdiction to enforce the provisions of this agreement relating to (a) Franchisee's use of the Marks; (b) Franchisee's obligations upon the termination or expiration of this agreement; (c) Franchisee's obligations under Article 15; (d) a Transfer or attempted Transfer in violation of Article 12; or (e) as necessary to prohibit any act or omission by Franchisee or its agents (i) that would constitute a violation of any applicable law, ordinance, or regulation, (ii) that is dishonest or misleading to Franchisor, another HomeTeam Franchisee, or a customer of Franchisee, or (iii) that may harm, tarnish, or impair Franchisor's reputation, name, services or Marks.

16.2 Mediation. Except as provided in section 16.1, if a dispute arises between the parties, and if the dispute cannot be settled through negotiation, the parties shall first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or other dispute resolution procedure. The mediation proceedings will take place at the American Arbitration Association location nearest Franchisor's principal place of business (presently Milford, Ohio).

16.3 **WAIVER OF JURY TRIAL.** EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

16.4 **PUNITIVE DAMAGES.** THE PARTIES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM OF ANY MULTIPLE, PUNITIVE, OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

16.5 Governing Law. This agreement was accepted and executed by Franchisor in Ohio. The laws of the State of Ohio (excluding Franchise Laws as defined in section ~~19.17~~19.17, unless the jurisdictional requirements thereof are met independently without reference to this section) govern all aspects of this agreement, without reference to Ohio conflict of laws principles, except (i) to the extent governed by the U.S. Trademark Act of 1946 and other applicable federal laws, and (ii) if any provision of this agreement would be unenforceable under Ohio law but enforceable under the laws of the state in which Franchisee resides, then the laws of the state in which Franchisee resides will govern that provision. Ohio law will prevail in the event of any conflict of laws, except as specifically provided otherwise by applicable Franchise Laws of other states. If any provision of this agreement relating to the termination, non-renewal, or assignment of the franchise, or to choice of law, jurisdiction, or venue, is inconsistent with any applicable Franchise Law of another state, then the applicable Franchise Law of the other state will govern. Any addendum to this agreement required by a regulatory authority or agency of another state

for the purpose of disclosing or effecting salient provisions of that state's Franchise Laws is hereby made a part hereof.

16.6 Jurisdiction and Venue. All suits, actions or other proceedings between Franchisee and any of the Franchisor-Related Persons must be litigated only in the county or federal judicial district in which Franchisor's principal place of business is located (presently Clermont County, Ohio, and the Southern District of Ohio, Western Division). Franchisee consents and agrees that the following courts have personal jurisdiction over Franchisee in all lawsuits with any of the Franchisor-Related Persons, and hereby submits to the jurisdiction of the following courts and irrevocably waives any defense Franchisee may have of lack of personal jurisdiction in any lawsuit filed in these courts: (a) all courts included within the state court system of the State of Ohio; and (b) all courts of the United States of America sitting within the State of Ohio, including all United States District Courts within the State of Ohio. Franchisee consents and agrees that venue is proper in any of the following courts in all lawsuits between Franchisee and any of the Franchisor-Related Persons, and hereby irrevocably waives any right Franchisee may have to transfer or change the venue in any such lawsuits filed in these courts: (a) the state court of the county where Franchisor has its principal place of business (presently Clermont County, Ohio); and (b) the United States District Court for the Southern District of Ohio, Western Division. In the event any of these courts are abolished, Franchisee agrees that venue will be proper in the state or federal court in Ohio that most closely approximates the subject matter jurisdiction of the abolished court, as well as any of these courts that are not so abolished. Any lawsuit filed by Franchisee against any of the Franchisor-Related Persons, or by any of the Franchisor-Related Persons against Franchisee, must be filed exclusively in one of these courts, except that any claim for injunctive relief may be brought by Franchisor where Franchisee is located, in which proceeding Franchisor may also assert any other mandatory or permissible claim it may have against Franchisee. This exclusive choice of jurisdiction and venue provisions does not restrict the ability of the parties to confirm or enforce arbitration awards in any appropriate jurisdiction or the full faith and credit of any judgment obtained. In all lawsuits between Franchisee and any of the Franchisor-Related Persons, Franchisee may be served with process outside the State of Ohio in the same manner that service may be made within the State of Ohio by any person authorized to make service by the laws of the state, territory, possession or country in which service is made, or by any duly qualified attorney in that jurisdiction. Franchisee hereby waives any defense it may have of insufficiency of service of process if service is made as provided in this paragraph. This method of service is not exclusive, and service of process may be made by any other method allowed by law.

16.7 Cost of Enforcement or Defense. If a claim for amounts owed by Franchisee or its Affiliate to Franchisor or its Affiliate is asserted in any arbitration or judicial proceeding or appeal thereof, or if Franchisor or Franchisee is required to enforce this agreement in an arbitration or judicial proceeding or appeal thereof, the party prevailing in the proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal expenses, arbitration administrative charges, arbitrators' compensation, and any other costs and expenses, whether incurred before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing, or proceeding to enforce the obligations of this agreement. If Franchisor incurs expenses (including attorney and accounting fees) in connection with Franchisee's failure to pay when due amounts owing to Franchisor, to submit when due any reports, information, or supporting records or otherwise to comply with this agreement, Franchisee shall reimburse Franchisor for any such costs and expenses that it incurs.

16.8 Mediation of Disputes Between Franchisees. In the event of a dispute between Franchisee and another HomeTeam Franchisee relating to or arising from (i) the violation by Franchisee of any restriction or covenant in section 1.3 or Article 15, or (ii) the violation by the other HomeTeam Franchisee of a parallel covenant contained in its agreement with Franchisor, then Franchisee shall first attempt in good faith to settle the dispute by confidential, non-binding mediation before a mediator

referred by Franchise Arbitration and Mediation Services (“FAM”) (or any other organization upon which the parties mutually agree) and selected by the parties, in accordance with FAM’s Mediation Referral Guidelines (or the procedures of such other organization), at a location to be selected by the mediator, before resorting to arbitration, litigation, or any other dispute resolution procedure (other than direct negotiation by the parties or their representatives). Franchisee shall pay all costs of mediation, unless the other HomeTeam Franchisee’s franchise agreement contains a clause similar to this section, in which case the parties shall equally share the costs of mediation. Franchisor may, at its option, be a party to the mediation, but will not be obligated to pay any of the costs.

ARTICLE 17

INDEPENDENT CONTRACTOR; INDEMNIFICATION

This agreement does not create a fiduciary relationship between the parties. The parties are independent contractors, and nothing in this agreement is intended to create a partnership, joint venture, employment, or agency relationship between Franchisor and Franchisee for any purpose, or to authorize Franchisee to make any contract, agreement, warranty, or representation on Franchisor’s behalf or to incur any debt or other obligation in Franchisor’s name. Franchisor will in no event assume liability for, or be deemed liable hereunder as a result of, any such action by Franchisee. Franchisor is not liable to any third party for any act or omission of Franchisee (including any claim or action against Franchisee for negligent hiring, sexual harassment, or employment discrimination) or any claim or judgment arising therefor against Franchisee. Franchisee shall indemnify, defend, and reimburse the Franchisor-Related Persons and hold each of them harmless from and against any and all claims, debts, liabilities or obligations arising directly or indirectly from, as a result of or in connection with Franchisee’s operation of the Franchised Business (excluding, however, claims arising from (i) Franchisee’s proper reliance on or use of procedures or materials provided by Franchisor, or (ii) Franchisor’s negligence), and shall pay all costs (including attorney and accounting fees) incurred by the Franchisor-Related Persons in defending against and/or responding to them. Franchisor has the right to defend any such claim against Franchisor in any manner Franchisor chooses in its Business Judgment. This indemnity will continue in full force and effect after the expiration or termination of this agreement. **FRANCHISEE SHALL DISPLAY PROMINENTLY AT THE FRANCHISE PREMISES, ON ALL SERVICE VEHICLES, ON ALL CORRESPONDENCE WITH THIRD PARTIES, AND IN ANY PRINTED MATERIALS BEARING ITS NAME OR BUSINESS LOCATION, A STATEMENT THAT THE FRANCHISED BUSINESS IS INDEPENDENTLY OWNED AND OPERATED BY FRANCHISEE.** Nothing in this agreement permits or authorizes Franchisor to direct, limit, or otherwise control Franchisee’s professional judgment or the professional judgment of Franchisee’s employees who provide professional services at, from or through the Franchised Business. Franchisee and HomeTeam are not and do not intend to be partners, associates, or joint employers in any way and HomeTeam shall not be construed to be jointly liable for any acts or omissions of Franchisee under any circumstances.

ARTICLE 18

GENERAL TERMS

18.1 Integration. This agreement, together with its exhibits, constitutes the entire agreement between the parties relating to the subject matter hereof, and any prior agreements and understandings between the parties relating to the same subject are hereby superseded and merged into this agreement. Nothing in this agreement or in any related agreement is intended to disclaim the representations that the franchisor made in the franchise disclosure document. This paragraph is not a disclaimer or waiver by Franchisee of its reliance on any representations made in Franchisor’s franchise disclosure document received by Franchisee, or in any exhibit or amendment thereto.

18.2 Express Agreement. The parties acknowledge that their business relationship is based solely upon this agreement and agree that it should be enforced according to its express provisions. The language of this agreement is to be construed according to its plain meaning and not strictly against a party because it drafted this agreement. Neither party intends or expects that either party's rights and obligations in this agreement will be defined or determined to be other than as expressly written, or that additional obligations will be imposed on either party that it has not expressly assumed in writing. It would be contrary to the parties' intentions and expectations to impose any doctrine, rule of interpretation, or implied covenant, such as an "implied covenant of good faith and fair dealing."

18.3 Modification. This agreement may be modified or amended only by a written instrument signed by each of the parties.

18.4 Binding Effect; Assignment. This agreement is binding upon and inures to the benefit of the parties and their respective legal representatives, heirs, successors, and assigns, except that Franchisee may not assign any of its rights or interest in this agreement without first complying with the provisions of section 12.2.

18.5 Section Headings and Numbers. The headings in this agreement are for reference purposes only and do not affect the meaning or interpretation of any provision of this agreement. All references to section and article numbers mean section and article numbers of this agreement unless another document is specified.

18.6 Notices. All payments must be made to the addresses listed below. All notices, requests, demands and other communications required or permitted under this agreement must be in writing, addressed as provided in this section 18.6, made by personal delivery, or by certified mail, postage prepaid, return receipt requested, or by ordinary mail, postage prepaid, or by overnight delivery service with proof of delivery, and will be effective upon actual receipt or refusal thereof or, if by ordinary mail, forty-eight hours after deposit in the United States mail, postage prepaid.

(a) If to Franchisor:

The HomeTeam Inspection Service, Inc.
575 Chamber Drive
Milford, Ohio 45150

or to such other Person or address as Franchisor may from time to time furnish to Franchisee;

(b) If to Franchisee:

or to such other Person or address as Franchisee may from time to time furnish to Franchisor.

18.7 Severability.

(a) If any provision of this agreement, in whole or in part (or the application of any provision to a specific situation), is held, by the final judgment of a court of competent jurisdiction after appeal or the time for appeal has expired, to be invalid, unenforceable or in violation of any

federal, state or local law, regulation or ordinance applicable to this agreement, the invalidity is to be limited to the specific provision in question or portion thereof (or to the situation in question), and this agreement is to be construed and applied in such manner as to minimize the invalidity. All other provisions of this agreement will otherwise remain in full force and effect.

(b) If any applicable and binding law or regulation of any jurisdiction requires a greater prior notice of the termination of this agreement or refusal to grant a Successor Franchise than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or regulation of any jurisdiction any provision of this agreement or any specification, standard, or operating procedure prescribed by Franchisor is invalid or unenforceable, then the prior notice and/or other action required by such law or regulation shall be substituted for the comparable provisions hereof, and Franchisor has the unlimited right to modify the invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisor shall be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this agreement, that may result from striking from any of the provisions hereof, or from any specification, standard, or operating procedure prescribed by Franchisor, any portion or portions that a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Any such modifications to this agreement will be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and are to be enforced as originally made and entered into in all other jurisdictions.

18.8 No Waiver. No failure of one party to exercise any power reserved to it under this agreement, or to insist upon strict compliance by the other party with any provision of this agreement, and no custom or practice of the parties in variance with the terms of this agreement, constitutes a waiver of a party's right to demand exact compliance with the terms of this agreement. A waiver by one party of any particular default by the other party is not binding unless in writing and executed by the party sought to be charged, and does not affect or impair the non-defaulting party's right with respect to any subsequent default of the same or of a different nature; nor does any delay, waiver, forbearance, or omission of one party to exercise any power or right arising out of any breach or default by the other party of any provision of this agreement, affect or impair the non-defaulting party's rights, nor shall such constitute a waiver by the non-defaulting party of any right under this agreement or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due under this agreement will not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any provision of this agreement.

18.9 Counterparts. This agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

18.10 Survival of Post-Termination Provisions. All Post-Termination Provisions of this agreement will survive the termination or expiration of this agreement or the Franchise granted under this agreement, regardless of whether the provisions specifically state so.

18.11 No Third-Party Beneficiaries. Except as may be specifically provided otherwise in and with respect to specific provisions of this agreement, nothing in this agreement is intended or will be deemed to confer any rights or remedies upon any Person not a party hereto.

18.12 Interpretation. If there is an inconsistency between the terms of this agreement and the Manual, the terms of this agreement will control. Throughout this agreement, the singular includes the plural and vice versa, and the masculine includes the feminine or neuter and vice versa, wherever and whenever the context may require. The word “including” will be construed to include the words “without limitation.”

18.13 Exercise of Business Judgment. In this agreement, the phrases “sole and absolute discretion,” “sole discretion” and “Business Judgment” (as defined in section ~~19.4~~19.4) mean that Franchisor has the wholly unrestricted right to make decisions and take (or refrain from taking) actions. In exercising its discretion, Franchisor will use its judgment based on its assessment of the interests it considers appropriate and is not required to consider Franchisee’s individual interests or the interests of any other HomeTeam Franchisee. Franchisor, Franchisee, and all other HomeTeam Franchisees have a collective interest in working within a franchise system with the flexibility to adjust to changing business conditions, including the competitive environment, regulatory developments, and emerging business opportunities. Therefore, the ultimate decision-making responsibility for the System must be vested in Franchisor. So long as Franchisor acts in compliance with the requirements of this agreement, it has no liability for the exercise of its discretion in accordance with the provisions of this agreement.

18.14 Representations of Franchisee. **Franchisee makes the following representations:**

(a) Franchisee has received Franchisor’s franchise disclosure document and exhibits thereto (including a list of HomeTeam Franchisees, Franchisor’s financial statements for its last fiscal year, and a copy of this agreement) at least fourteen days before the execution of any agreement or payment of any money relating to the Franchise.

(b) Other than disclosures made in Franchisor’s franchise disclosure document received by Franchisee, no agent, salesperson, director, officer, or employee of Franchisor, or any other individual on Franchisor’s behalf, has made any representations, warranties, inducements, claims, pro formas, forecasts, estimates, or any other statement regarding net or gross profits, net or gross sales, costs, or expenses of HomeTeam Franchises generally or of any specific HomeTeam Franchise.

(c) In connection with its decision to purchase a HomeTeam Franchise and enter into this agreement, Franchisee has not relied upon any representation, warranty, inducement, claim, pro forma, forecast, estimate, or any other statement made by Franchisor, its agents, directors, officers, employees, or salesmen, or any other individual on behalf of Franchisor regarding financing, net or gross profits, net or gross sales, costs, or expenses of HomeTeam Franchisor’s generally or of any specific HomeTeam Franchise, or any other material fact relating to the development of HomeTeam Franchises in the area in which Franchisee intends to locate its Franchise, or any other matter pertaining to Franchisor, other than disclosures made in Franchisor’s franchise disclosure document received by Franchisee.

(d) At the time Franchisee signs this agreement, there is no other written or unwritten agreement, representation, understanding, proviso, or warranty made by Franchisor or any Person associated with Franchisor, other than those contained in either this agreement, an addendum hereto, or Franchisor’s franchise disclosure document received by Franchisee.

Franchisee specifically understands that Franchisor is relying upon the truthfulness and accuracy of the representations in subparagraphs (a) through (d) above, and

understands that Franchisor would not enter into this agreement with Franchisee if Franchisor was aware that any of the representations are false, inaccurate, or incomplete.

_____ **Initials of Franchisee or individual signing on behalf of Franchisee**

(e) Franchisee understands that Franchisor's salesmen are not authorized to bind Franchisor in any way, and that any agreement between Franchisor and Franchisee must be signed by an authorized officer of Franchisor.

(f) Franchisee understands that all or any part of the Territory previously may have been part of the franchise territory of another HomeTeam Franchisee.

ARTICLE 19

DEFINITIONS

To simplify this agreement and make it easier to read and understand, certain terms have been defined below and will be capitalized throughout the agreement. Capitalized words that are not defined below are defined in the section where they first appear.

19.1. "Affiliate" means a Person that controls, is controlled by, or is under common control with another Person. As to Franchisee, it includes an owner of any interest in Franchisee or the Franchised Business, any employee or agent of Franchisee, and any Person controlled by any of the foregoing.

19.2. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (the "USA PATRIOT Act"), and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority (including the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

19.3. "Authorized Products and Services" are those products and services that Franchisee is permitted and required to offer and provide (currently including residential and commercial building inspection services), as more specifically described in the Manual.

19.4. "Business Judgment" means that Franchisor is allowed to exercise its judgment however it considers to be appropriate in its sole and unfettered discretion (except that it may not do so arbitrarily), and has the unrestricted right to make decisions and take or refrain from taking actions (except that it may not do so arbitrarily), and has the right to do so even if a particular decision/action may have negative consequences for Franchisee, another HomeTeam Franchisee, or a group of HomeTeam Franchisees. The exercise of Business Judgment is critical to Franchisor's role as the franchisor of the System and to Franchisor's goals for the continuing improvement of the System. This definition is not intended to incorporate principles related to the application of the business judgment rule in a corporate law context.

19.5. “Business Organization” means a corporation, limited liability company, limited liability partnership, limited company, partnership of any kind, joint venture, unincorporated association, or other organization formed for a commercial purpose.

19.6. “Call Center Service Agreement” means the agreement, which may be modified from time to time by Franchisor in its Business Judgment, which Franchisee must execute to receive services from the Call Center.

19.7. “Communication and Information System” means the computer and communications system described in section 7.18 that Franchisee is required to purchase and use in the operation of the Franchised Business.

19.8. “Competitive Business” means a business that offers or sells, or franchises or licenses others to operate a business that offers or sells, building inspection services or any other products or services similar to those offered as part of the System or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliates, or other HomeTeam Franchises, or that is competitive with the services or products offered by HomeTeam Franchises.

19.9. “Confidential Information” is defined in section 10.1.

19.10. “Controlling Interest” means the direct or indirect ownership (legal or beneficial) or control of more than 50% of the equity, profits, or voting control of a Business Organization.

19.11. “Designated Representative” means an individual manager of Franchisee designated by Franchisee in accordance with section 7.17, who will be responsible for the general oversight and management of the operations of the Franchised Business on behalf of Franchisee.

19.12. “Effective Date” means the date this agreement becomes effective as defined on the signature page.

19.13. “Expiration Date” means the day before the tenth anniversary of the Effective Date, and is the last day of the term of this agreement.

19.14. “Franchised Business” means the HomeTeam Franchise that Franchisee is licensed to operate under this agreement.

19.15. “Franchisee” means, in addition to the Person or Persons identified as “Franchisee” on Exhibit A, all Principals and Remote Principals of a Business Organization that executes this agreement as Franchisee, and all Persons who succeed to the interest of the original Franchisee by permitted transfer or operation of law. By signing this agreement, each of the Principals and Remote Principals of the Business Organization that executes this agreement as Franchisee, acknowledges and accepts the duties and obligations imposed upon each of them, individually, by this agreement. All Principals and Remote Principals of Franchisee must, by separate agreement, personally guarantee all of Franchisee’s obligations to Franchisor. If two or more individuals are the “Franchisee” under this agreement, their liability to Franchisor is joint and several.

19.16. “Franchisee Intranet” is the electronic system established and maintained by Franchisor or its designee to provide private and secure communications between Franchisor, Franchisee, other HomeTeam Franchisees, and other authorized users as determined by Franchisor in its Business Judgment

19.17. “Franchise Law” means a statute, regulation, or rule that (i) regulates the sale of franchises, franchise investments, or business opportunities; (ii) regulates the relationship between a franchisor and a franchisee or between a business opportunity seller and purchaser; or (iii) requires the delivery, filing, or registration of a pre-sale franchise or business opportunity disclosure document.

19.18. “Franchise Premises” means the physical location from which the Franchised Business is operated.

19.19. “Franchisor-Related Persons” means Franchisor and each and all of the following, whether past, current, or future: Persons acting through, in concert with, or as Affiliates of Franchisor or of any of the foregoing; Principals, officers, representatives, directors, agents, attorneys, accountants, and employees of Franchisor or any of the foregoing; and predecessors, successors, or assigns of Franchisor or any of the foregoing.

19.20. “General Release” is a release, in the form prescribed by Franchisor at the time the release is to be delivered, of any and all claims, liabilities and obligations of any nature, including those existing as of, and/or arising before, the date of the release, however arising, whether known or unknown, whether against Franchisor and/or any or all of the Franchisor-Related Persons, the Marketing Fund (as defined in section 11.2), or any other branding, marketing, or advertising fund, and whether by Franchisee, any Principal or Remote Principal of Franchisee, and/or any Affiliate of any of the foregoing. A copy of Franchisor’s current General Release language (which is subject to change) is attached as Exhibit D.

19.21. “Good Standing” means that Franchisee and each of its Principals and Affiliates are not in default of any obligation to Franchisor and/or any of the Franchisor-Related Persons, whether arising under this agreement or any other agreement between Franchisee (and/or each of its Principals and Affiliates) and Franchisor (and/or any of the Franchisor-Related Persons), under the Manual, or under other System Standards (collectively, the “Obligations”). Franchisee is not in Good Standing if Franchisee has been in default of any Obligation and the default is incurable by nature or part of a series of repeated defaults as defined in this agreement.

19.22. “Gross Sales” is defined in section 5.8.

19.23. “HomeTeam Franchise” or “Franchise” is a business operated under a license granted by Franchisor that offers building inspection services or other goods and/or services that Franchisor may designate from time to time, using the Marks (HOMETEAM) and Franchisor’s unique business format, which includes distinctive standards, methods, procedures, and specifications developed by Franchisor for the promotion and provision of services, distinctive advertising, specially-designed business forms for efficient business operation, operating manuals, and training courses, all of which may be supplemented, modified, or withdrawn by Franchisor from time to time.

19.24. “HomeTeam Franchisee” is a Person who owns and operates a HomeTeam Franchise.

19.25. “Initial Franchise Fee” means the one-time fee Franchisee is required to pay Franchisor under section 4.1.

19.26. “In-Person Promotional Activity” means any conduct the purpose of which is to market, promote, or solicit business for the Franchised Business and that involves face-to-face or in-person contact (as distinguished from indirect contact through mail or mass media).

19.27. “Intellectual Property” includes inventions, discoveries, know-how, show-how, processes, methods, unique materials, copyrightable works, original data and other creative or artistic works that have value. Intellectual Property includes that which is protectable by statute or legislation, such as patents, copyrights, trademarks, service marks, and trade secrets, as well as the physical embodiments of intellectual effort, for example, models, machines, devices, designs, apparatus, instrumentation, circuits, computer programs and visualizations, biological materials, chemicals, other compositions of matter, plants, and records of research.

19.28. “Local Advertising” means advertising, promotion, and public relations within the local area to be serviced by the Franchised Business, and consists only of direct costs to purchase marketing materials (including, by way of example and not limitation, point-of-sale materials), promotion, out-of-pocket expenses for the cost of advertising and sales promotion (including, by way of example and not limitation, media placement charges, advertising agency fees and expenses, cash and “in-kind” promotional payments, postage, shipping and photocopying), and such other activities and expenses as Franchisor in its Business Judgment may specify. Franchisor may specify the types of advertising and promotional activities and costs that do not qualify as “Local Advertising,” including, by way of example and not limitation, the face value of promotional coupons, cash donations, the cost of products or services donated or provided at a discount to charitable organizations, and telephone directory listings and advertisements.

19.29. “Marks” are the trademarks, service marks, trade names, trade dress, and other commercial symbols that Franchisor or its Affiliate uses or may adopt to identify the products and/or services offered under the System, including the HOMETEAM®. “Marks” do not include trademarks, service marks, trade names, trade dress, and other commercial symbols used to identify the products and/or services offered by franchisees of another system (even if they are Competitive Businesses) acquired by Franchisor or its Affiliate.

19.30. “Manual” means the HOMETEAM operating manual and other items that Franchisor may provide in the future, including other manuals and all books, computer programs, pamphlets, memoranda, and other publications prepared by or on behalf of Franchisor, as may be added to, modified, or withdrawn by Franchisor from time to time, containing the standards, methods, procedures, and specifications of the System.

19.31. “Marketing Contribution” means the recurring fee Franchisee is required to make under section 5.2 to any Marketing Fund established under section 11.2.

19.32. “Marketing Fund” means a branding, marketing, or advertising fund established under section 11.2.

19.33. “Minimum Annual Gross Sales” is defined in section 7.7.

19.34. “Ownership Interest” means: (1) a share of capital stock in any corporation, a partnership interest in any partnership, or a membership interest in any limited liability company, or a right to a share of the revenues, profits, or assets of any other Business Organization (other than Franchisor’s right to receive Royalties and Marketing Contributions from any HomeTeam Franchisee under this or any other agreement); (2) direct or indirect community property rights in an asset or property; and (3) with respect to Franchisee, in addition to the foregoing, any other equitable or legal right in the revenues, profits, rights or assets of Franchisee or the Franchised Business (other than Franchisor’s right to receive Royalties and Marketing Contributions from Franchisee under this or any other agreement).

19.35. “Person”, whether or not capitalized, includes a corporation, limited liability company, partnership of any kind, joint venture, unincorporated association, estate, trust, charitable organization, government, governmental body and agency, commission, and any other entity and organization, as well as an individual.

19.36. “Post-Termination Provisions” are those obligations in this agreement that are intended by their nature to survive the expiration, transfer, repurchase, or termination of this agreement (for any reason), including, but not limited to, provisions pertaining to Confidential Information, noncompetition, indemnification, de-identification, interpretation and dispute resolution.

19.37. “Principal” means a legal or beneficial owner of an Ownership Interest in a Business Organization.

19.38. “Annual Minimum Marketing Contribution” is defined in section 5.4.

19.39. “Annual Minimum Royalty” is defined in section 5.2.

19.40. “Real-Estate-Related Membership Organization” means a national or local chapter of an organization comprised of members, all or some of whom work in business or professional fields related to real property, such as the National Association of Realtors, Women’s Council of Realtors, National Association of Home Builders, and Business Network International. Franchisor shall determine whether an organization is a Real-Estate-Related Membership Organization in its Business Judgment.

19.41. “Referral Source” means a Person that, due to its purpose or the nature of its business, frequently encounters opportunities to recommend, to its customers, clients, members, or to the general public, providers of building inspections or other Authorized Products and Services. Examples of Referral Sources (by way of illustration and not limitation) are real estate agents and brokers, relocation companies, attorneys, appraisers, mortgage brokers, mortgage companies, and financial institutions. Franchisor has the right to identify additional Referral Sources in its Business Judgment.

19.42. “Remote Principal” means a Principal of a Business Organization that is a Principal of another Business Organization.

19.43. “Royalty” means the recurring fee Franchisee is required to pay Franchisor under section 5.1 in consideration of Franchisee’s continued right to use the Marks.

19.44. “Special Account” is a special customer (which may be, but is not limited to, a national or regional customer, other large business, or government agency) designated as such by Franchisor from time to time in its Business Judgment. A Special Account will typically (though not necessarily) be a customer whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single HomeTeam Franchisee or the trading area of a single Franchisor-owned or Affiliate-owned business.

19.45. “Special Account Services” are services provided to a Special Account at its offices, stores, plants, buildings or other physical facilities at locations not confined to the territory of a single HomeTeam Franchisee or the trading area of a single Franchisor-owned or Affiliate-owned business.

19.46. “Start-up Package” means the technology package (including computer, ipad, and other hardware, accounting and other software programs), marketing and promotional materials, a vehicle branding allowance, business cards, uniforms, tool package, and other supplies required for the operation of the Franchised Business provided by Franchisor under section 6.1(a). Items in the Start-Up Package will be

modified from time-to-time with some items be retired and eliminated from the Start-Up Package and some new items being added to the Start-Up Package

19.47. “Start-up Package Fee” means the one-time fee Franchisee is required to pay under section 4.3 for the Start-up Package provided by Franchisor.

19.48. “Successor Franchise” is a HomeTeam Franchise that Franchisee may be granted under section 2.2, as a successor to the Franchised Business, for an additional ten-year term following the expiration of this agreement.

19.49. “Successor Franchise Fee” is the fee Franchisee must pay Franchisor as consideration for a Successor Franchise under section 2.2, equal to \$2,500. The Successor Franchise Fee is not refundable unless Franchisor refuses to grant Franchisee a Successor Franchise.

19.50. “System” refers to both (a) the network of HomeTeam Franchises established by Franchisor and (b) the distinctive business methods and features of that network that have been developed by Franchisor for the operation of HomeTeam Franchises, including the Marks and Franchisor’s unique business format, which includes distinctive standards, methods, procedures, and specifications developed by Franchisor for the promotion and provision of services, distinctive advertising, specially-designed business forms for efficient business operation, operating manuals, and training courses, all of which may be supplemented, modified, or withdrawn by Franchisor from time to time.

19.51. “System Standards” means the uniform specifications, standards, operating procedures, and rules prescribed by Franchisor for the development and operation of the Franchised Business and other HomeTeam Franchises, as periodically supplemented, modified, or withdrawn by Franchisor, in its Business Judgment, via the Manual or otherwise communicated to Franchisee in writing. The System Standards constitute provisions of this agreement as if fully reproduced in this agreement.

19.52. “Territory” is the geographical area described in Exhibit B.

19.53. “Third-Party Software” means a computer application developed or owned by a Person other than Franchisor.

19.54. “Transfer” means any voluntary or involuntary, direct or indirect assignment, sale, gift, exchange, pledge, hypothecation, or other transfer of this agreement, of Franchisee, of the Franchised Business, of an Ownership Interest, or of any interest in any of the foregoing, or any other event that may create an Ownership Interest or change the legal or beneficial title to any Ownership Interest, including a merger or consolidation of Franchisee, the issuance of additional Ownership Interests in Franchisee, a transfer in a divorce, insolvency, corporate dissolution proceeding, or otherwise by operation of law, and a transfer by will, declaration of or transfer in trust, or under the laws of intestate succession.

19.55. “Transfer Fee” means the fee imposed by section 12.2(b)(13) as a condition to Franchisor’s approval of a Transfer by Franchisee. The Transfer Fee is the then current transfer fee, currently \$5,000 or \$3,000 for existing franchisees if the transferee is another HomeTeam Franchisee, whichever is lower.

19.56. “Website” means an interactive electronic document, series of symbols or otherwise, that is contained in a network of computers and/or other devices linked by communications software, and include Internet and World Wide Web home pages.

The parties are signing this agreement on the dates below, the latest of which is the “Effective Date” of this agreement.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

EXECUTION BY FRANCHISEE(S) MUST BE NOTARIZED

STATE OF _____, COUNTY OF _____, Ss.

On _____, before me, a Notary Public in and for said County and State, personally appeared _____, who acknowledged that they executed the foregoing instrument.

NOTARY PUBLIC

EXHIBIT A

IDENTIFICATION OF FRANCHISEE

INDIVIDUAL FRANCHISEE

Name: _____ Date of Birth: _____

Home Address (P.O. Box not acceptable): _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

ORGANIZATION FRANCHISEE

Check One: ☐ Corporation ☐ Limited Liability Company ☐ Partnership

Name of Organization: _____

Address: _____

City: _____ State: _____ ZIP: _____

Telephone: _____ EIN: _____

Date of Organization: _____ State of Organization: _____

Statutory/Registered Agent: _____

Address of Agent: _____

City: _____ State: _____ ZIP: _____

Officers

President: _____ Vice President: _____

Treasurer: _____ Secretary: _____

Shareholders/Members/Partners

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

The undersigned individual Franchisee, or each of the Principals of a business organization Franchisee, hereby certifies that the foregoing information is accurate and complete to the best of his or her knowledge and agrees to notify Franchisor promptly of any change in any such information during the term of the Franchise Agreement to which this Exhibit A pertains.

Signature

Signature

Print Name

Print Name

Date: _____

Date: _____

Signature

Signature

Print Name

Print Name

Date: _____

Date: _____

EXHIBIT B

FRANCHISE TERRITORY AND TRADE NAME

1. **Territory.** The Territory referenced in section 1.2 of the Franchise Agreement to which this Exhibit is attached consists of the following Postal Codes in the State of _____:

A map of the Territory is attached hereto; however, in the event of a discrepancy between the map and the written description above, the written description controls. If any street, road, or highway serves as a boundary of the Territory, the actual boundary is the centerline of the street, road, or highway, and only the land and structures within such boundary are included in Franchisee's Territory.

2. **Trade Name.** Franchisee shall operate the Franchised Business only under the trade name, HOMETEAM INSPECTION SERVICE (the "Trade Name"), and shall use no other trade name, business name, fictitious name, or assumed name in connection with the Franchised Business without Franchisor's prior consent.

3. This Exhibit B is to be attached to, incorporated in and made a part of the Franchise Agreement between Franchisor and Franchisee.

The parties are signing this Exhibit B on the dates below.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

EXHIBIT C

SAMPLE START-UP PACKAGE

Quality Home Inspection Brochures
Brochure Holders
Business Cards w/ color logo
The Promise Postcards
Fast Postcards
Trusted Postcards
Accurate Postcards
Listing Agent Postcards
Thank You Card w/ envelopes
Main Shutoff Tags
Tent Cards
Facebook Likes
Full wrap on existing vehicle OR new branded vehicle lease
Collared Shirts - Long sleeve white
Polo Shirts - Snag proof - Short sleeve red
Inspection Tools - HomeTeam package
Dell Laptop Computer w/ Microsoft Office
Antivirus Software
Tablets - iPad Mini
Zoho CRM

Above list is only a sample. Actual package items received may differ in content and quantity due to changes in the System or retirement of certain products and marketing campaigns.

Item	Quantity
Quality Home Inspection Brochure—Personalized imprinting—5000 count	1
Dream Team Flyer—500 count	1
Brochure Holders—48 count	2
Business Cards w/ color logo—1000 count	1
Home.Safe.Home Flyer—500 count	1
Postcard—The Promise—250 count	1
Fast Postcard—250 count	1
Trusted Postcard—250 count	1
Thank You Card w/ envelopes—100	1
Listing Agent Card Personalized—250	1
Accurate Postcard—250 count	1
Coupons—500	1
Coffee Mugs or PostIt Notes	1
Presentation Folders—25	
Tent Cards—500 count	1

Pull-up Banners	1
Collared Shirts—Long sleeve—white	3
Polo Shirts—snag proof, short sleeve red	3
Tools—Home Inspector Essentials HomeTeam package	1
Main Shutoff Tags—100	1
Pens—300	1
Dell Computer	1
22 in. Monitor	2
Dell Multifunction Color Printer	1
QuickBooks Online	1
Tablet—iPad Mini	1
Software—ISN	1
Software—CloudInspect	1
Full wrap on existing vehicle OR new branded vehicle lease	1

~~Above list is only a sample. Actual package items may differ due to new items becoming part of the System or retirement of other products.~~

EXHIBIT D

GENERAL RELEASE LANGUAGE

Effective April 2009

1. Release – General Provisions. Franchisee and each of the Principals and Remote Principals of Franchisee, and all Affiliates of any of them, on their own behalf and on behalf of their respective successors, assigns, and anyone claiming through or under them (collectively referred to as the “Releasing Parties”), hereby waive, release, acquit, and forever discharge each and all of the Franchisor-Related Persons of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, liabilities, claims, demands, damages, losses or expenses, of any nature whatsoever, known or unknown, fixed or contingent, which they have, or may hereafter have, against the Franchisor-Related Persons, individually or collectively, including all matters, causes or things whatsoever, that were or have been, or could have in any way been alleged in any pleadings filed in any suit or arbitration (the “Claims”).
2. Without limiting the generality of paragraph 1, the Releasing Parties intend this release, as it pertains to Claims by them or to anyone claiming through or under them, to cover, encompass, relinquish, and extinguish all Claims against the Franchisor-Related Persons, including all Claims arising from any misrepresentation in or omission from any disclosure document received by Franchisee or any of the Affiliates, Principals, or Remote Principals of Franchisee, or from a violation of the Sherman Antitrust Act, the Federal Trade Commission Act, the Federal Trade Commission Trade Regulation Rule entitled *Disclosure Requirements and Prohibitions Concerning Franchising* (16 CFR Part 436), any amendment or successor to any of the foregoing statutes or regulations, or any other federal or state (including the state in which the principal office of the Franchised Business is located and the state in which Franchisee was organized) securities, franchise, business opportunity, antitrust, consumer protection, or unfair or deceptive trade practices law or regulation.
3. The Releasing Parties expressly acknowledge and agree that the Claims each of them is releasing include any and all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, accrued or contingent, intentional or unintentional, and liquidated or unliquidated. The Releasing Parties specifically waive the protection afforded by any statute or law in any jurisdiction, the purpose, substance, or effect of which is to provide that a general release does not extend to claims, material or otherwise, which do not exist or which the person giving the release does not know or suspect to exist at the time of executing the release. The Releasing Parties intend for this release to be as broad as is permitted by law and unqualifiedly general in scope and effect, and that any Claims against any of the Franchisor-Related Persons are hereby forever canceled and forgiven.
4. For California Franchisees. The Releasing Parties acknowledge that they are familiar with the provisions of California Civil Code Section 1542 and intend this release to cover, encompass, release, and extinguish, among others, all claims and matters that might otherwise be reserved by California Civil Code section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

THE RELEASING PARTIES, BEING AWARE OF CALIFORNIA CIVIL CODE SECTION 1542, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION (INCLUDING THE STATE IN WHICH THE PRINCIPAL OFFICE OF THE FRANCHISED BUSINESS IS LOCATED AND THE STATE IN WHICH FRANCHISEE WAS ORGANIZED).

5. Risk of Mistake. The Releasing Parties expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by them, and it is their intention to forever settle, adjust and compromise any and all present and future disputes with respect to all matters from the beginning of time to the date of this document, finally and forever, and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Releasing Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action that exist, or might have existed, on the date of this release. The Releasing Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this release as the Releasing Parties, in their independent judgment, believe necessary or appropriate. The Releasing Parties have not relied on any statement, promise, or representation, whether of fact or law, or lack of disclosure of any fact or law, by the Franchisor-Related Persons or anyone else, not expressly set forth herein, in executing this document and the related releases.
6. No Assignment or Transfer of Interest. The Releasing Parties represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Releasing Parties may have against any or all of the Franchisor-Related Persons, all Claims having been fully and finally extinguished, and the Releasing Parties shall forever indemnify and hold the Franchisor-Related Persons harmless from any liability, claims, demands, damages, losses, costs, expenses or legal fees incurred by any of the Franchisor-Related Persons as a result of any Person asserting any interest in any of the Claims or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer, or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons as a condition precedent to recovery against the Releasing Parties under this indemnity.
7. Legal expenses. If the Releasing Parties, or any Person acting for or on behalf of, the Releasing Parties or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit or other legal or equitable proceeding arising out of, based upon or relating to any of the Claims released hereunder, or in any manner asserts against all or any of the Franchisor-Related Persons any of the Claims released hereunder, the Releasing Parties shall pay all legal expenses and other costs incurred by any of the Franchisor-Related Persons in defending or otherwise responding to said suit or assertion, directly to the Franchisor-Related Persons incurring such costs.
8. Date of Releases; Joint and Several Liability. The releases granted hereunder will be deemed effective as to each of the Releasing Parties as of the date this document is signed by each of the Releasing Parties. The liabilities and obligations of each of the Releasing Parties (and any other Person providing releases to the Franchisor-Related Persons) will be joint and several.
9. Defined Terms. Capitalized words that are not defined in this document are used as defined in the franchise agreement between Franchisee and Franchisor.

EXHIBIT E

AUTHORIZATION FOR ELECTRONIC FUND TRANSFER

The undersigned depositor ("DEPOSITOR") hereby authorizes The HomeTeam Inspection Service, Inc. ("PAYEE") to initiate debit entries and/or credit correction entries to the Depositor's checking account designated below, and authorizes the financial institution designated below ("BANK") to debit such account pursuant to Payee's instructions.

_____ Name of Financial Institution		_____ Branch	
_____ Address of Financial Institution		_____ City	_____ State
		_____ ZIP Code	
_____ Account Number		_____ Bank Transit/Routing Number	

This authority will remain in effect until BANK receives a written cancellation notification from DEPOSITOR in such time as to afford BANK a reasonable opportunity to act on it. DEPOSITOR may stop payment of any entry by notifying BANK at least three (3) business days before the entry is charged to DEPOSITOR'S account. DEPOSITOR may have the amount of any erroneous entry immediately credited to DEPOSITOR'S account by notifying BANK within fifteen (15) calendar days after BANK issues DEPOSITOR'S account statement containing the erroneous entry or forty-five (45) days after posting, whichever occurs first. These rights are in addition to any rights DEPOSITOR may have under federal and state banking or consumer protection laws.

Name of DEPOSITOR:_____

By:_____

Date:_____

Title:_____

A voided check must be attached to this form.



**EXHIBIT B TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

IRREVOCABLE POWER OF ATTORNEY

IRREVOCABLE POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That _____ ("Franchisee") does hereby irrevocably constitute and appoint THE HOMETEAM INSPECTION SERVICE, INC., an Ohio corporation ("Franchisor"), the true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, may be necessary or advisable for the sole purpose of assigning to Franchisor all of Franchisee's right, title and interest in and to

1. any and all telephone numbers of Franchisee's HOMETEAM franchise and all related Yellow Pages, White Pages and other business listings, including but not limited to, the execution and delivery on Franchisee's behalf of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services for Franchisee; and

2. any and all web sites, web pages, listings, banners, URLs, advertisements or any other services and links related to Franchisee's HOMETEAM franchise or use of Franchisor's trademarks, service marks or other logos, on or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines or other similar services, including but not limited to, the authority to transfer, modify or cancel any such service, listing, or link; hereby granting unto Franchisor full power and authority to execute and deliver on Franchisee's behalf any and all documentation required by any telephone service provider, Internet service provider, electronic mail service, communication provider, search engine, regulatory agency or other provider of services, or any other party, and to do and perform any and all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Franchisor will be required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Franchisor. Any person or entity dealing with Franchisor shall be fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee will not take any action against any person or entity acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by Franchisor will be deemed to include such a certificate on the part of Franchisor, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This power of Attorney will terminate two years after the expiration or termination of the Franchise Agreement dated evenly herewith between Franchisor and Franchisee. Such termination, however, will not affect the validity of any act or deed that Franchisor may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest. It is executed and delivered in the State of Ohio and the laws of the State of Ohio govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

FRANCHISEE: _____

By: _____

Its: _____

Date: _____

STATE OF _____, COUNTY OF _____, Ss.

On _____, before me, a Notary Public in and for said County and State, personally appeared _____, who acknowledged that they executed the foregoing instrument.

NOTARY PUBLIC



**EXHIBIT C TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution by THE HOMETEAM INSPECTION SERVICE, INC., an Ohio corporation, ("Franchisor") of a franchise agreement dated _____ (the "Agreement") between Franchisor and _____ (the "Business Entity Franchisee"), each of the undersigned Personal Guarantors hereby personally and unconditionally, jointly and severally:

1. guarantees to Franchisor and the Franchisor-Related Persons and each of their successors and assigns, for the term of the Agreement, and for any renewal/successor franchise term, and thereafter as provided in the Agreement, that the Business Entity Franchisee will punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement, as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement;
2. agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement (including all confidentiality, non-competition, indemnity, and post-termination provisions) as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement; and
3. agrees to be personally bound by, and personally liable for, each past, current and future obligation of the Business Entity Franchisee to Franchisor and the Franchisor-Related Persons and each of their successors and assigns.

Each of the Personal Guarantors intends that the guarantees and other obligations in this Guaranty be unqualifiedly general and without limitation in scope, nature and effect. Franchisor and the Franchisor-Related Persons, and each of their successors and assigns, need not bring suit first against any one or all of the Personal Guarantors in order to enforce this Guaranty, and may enforce this Guaranty against any or all of the Personal Guarantors as they choose in their sole and absolute discretion.

Each of the Personal Guarantors waives: presentment, demand, notice of demand, dishonor, protest, nonpayment, default and all other notices (including, but not limited to, acceptance and notice of acceptance, notice of any contracts or commitments, notice of the creation or existence of any liabilities under the Agreement or otherwise and of the amounts, terms or otherwise thereof, notice of any defaults, disputes or controversies between Franchisor and the Business Entity Franchisee or otherwise, and any settlement, compromise or adjustment thereof); any right the Personal Guarantor may have to require that an action be brought against Franchisor, Business Entity Franchisee or any other person as a condition of liability, and any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the Personal Guarantors consents and agrees that:

1. his or her direct and immediate liability under this Guaranty is joint and several;
2. he or she will render any payment or performance required under the Agreement on demand if the Business Entity Franchisee fails or refuses to do so punctually;
3. his or her liability under this Guaranty is not contingent or conditioned on pursuit by Franchisor or otherwise of any remedies against the Business Entity Franchisee or any other person;
4. his or her liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor or any other person may from time to time grant to the Business Entity Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement and any renewal/successor franchise term;

5. the liabilities and obligations of the Personal Guarantors, whether under this Guaranty or otherwise, will not be diminished or otherwise affected by the termination, rescission, expiration, renewal, award of a successor franchise, modification or otherwise of the Agreement;
6. terms not defined in this Guaranty will have the meanings assigned in the Agreement; and
7. the provisions of Articles 16 and 18 of the Agreement are incorporated in and will apply to this Guaranty as if fully set forth herein and will apply to any dispute involving Franchisor, the Franchisor-Related Persons, any Advertising Fund, or any of their successors and assigns, on one side, and any of the Personal Guarantors on the other side.

In connection with this Guaranty and Franchisor (a) not requiring that the Franchise be initially awarded in the name of one or more of the Personal Guarantors and (b) not requiring the payment of a full transfer fee in connection with any related transfer from the Personal Guarantors to the Business Entity Franchisee, each of the Personal Guarantors hereby grants a General Release of any and all claims, liabilities and obligations, of any nature whatsoever, however arising, known or unknown, against Franchisor, the Franchisor-Related Persons, any Advertising Fund, and each of their successors and assigns.

In this Guaranty, the term "Franchisor-Related Persons" means Franchisor and each and all of the following, whether past, current, or future: persons acting through, in concert with Franchisor, or as affiliates of Franchisor or of any of the foregoing; partners, members, shareholders, officers, directors, agents, attorneys, accountants, and employees of Franchisor or any of the foregoing; and predecessors, successors, or assigns of Franchisor or any of the foregoing. The word "person" includes individuals, corporations, limited liability companies, partnerships of any kind, unincorporated associations, joint ventures, governments, governmental bodies or agencies, commissions, estates, trusts, charitable organizations, and all other entities and organizations of any kind.

The undersigned are signing this Guaranty on the dates below.

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Printed Name)

Personally and Individually (Signature)

Personally and Individually (Signature)

Date:_____

Date:_____

HOME ADDRESS:

HOME ADDRESS:

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

TELEPHONE NO.:_____

TELEPHONE NO.:_____

PERCENTAGE OF OWNERSHIP

PERCENTAGE OF OWNERSHIP

IN FRANCHISE:_____ %

IN FRANCHISE:_____ %

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Printed Name)

Personally and Individually (Signature)

Personally and Individually (Signature)

Date: _____

Date: _____

HOME ADDRESS:

HOME ADDRESS:

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

TELEPHONE NO.: _____

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP

PERCENTAGE OF OWNERSHIP

IN FRANCHISE: _____%

IN FRANCHISE: _____%

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Printed Name)

Personally and Individually (Signature)

Personally and Individually (Signature)

Date: _____

Date: _____

HOME ADDRESS:

HOME ADDRESS:

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

TELEPHONE NO.: _____

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP

PERCENTAGE OF OWNERSHIP

IN FRANCHISE: _____%

IN FRANCHISE: _____%

BUSINESS ENTITY FRANCHISEE:

Printed Name

By: _____

Signature

Its: _____

Date: _____



**EXHIBIT D TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This agreement is between

d.b.a. HOMETEAM INSPECTION SERVICE ("Franchisee"), whose address is:

Telephone:_____

and

Telephone:_____ ("Covenantor") whose address is:

A. Pursuant to a franchise agreement dated _____ (the "Franchise Agreement"), Franchisor licensed Franchisee to operate a HomeTeam Franchise (defined in section 15(e) below).

B. Covenantor holds a position as a shareholder, officer, director, partner, member, manager, employee, or trustee of Franchisee.

C. Franchisor has expended substantial amounts of time and money in developing the Marks (defined in section 15(g) below) and the System (defined in section 15(i) below), which includes Confidential Information (defined in section 15(a) below).

D. In connection with the operation of the Franchise, Covenantor will have access to Confidential Information.

E. The Franchise Agreement requires that all shareholders, officers, directors, legal or beneficial owner of an ownership Interest in the Franchise Business partners, members, managers, employees, and trustees of Franchisee must execute this agreement.

THEREFORE, Covenantor hereby agrees as follows:

1. Confidential Information. Covenantor acknowledges the proprietary and confidential nature of all Confidential Information. Covenantor shall use Confidential Information solely for Franchisee's benefit in compliance with the Franchise Agreement, maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of this agreement, and may not at any time disclose, communicate, divulge, or use any Confidential Information to or for the benefit of any other person. Covenantor's obligations under this paragraph have no time or geographical limitation.

2. Manuals. The Manuals (defined in section 15(f) below) remain the sole property of Franchisor at all times. Franchisor and Franchisee treat the Manuals and all information in them as Confidential Information. Covenantor shall also treat the Manuals and all information in them as Confidential Information, and shall use all reasonable efforts to maintain the absolute secrecy and confidentiality of such information. Covenantor may not at any time copy, duplicate, record, distribute, or otherwise make the Manuals available

to any unauthorized person. Covenantor's obligations under this paragraph have no time or geographical limitation.

3. Use of Marks. Covenantor acknowledges Franchisor's right, title, and interest in and to the Marks. Covenantor further acknowledges that any use of the Marks outside the scope of the Franchise Agreement without Franchisor's prior written consent would be an infringement of Franchisor's rights in the Marks and a breach of the Franchise Agreement by Franchisee. Accordingly, Covenantor shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting, the validity or ownership of the Marks or take any other action in derogation thereof at any time.

4. Nonsolicitation. Covenantor shall not, during the term of the Franchise Agreement and for a continuous and uninterrupted period beginning upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for ONE YEAR thereafter, either directly or indirectly, for himself or through, on behalf of, or in conjunction with, any other Person (including Covenantor's spouse or children):

(a) solicit, contact, or otherwise communicate with any person who was a client of the Franchised Business at any time, for the purpose of promoting, advertising, or offering any products or services that had been offered by the Franchised Business;

(b) contact or communicate with any Referral Source that has an office located anywhere in the Territory (defined in section 15(j) below) or within twenty-five miles of the geographical boundaries of the Territory, for the purpose of promoting or soliciting referrals for any business or services that had been offered by the Franchised Business;

(c) divert or attempt to divert any business or customer of Franchisee or of any other HOMETEAM Franchise to any competitor or to Covenantor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that may injure or prejudice the goodwill associated with the Marks and the System; or

(d) employ or seek to employ any person who is at that time employed by Franchisee, by Franchisor, or by any other HomeTeam Franchise, or otherwise directly or indirectly attempt to induce the person to leave his or her employment.

The time period referred to in this section 4 will be stayed during any violation or breach of the terms of this section.

5. Noncompetition. Covenantor shall not, during the term of the Franchise Agreement and for a continuous and uninterrupted period beginning upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for ONE YEAR thereafter, directly or indirectly, for himself or through, on behalf of, or in conjunction with, any other Person (including Covenantor's spouse or children), own, maintain, operate, engage in, or have any interest in, any Competitive Business (defined in section 15(a) below) that is or is intended to be located within the Territory or within seventy-five miles of the Territory. This restriction does not apply to the beneficial ownership by Covenantor of less than one percent of the outstanding equity securities of any corporation the securities of which are registered under the Securities and Exchange Act of 1934. The time period referred to in this section will be stayed during any violation or breach of the terms of this section.

6. Remedies. Covenantor acknowledges that his violation of any of the covenants in this agreement would result in irreparable injury to Franchisor and Franchisee, for which no adequate remedy at law may be available, and accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorney fees incurred by Franchisor or Franchisee in obtaining, an injunction enjoining any conduct by Covenantor prohibited by this agreement. This remedy is in addition to any other remedies that may be available to Franchisor or Franchisee.

7. Effect. This agreement is binding upon and inures to the benefit of the parties and their respective legal representatives, successors, and assigns.
8. Integration; Modification. This agreement constitutes the entire agreement between the parties relating to the subject matter hereof, and any prior agreements and understandings between the parties relating to the same subject are hereby superseded and merged into this agreement. This agreement may be modified or amended only by a written instrument signed by all parties.
9. Enforcement Costs. In any judicial proceeding to enforce this agreement or appeal thereof, the prevailing party in the proceeding is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, arbitration administrative charges, arbitrators' compensation, and all other costs and expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing, or proceeding to enforce the obligations of this agreement.
10. No Waiver. No failure or delay on the part of any party in exercising any right, power, or privilege under this agreement will operate as a waiver thereof, nor will a single or partial exercise of any right, power, or privilege under this agreement by any party preclude any other or further exercise thereof or the exercise of any other right, power, or privilege by that party.
11. Severability. Each of the covenants in this agreement is to be construed as independent of any other covenant or provision of this agreement. If any provision of this agreement is held to be illegal, invalid, or unenforceable, the provision will be deemed to be modified to the extent necessary to permit its enforcement to the maximum extent permitted by applicable law, and Covenantor expressly agrees to be bound by any lesser covenants subsumed within the terms of the provision that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this agreement. The remainder of this agreement and all other provisions hereof will not be affected thereby.
12. Governing Law. The laws of the state in which Franchisee's principal office is located govern all aspects of this agreement.
13. Jurisdiction and Venue. Any action brought by Franchisor against any other party to enforce the terms of this agreement may be brought in state or federal court in the state of Ohio in the judicial district in which Franchisor has its principal place of business, and each party hereby submits to the exercise of personal jurisdiction by any such court and waives all objections or defenses of lack of personal jurisdiction or improper venue for the purpose of carrying out this provision.
14. Third-Party Beneficiary. Each of the parties acknowledges and intends that the covenants in this agreement directly benefit Franchisor, and Franchisor is a third-party beneficiary of this agreement, entitled to enforce the provisions of this agreement in its own name without Franchisee as a party, and further entitled to all remedies provided in section 6 hereof.
15. Definitions. To simplify this agreement and make it easier to read and understand, certain terms have been defined below and will be capitalized throughout the agreement. Capitalized words that are not defined below are defined in the section where they first appear.
- (a) "Competitive Business" means a business that offers or sells, or franchises or licenses others to operate a business that offers or sells, building inspection services or any other products or services similar to those offered as part of the System or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliates, or other HomeTeam Franchises, or that is competitive with the services or products offered by HomeTeam Franchises.
- (b) "Confidential Information" means trade secrets and any information or matter that is confidential and/or proprietary and/or competitively sensitive and not generally known by the public (whether or not in written or tangible form and regardless of the media—if any—on which stored)

relating to the System, including, but not limited to, know-how, knowledge of and experience in operating a Franchise, methods, techniques, formats, specifications, procedures, systems, policies and standards, business operating systems and techniques, marketing programs for Franchisee or other HomeTeam Franchises, record keeping and reporting methods, accounting systems, sales and marketing methods and training techniques, specifications for signs, displays, business forms and stationery to be used by Franchisee, the Manuals (which Franchisee has received on loan from Franchisor), ideas, research and development, customer and supplier lists, pricing and cost information, software developed or introduced by Franchisor or its affiliates as part of the System (and all aspects thereof, including code, functions, menus, and screen views, and all future enhancements thereto), the financial condition, results of operations, and other financial information about Franchisor, Franchisee, Franchisee's Franchise, and/or other HomeTeam Franchises, and any other information or material identified by Franchisor or Franchisee as confidential.

(c) "Franchised Business" means the HomeTeam Franchise operated by Franchisee under the Franchise Agreement.

(d) "Franchisor" means The HomeTeam Inspection Service, Inc., an Ohio corporation.

(e) "HomeTeam Franchise" or "Franchise" is a business operated under a license granted by Franchisor that offers building inspection services or other goods and/or services that Franchisor may designate from time to time, using the Marks (HOMETEAM) and Franchisor's unique business format, which includes distinctive standards, methods, procedures, and specifications developed by Franchisor for the promotion and provision of services, distinctive advertising, specially-designed business forms for efficient business operation, operating manuals, and training courses, all of which may be supplemented, modified, or withdrawn by Franchisor from time to time.

(f) "Manuals" means the HomeTeam operating manuals and other items that Franchisor may provide on loan to Franchisee in the future, including other manuals and all books, pamphlets, memoranda, and other publications prepared by or on behalf of Franchisor, as may be added to, modified, or withdrawn by Franchisor from time to time, containing the standards, methods, procedures, and specifications of the System.

(g) "Marks" are the trademarks, service marks, trade names, trade dress, logos, and other commercial symbols that Franchisor or its affiliates use or may acquire to identify the products and/or services offered under the System, including the HOMETEAM® trademarks.

(h) "Person" includes corporations, limited liability companies, partnerships of any kind, joint ventures, unincorporated associations, estates, trusts, charitable organizations, governments, governmental bodies and agencies, commissions, and all other entities and organizations, as well as individuals.

(i) "System" refers to both (a) the network of HomeTeam Franchises established by Franchisor and (b) the distinctive business methods and features of that network that have been developed by Franchisor for the operation of HomeTeam Franchises, including, but not limited to, the Marks and Franchisor's unique business format, which includes distinctive standards, methods, procedures, and specifications developed by Franchisor for the promotion and provision of services, distinctive advertising, specially-designed business forms for efficient business operation, operating manuals, and training courses, all of which may be supplemented, modified, or withdrawn by Franchisor from time to time.

(j) "Territory" is the geographical area described in Exhibit B to the Franchise Agreement.

[The signature page follows this paragraph.]

The parties are signing this agreement on the dates below.

FRANCHISEE	COVENANTOR
------------	------------

By:_____

Its:_____

Signature

Signature

Date:_____

Date:_____



**EXHIBIT E TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

PROMISSORY NOTE

PROMISSORY NOTE

\$_____ Principal Sum

Date:_____

For value received, the undersigned promises to pay to the order of THE HOMETEAM INSPECTION SERVICE, INC. ("HomeTeam"), the principal sum of _____-(\$_____), plus interest thereon from the date hereof at the rate of ~~nine~~_____percent (9__%) per annum, as modified below, until all amounts due hereunder are paid in full. This Note shall be payable until all principal and interest has been paid in full as follows:

- the note will bear NO interest for the first six months and NO monthly payment is required;
- the note will then bear interest at a rate of 9____% per year for the remaining time there is an outstanding balance;
- the first six (6) monthly payments (interest only payments) shall be due beginning on the first day of the seventh (7th) calendar month immediately following the month in which Franchisee executes the Franchise Agreement and the payment amounts shall be equal to an interest only payment such that a \$_____note balance shall remain;
- the remaining balance shall then be payable in ~~equal~~ monthly installments. The following table reflects the payment schedule; ~~the first of which shall be due on the first day of the thirteenth (13th) calendar month immediately following the month in which Franchisee executes the Franchise Agreement; and~~

<u>Territory Size</u>	<u>Amount of Down Payment (minimum)</u>	<u>Amount of Note (maximum)</u>	<u>Annual Percentage Rate</u>	<u>Total Term of Note</u>	<u>Interest and Note Payment 1st six months</u>	<u>Interest Only Payments th to th month</u>	<u>Interest and Principal Payments th to th month</u>	<u>Interest and Principal Payments th to th month</u>	<u>Interest and Principal Payments th to th month</u>	<u>Interest and Principal Payments th to th month</u>
-	-	-	-	-	-	-	-	-	-	-

All payments received after the tenth day of the month will incur a late fee in the amount of \$25.00. All payments due under this Note shall be payable by electronic funds transfer. Payments made under this Note shall each be credited first against accrued interest and second against the unpaid principal amount. There will be no pre-payment penalty and, at your discretion, you may accelerate payments to save interest and ultimately reduce principal. Payments made under this Note shall be payable in United States dollars.

In the event the undersigned is in default of any of its obligations under its Franchise Agreement with HomeTeam dated evenly with this Note, including, without limitation, its obligation to submit Weekly Sales Reports, Royalties and Advertising Fees to HomeTeam by Thursday for the prior week, or if the Franchise Agreement is terminated for any reason, or if any of the aforesaid installments is not paid when due, the entire unpaid principal amount, together with accrued interest, shall become immediately due and payable at the option and upon demand of the holder of this Note.

The undersigned agrees to pay all costs, including reasonable attorneys' fees, incurred by the holder to collect or otherwise enforce the terms of this Note, and hereby waives presentment for payment, demand, protest, and/or further notice of dishonor of any kind. This Note has been delivered in the State of Ohio, and shall be construed and enforced in accordance with the laws thereof. Jurisdiction and venue in any action to enforce this Note shall be in any state or federal court within the State of Ohio in the judicial district where the holder hereof has its principal place of business. The undersigned hereby consents to the exercise of

personal jurisdiction by any such court and waives any defense of lack of personal jurisdiction or improper venue.

FRANCHISEE

FRANCHISEE

* The amount and number of payments are based upon the following assumptions: ① the first payment will be made the first day of the seventh (7th) calendar month immediately following the date of this note, and ② all payments will be made on the due date. Additional payment(s) will be necessary if either of these assumptions do not occur.



**EXHIBIT F TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISEE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you are aware, you have or are preparing to enter into a Franchise Agreement with THE HOMETEAM INSPECTION SERVICE, INC. (**Franchisor**) for the operation of a HOMETEAM franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you, either verbally or in writing, that the Franchisor did not authorize and that may be untrue, inaccurate, or misleading. Please read each of the following questions carefully and provide honest and complete responses to each question.

1. Did you receive a copy of the franchise agreement and other franchise contracts at least 7 days before you signed them?

YES _____ NO _____

2. Did you read the franchise contracts and their exhibits?

YES _____ NO _____

3. Did you understand everything in the franchise contracts and their exhibits?

YES _____ NO _____

If "No," what parts of the franchise contracts or their exhibits do you NOT understand? (Attach additional pages if necessary.)

4. Did you receive a copy of the Franchisor's Franchise Disclosure Document?

YES _____ NO _____

5. Did you sign a receipt for the Disclosure Document, to show when you received it?

YES _____ NO _____

6. Did you understand all of the information in the Disclosure Document?

YES _____ NO _____

7. If "No," what parts of the Disclosure Document did you NOT understand?

(Attach additional pages if necessary.)

8. Have you discussed your purchase of a HOMETEAM franchise with an attorney, accountant, or other professional advisor?

YES _____ NO _____

9. If "No," did you have an opportunity to do so?

YES _____ NO _____

10. Do you understand the risks of investing in and operating a HOMETEAM franchise?

YES _____ NO _____

11. Do you understand that the success or failure of your HOMETEAM franchise will depend in large part upon your skills and abilities, the number of hours you are willing to work, competition from other businesses, interest rates, the general state of the economy, inflation, labor and supply costs, and other general economic and business factors?

YES _____ NO _____

NOTE: QUESTIONS 12 THROUGH 19 DO NOT RELATE TO ANY INFORMATION YOU WERE GIVEN DIRECTLY BY A HOMETEAM OR FRANCHISEE.

Has any employee of the Franchisor or other person speaking on behalf of the Franchisor made any written or oral statement or promise regarding:

12. ... the actual revenue, profits, or operating costs of a HOMETEAM franchise?

YES _____ NO _____

13. ... the amount of money you can earn operating a HOMETEAM franchise?

YES _____ NO _____

14. ... the amount of sales revenue your HOMETEAM franchise will or may generate?

YES _____ NO _____

15. ... the costs you may incur in operating a HOMETEAM franchise (as opposed to your initial investment, which was disclosed in the Disclosure Document)?

YES _____ NO _____

16. ... your initial investment to open a HOMETEAM franchise or the costs you may incur in operating a HOMETEAM/ franchise, that is contrary to or different from the information in the Disclosure Document?

YES _____ NO _____

17. ... the likelihood of success that you should or might expect to achieve from operating a HOMETEAM franchise?

YES _____ NO _____

18. Has any employee of the Franchisor or other person speaking on behalf of the Franchisor made any statement, promise, or agreement about the advertising, marketing, training, support services, or assistance that the Franchisor will provide you that is contrary to or different from the information in the Disclosure Document?

YES _____ NO _____

19. Has any employee of the Franchisor or other person speaking on behalf of the Franchisor made any statement, promise, or agreement about any other aspect of a HOMETEAM franchise that is contrary to or different from the information in the Disclosure Document?

YES _____ NO _____

If you answered "Yes" to any of Questions 12 through 19, please provide a full explanation of your answer in the following space (attach additional pages if necessary, and refer to them in the space below). If you answered "No" to every Question 12 through 19, please leave the following space blank.

You understand that your answers are important to us and that we will rely on them in entering into the Franchise Agreement with you.

NOTHING IN THIS DOCUMENT IS TO BE CONSTRUED AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY OR OBLIGATION IMPOSED BY A STATE FRANCHISE OR INVESTMENT LAW.

By signing below, you represent that you have responded truthfully to the above questions.

Date:_____

Signature

Print Name



**EXHIBIT G TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

ADDENDUM FOR SUCCESSOR FRANCHISE AGREEMENT

SUCCESSOR FRANCHISE ADDENDUM
TO HOMETEAM FRANCHISE AGREEMENT

This addendum is between THE HOMETEAM INSPECTION SERVICE, INC. ("Franchisor") and _____ ("Franchisee").

PREAMBLE:

- A. Franchisee has been operating a HomeTeam Franchise under a franchise agreement with Franchisor (the "Prior Franchise Agreement") that was executed on _____ and will expire on _____.
- B. Franchisee has requested and Franchisor has agreed to grant Franchisee a Successor Franchise under section 2.2 of the Prior Franchise Agreement.
- C. Accordingly, simultaneously with their execution of this addendum, Franchisor and Franchisee are entering into Franchisor's current form of franchise agreement (the "Franchise Agreement").
- D. This addendum modifies certain aspects of the Franchise Agreement to reflect the fact that Franchisee is obtaining a Successor Franchise and that it is an experienced operator of a HomeTeam Franchise, and to delete and/or waive the provisions of the Franchise Agreement that are intended to apply only to new franchisees.

THEREFORE, the parties hereby amend the Franchise Agreement and agree as follows:

- 1. Amendment of Franchise Agreement; Defined Terms. This addendum is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this addendum supersedes any inconsistent or conflicting provisions of the Franchise Agreement. The parties hereby ratify and affirm the Franchise Agreement in all other respects. Capitalized terms used but not defined in this addendum are defined in the Franchise Agreement.
- 2. Effective Date. The "Effective Date" and the first day of the term of the Franchise Agreement and this addendum is the day after the expiration date of the Prior Franchise Agreement, regardless of the actual date that the agreements were signed.
- 3. Option to Acquire Successor Franchise. Notwithstanding anything to the contrary in section 2.2 of the Franchise Agreement, Franchisee has the right to be granted one Successor Franchise if Franchisee complies with the conditions in subparagraphs (a) through (f) of section 2.2.
- 4. Initial Franchise Fee. No Initial Franchise Fee, or Start-Up Package Fee is required for a Successor Franchise. Accordingly, Article 4 of the Franchise Agreement is inapplicable and is hereby deleted in its entirety.
- 5. Training and Operating Assistance. Franchisor has already satisfied its obligations under sections 6.2 through 6.4 and subparagraphs (a) through (e) of section 6.1 of the Franchise Agreement. However, Franchisee shall comply with Franchisor's current training requirements, including any refresher training programs or training requirements specifically designed for Successor Franchisees.
- 6. Business Operation. Franchisee has already opened the Franchised Business before the Effective Date. Accordingly, the first sentence of section 7.6 of the Franchise Agreement, which gives Franchisee six months after the Effective Date to open the Franchised Business, is hereby deleted.

7. Minimum Annual Gross Sales. The Minimum Annual Gross Sales amount is \$100,000 throughout the entire term of the Successor Franchise Agreement. Section 7.7 of the Franchise Agreement is hereby amended accordingly.

8. Exclusive Relationship. Franchisee represents that, except for other HomeTeam Franchises operated under franchise agreements with Franchisor, neither Franchisee nor any Affiliate, Principal, or Remote Principal of Franchisee, nor any member of the immediate families of any Affiliate, Principal, or Remote Principal of Franchisee: (a) have any Ownership Interest in any Competitive Business; (b) have any Ownership Interest in any Person that grants franchises or licenses to others to operate Competitive Businesses; or (c) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business or any Person that grants franchises or licenses to others to operate Competitive Businesses.

9. Releases. Simultaneously with the execution of this addendum, Franchisee and each of its Principals and Remote Principals must sign and deliver to Franchisor a General Release in the form attached to the Franchise Agreement as Exhibit D.

10. Transfers. The Franchise Agreement requires that Franchisor's then-current form of Franchise Agreement and ancillary agreements be executed in connection with any Transfer. Accordingly, in the event of a Transfer, the transferee will be required to sign Franchisor's standard form of Assignment and Assumption Agreement and execute Franchisor's then-current franchise agreement, which require the transferee to assume all of Franchisee's obligations under the Franchise Agreement. However, this addendum will automatically be cancelled and will no longer apply in any manner, so that the transferee will be bound by the Franchise Agreement alone, without reference to this addendum. The parties recognize that the accommodations made by Franchisor in this addendum are personal to Franchisee.

11. Remaining Terms Unaffected. All terms of the Franchise Agreement not deleted, modified or waived by this addendum remain binding on the parties.

The parties are signing this addendum on the dates below.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____



**EXHIBIT H TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

California

California Corporations Commissioner
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013

1515 K Street, Suite 200
Sacramento, CA 95814

1350 Front Street
San Diego, CA 92101

One Sansome St., #600
San Francisco, CA 94104

Connecticut

State of Connecticut
Department of Banking
Securities & Business Investments Division
Banking Commissioner
260 Constitution Plaza
Hartford, CT 06103-1800

Hawaii

Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois

Illinois Attorney General
Office of the Attorney General
500 South Second Street
Springfield, IL 62706

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, IN 46204

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2021

Michigan

Corporations Division
Bureau of Commercial Services
Department of Labor and Economic Growth
P.O. Box 30054
Lansing, MI 48909

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

New York

Secretary of State of the State of New York
41 State Street
Albany, NY 12231

North Dakota

Securities Commissioner
North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510

Ohio

Greg Haskett
575 Chamber Drive
Milford, OH 45150

Rhode Island

Director of Rhode Island Department of Business
Regulation
Securities Division
Department of Business Regulation
Bldg. 69, First Floor
John O. Pastore Center
1511 Pontiac Avenue
Cranston, RI 02920

South Dakota

Division of Securities
Director of South Dakota Division of Securities
Dept. of Labor & Regulation
124 South Euclid, Suite 104
Pierre, SD 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington

Director, Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, WA 98501

Wisconsin

Administrator, Division of Securities
201 West Washington St., 3rd Floor
Madison, WI 53703



**EXHIBIT I TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

STATE FRANCHISE REGULATORS

STATE FRANCHISE REGULATORS

California

California Dept. of ~~Corporations~~Business
Oversight
Securities Regulation Division
One Sansome Street, Ste. 600
San Francisco, CA 94104 (415) 972-8559

Connecticut

Securities & Business Investments Division
Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230

Florida

Dept. of Agriculture and Consumer Services
Division of Consumer Services
227 N. Burrough Street
City Centre Building, 7th Floor
Tallahassee, FL 32301
(904) 922-2770

Georgia

Office of Consumer Affairs
2 Martin Luther King Jr. Dr., Suite 356
Atlanta, GA 30334
(404) 656-1762

Hawaii

Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2021

Illinois

Office of the Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Securities Division
302 West Washington Street
Room E111
Indianapolis, IN 46204
(317) 232-6681

Kentucky

Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankfort, KY 40602-2000
(502) 573-2200

Maryland

Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 Ottawa Street, 6th Floor
Lansing, MI 48933
(517) 373-7117

Minnesota

Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198
(651) 296-4026

Nebraska

Dept. of Banking & Finance
1230 O Street, Suite 400
Commerce Court
Lincoln, NE 68508
(402) 471-3445

New York

New York Department of Law
Division of Public Advocacy
Investor Protection & Securities Bureau
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8000

North Carolina

Department of the Secretary of State
Securities Division
300 N. Salisbury Street
Raleigh, NC 27603-5909
(919) 733-3924

North Dakota

North Dakota Securities Department
State Capitol, Fifth Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Oregon Secretary of State
Corporation Division
255 Capitol Street, Northeast
Salem, OR 97310
(503) 986-2200

Rhode Island

Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910
(401) 462-9587

South Carolina

Secretary of State
1205 Pendleton Street
525 Edger Brown Building
Columbia, SC 29201
(803) 734-1958

South Dakota

Dept. of Labor & Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-4013

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(513) 475-1769

Utah

Department of Commerce
Division of Consumer Protection
160 East 300 South
P.O. Box 45804
Salt Lake City, UT 84145-0804
(801) 530-6601

Virginia

State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9276

Washington

Department of Financial Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Department of Financial Institutions
Division of Securities
201 West Washington Avenue, 3rd Floor
Madison, WI 53703
(608) 266-1064



**EXHIBIT J TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

FINANCIAL STATEMENTS

THE HOMETEAM INSPECTION SERVICE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2015, 2014 AND 2013

THE HOMETEAM INSPECTION SERVICE, INC.

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ERIC H LAMPL, CPA, INC.
991 LIGORIO AVENUE
CINCINNATI, OHIO 45218
513-521-2379
ericlampl@fuse.net

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The HOMETEAM Inspection Service, Inc.
Milford, Ohio

I have audited the accompanying financial statements of The HOMETEAM Inspection Service, Inc. (an Ohio corporation), which comprise the balance sheets as of December 31, 2015, 2014, and 2013, and the related statements of operations, retained earnings (deficit), and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of The HOMETEAM Inspection Service, Inc. as of December 31, 2015, 2014, and 2013, and its results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


March 3, 2016

THE HOMETEAM INSPECTION SERVICE, INC.
BALANCE SHEETS
DECEMBER 31, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 97,538	\$ 28,440	\$ 94,085
Royalty Receivable	41,269	23,714	38,566
Installment Note Receivable - Current Portion	24,036	21,108	9,223
Prepaid Expenses	<u>1,577</u>	<u>1,577</u>	<u>1,993</u>
TOTAL CURRENT ASSETS	<u>164,420</u>	<u>74,839</u>	<u>143,867</u>
FIXED ASSETS			
Furniture and Fixtures	91,620	91,620	54,085
Equipment	18,728	17,500	13,691
Automobile	88,558	137,842	21,049
Leasehold Improvements	<u>31,272</u>	<u>31,272</u>	<u>31,272</u>
	230,178	278,234	120,097
Accumulated depreciation	<u>(148,215)</u>	<u>(113,107)</u>	<u>(64,841)</u>
TOTAL FIXED ASSETS	<u>81,963</u>	<u>165,127</u>	<u>55,256</u>
OTHER ASSETS			
Installment Notes Receivable - Less Current Portion	51,679	62,519	15,168
Deposit	<u>2,695</u>	<u>2,695</u>	<u>2,695</u>
TOTAL OTHER ASSETS	<u>54,374</u>	<u>65,214</u>	<u>17,863</u>
TOTAL ASSETS	<u>\$ 300,757</u>	<u>\$ 305,180</u>	<u>\$ 216,986</u>

See auditor's report and accompanying information.

THE HOMETEAM INSPECTION SERVICE, INC.
BALANCE SHEETS
DECEMBER 31, 2015, 2014 and 2013

LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)	<u>2015</u>	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES			
Notes Payable - Current	\$ 6,397	\$ 23,779	\$ 4,748
Accounts Payable	26,694	71,114	39,867
Deferred Revenue	<u>50,900</u>	<u>28,955</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	83,991	123,848	44,615
LONG TERM DEBT			
Notes Payable - Less Current Portion	<u>44,154</u>	<u>76,129</u>	<u>56,063</u>
TOTAL LIABILITIES	<u>128,145</u>	<u>199,977</u>	<u>100,678</u>
STOCKHOLDER'S EQUITY (DEFICIT)			
Common Stock	1,000	1,000	1,000
Retained Earnings (Deficit)	<u>171,612</u>	<u>104,203</u>	<u>115,308</u>
TOTAL STOCKHOLDER'S EQUITY (DEFICIT)	<u>172,612</u>	<u>105,203</u>	<u>116,308</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)	\$ <u><u>300,757</u></u>	\$ <u><u>305,180</u></u>	\$ <u><u>216,986</u></u>

See auditor's report and accompanying information.

THE HOMETEAM INSPECTION SERVICE, INC.

STATEMENTS OF OPERATION

YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
REVENUE			
	\$ 1,167,646	\$ 1,110,843	\$ 946,778
EXPENSES			
Leased Employees	613,439	540,392	410,427
Bad Debt	6,234	3,026	9,237
Franchise Packages	27,532	45,777	6,148
Insurance	5,754	6,145	5,900
Travel	16,913	8,832	5,659
Rent	43,671	48,600	48,600
Utilities	4,681	6,172	6,562
Professional Fees	42,112	86,590	44,203
Telephone	21,467	13,596	10,216
Office and Supplies	14,729	12,782	10,038
Publications, Books, and Dues	3,614	2,374	3,364
Advertising	13,614	14,378	54,974
Auto	649	11,425	7,314
Management Fees	11,318	13,744	13,201
Consulting and Outside Services	50,938	50,300	53,622
Computer, Internet and Software	6,726	9,173	20,756
Copies and Printing	172	178	906
Filing Fees	3,200	3,900	3,080
Postage	2,327	3,743	3,026
Repairs and Maintenance	9,212	23,563	25,002
Training, Meetings, Seminars	55,832	52,714	38,402
Depreciation	51,897	48,266	8,392
TOTAL EXPENSES	1,006,031	1,005,670	789,029
OPERATING PROFIT	161,615	105,173	157,749

THE HOMETEAM INSPECTION SERVICE, INC.
STATEMENTS OF OPERATION
YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
OTHER INCOME (EXPENSE)			
Interest Income	\$ 4,767	\$ 1,718	\$ 1,363
Interest Expense	(8,216)	(9,263)	(9,462)
City Income, CAT, and Property Taxes	(3,796)	(5,296)	(4,652)
Contributions	(250)	(625)	(300)
Disposal of Fixed Assets	<u>16,789</u>	<u>-</u>	<u>-</u>
TOTAL OTHER INCOME (EXPENSE)	<u>9,294</u>	<u>(13,466)</u>	<u>(13,051)</u>
 NET INCOME (LOSS)	 <u>\$ 170,909</u>	 <u>\$ 91,707</u>	 <u>\$ 144,698</u>

See auditor's report and accompanying information.

THE HOMETEAM INSPECTION SERVICE, INC.
STATEMENTS OF RETAINED EARNINGS (DEFICIT)
YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Balance at Beginning of Year	\$ 104,203	\$ 115,308	\$ (22,528)
Net Income (Loss)	170,909	91,707	144,698
Distributions	<u>(103,500)</u>	<u>(102,812)</u>	<u>(6,862)</u>
Balance at End of Year	\$ <u>171,612</u>	\$ <u>104,203</u>	\$ <u>115,308</u>

See auditor's report and accompanying information.

THE HOMETEAM INSPECTION SERVICE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss)	\$ 170,909	\$ 91,707	\$ 144,698
Adjustment to Reconcile Net Income (Loss) to			
Net Cash Provided by Operating Activities			
Depreciation	51,897	48,266	8,392
Change In			
Royalty Receivable	(17,555)	14,852	(6,381)
Prepaid Expenses	416	61	61
Accounts Payable	(44,420)	31,247	(8,655)
Deferred Revenue	21,945	28,955	-
CASH PROVIDED BY OPERATIONS	<u>182,776</u>	<u>215,443</u>	<u>138,115</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed Assets Acquired	(1,228)	(158,137)	(49,531)
Disposal of Fixed Assets	32,495	-	-
CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>31,267</u>	<u>(158,137)</u>	<u>(49,531)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds (Payments) from Borrowings(Net)	(49,357)	39,097	(4,090)
Proceeds (Payments) Installment Notes (Net)	7,912	(59,236)	(5,812)
Distributions	(103,500)	(102,812)	(6,862)
CASH USED BY FINANCING ACTIVITIES	<u>(144,945)</u>	<u>(122,951)</u>	<u>(16,764)</u>
CHANGE IN CASH	69,098	(65,645)	71,820
CASH AT BEGINNING OF YEAR	<u>28,440</u>	<u>94,085</u>	<u>22,265</u>
CASH AT END OF YEAR	<u>\$ 97,538</u>	<u>\$ 28,440</u>	<u>\$ 94,085</u>

THE HOMETEAM INSPECTION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2015, 2014, AND 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The HOMETEAM Inspection Service, Inc. (the Company) is an S-Corporation organized under the laws of the State of Ohio on December 14, 1992. The Company was organized to promote, sell, and support franchises in North America to Franchisees who provide residential inspection services to the general public under the trade name The HOMETEAM Inspection Service, Inc. The Company provides a distinctive method and procedure for advertising, specially designed business forms, computer software, instructional manuals, training courses, and specially designed procedures for promotion and rendering of services.

As of December 31, 2015, 2014 and 2013, the Company had one hundred thirty three (133), one hundred thirty eight (138), and one hundred fifty (150) franchises respectively operating in North America.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain assets, liabilities, revenues, and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements and relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

Fixed Assets

The cost of fixed assets is depreciated over the estimated lives of the related assets which range from five to fifteen years. Depreciation is computed on the accelerated methods for financial reporting. Maintenance and repairs costs are charged to operations when incurred.

Income Tax Status

The Company, with the consent of its shareholders, has elected under the Internal Revenue Service to be taxed as an S-Corporation. Therefore, the profits (losses) are passed thru to the shareholders (based on ownership percentage) and they are liable for the federal and state income taxes on their individual returns. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

Advertising Expense

Advertising costs are expensed as incurred.

Leased Employees

The company has contracted with a related party that leases employees. This firm has hired all of the employees of the Company and is responsible for payroll function including payroll taxes, benefits and retirement.

Marketing Fund

The Company administers a national marketing fund (the Fund) on behalf of its franchisees. Each franchisee is required to contribute to the Fund, which is used to develop advertising and marketing materials and promote the Company's service marks and the franchisees' services on a local, regional, and national basis. Neither receipts nor expenditures of the advertising fund are recorded on the Company's financial statements.

No allowance for bad debt has been provided since management expects no material losses.

NOTE C - INSTALLMENT NOTES RECEIVABLE

Installment notes receivable represents the financing from the Company to the franchisee. These notes bear interest at 8% per annum and payments commence after the completion of training.

No allowance for bad debt has been provided since management expects no material losses.

NOTE D - STOCKHOLDER'S EQUITY (DEFICIT)

Common Stock

Common stock of one hundred shares has been authorized and outstanding at December 31, 2015, 2014, and 2013. There is no par value for this stock.

NOTE E - INCOME RECOGNITION

The initial franchise fee from the sale of a franchise is recognized as revenue when the franchisee has completed the initial training for new franchisees and all of the Company's significant commitments under the franchise agreement have been completed. Franchisees are required to pay a continuing royalty based on their gross revenues on a weekly basis. Franchise agreements have a ten-year term and can be renewed for two additional ten-year terms at no cost.

The following are components of revenue:

	2015	2014	2013
Royalty Income	\$ 981,875	\$ 898,233	\$ 873,364
Franchise Fee Income	120,850	210,950	73,414
Other	64,921	1,660	-
Total	<u>\$ 1,167,646</u>	<u>\$ 1,110,843</u>	<u>\$ 946,778</u>

NOTE F - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the Company's cash in bank. The Company has no other assets that would be classified as a cash equivalent.

At various times throughout the year, the company may have had cash in certain financial institutions in excess of insured limits. At December 31, 2015, 2014 and 2013, the Company did not have cash in excess of insured limits.

Cash paid for interest was \$8,216 for 2015, \$9,263 for 2014, and \$9,462 for 2013.

NOTE G - RELATED PARTIES

United Mercantile

The Company is using a common company to pay all expenses that are used in common with the other entities that share the office space. They are billed for payroll, rent, utilities, and other shared items that are commonly used. United Mercantile is owned 100% by a shareholder of this Company. The reimbursement of this has been recorded in the specific expense category.

The following activity occurred between the Company and its related parties in the accompanying financial statements:

<u>Purchased from Related Parties</u>	2015	2014	2013
Leased Employees	\$ 613,439	\$ 540,392	\$ 410,427
Insurance	5,754	6,145	5,900
Rent	48,600	48,600	48,600
Utilities	4,564	6,172	6,562
Professional Fees	6,348	6,340	6,357
Telephone	14,245	12,938	10,216
Office and Supplies	10,127	6,947	8,007
Publications, Books and Dues	2,114	1,960	2,025
Auto	-	496	259
Management Fees	11,318	13,744	13,201
Repairs and Maintenance	6,248	7,982	14,564
Computer, Internet and Software	4,288	7,175	6,459
Postage	2,381	2,262	1,539
Printing and Copies	172	149	577
Training, Meetings and Seminars	15,974	15,523	22,290
Advertising	-	-	1,289
Taxes	<u>3,545</u>	<u>4,854</u>	<u>4,591</u>
	\$ <u>749,117</u>	\$ <u>681,679</u>	\$ <u>562,863</u>
<u>Due to Related Parties in Accounts Payable</u>	\$ <u>21,401</u>	\$ <u>42,366</u>	\$ <u>20,010</u>

THE HOMETEAM INSPECTION SERVICE, INC.

Note Payable – Related Party

During 2011, the Company established a note payable with a related party for \$70,000, with annual interest of 15%. The outstanding balance on this note was \$50,551, \$56,063, and \$60,811 for the years ended December 31, 2015, 2014 and 2013 respectively. This debt is unsecured.

Interest paid to related party was \$8,216 for 2015, \$8,804 for 2014, and \$9,462 for 2013.

The remaining maturities on this note are as follows:

2016	\$	6,397
2017		7,426
2018		8,620
2019		10,005
2020		11,613
Thereafter		<u>6,490</u>
	\$	<u>50,551</u>

NOTE H - LONG TERM DEBT

In September, 2014, the company borrowed money to purchase a vehicle. The loan was for \$46,637 and was to be paid back over sixty months at an interest rate of 3.49%. The company has chosen to accelerate the payments. Therefore the note had a balance at December 31, 2014 of \$43,845.

This auto and note were sold in 2015.

NOTE I – UNCERTAIN TAX POSITION

The Company files income tax returns in the U. S. federal jurisdiction and local jurisdiction. As of December 31, 2015, 2014 and 2013, no authorities have commenced tax examinations. The Company's U. S. federal income tax returns prior to 2008 are closed. U. S. and local jurisdiction have statutes of limitations that generally range from three to five years.

The Company follows the provisions of uncertain tax provisions as addressed in FASB Accounting Standards Codification 740-10-65-1. The Company recognized no increase in the liability for unrecognized tax benefits. The Company has no tax position at December 30, 2015, 2014 or 2013 for which the ultimate deductibility is highly certain but for there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the periods presented. The Company had no accruals for interest and penalties at December 31, 2015, 2014 or 2013.

THE HOMETEAM INSPECTION SERVICE, INC.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated events through March 3, 2016, the date on which the financial statements were available for issue. The Company did not have any events subsequent to December 31, 2015 through March 3, 2016 to disclose.



**EXHIBIT K TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISEE LIST

Franchisees as of December 31, 2015

AK	Anchorage	Hanneman	Michael	PO Box 230266	(907) 694-8326	1		99523
AL	Madison	Handback	Stephen	104 Meadowglen Drive	(256) 721-3330	1		35757
AR	Jonesboro	Rothgery	Anita	2601 Cottonwood	(870) 934-8987	1		72401
CA	Camarillo	Lavin	Jose	3625 E. Stiles Avenue	(805) 482-3302	2		93010
CA	Fremont	Chung	James	4934 Nelson Street	(510) 441-0788	1		94538
CA	Fresno	Piini	Scott	1542 W. Calimyrna Avenue	(559) 276-4200	1		93711
CA	San Bernardino	Jorgenson	Randall	2150 W. Rialto Ave.	(509) 981-9664	1	territory in WA	92410
CA	San Bernardino	Jorgenson	Randall	2151 W. Rialto Ave.	(509) 981-9665	1	territory in ID	92410
CA	San Bernardino	Jorgenson	Randall	2152 W. Rialto Ave.	(509) 981-9666	1	territory in CA	92410
CA	Trabuco Canyon	Brunelle	John	21005 Sky Country Circle	(949) 713-1370	1		92679
CO	Carbondale	Huttenhower	Richard	P.O. Box 1994	(970) 963-9238	1		81623
CO	Colorado Springs	Whitbeck	Scott	9250 Dunhill Court	(719) 598-7633	1		80920
CO	Loveland	Hintz	Daniel	2371 Buckingham Circle	(970) 622-0760	1		80538
CO	Monument	Bruchs	Michael	916 Caribou Drive W	(303) 954-4453	1		80132
CT	West Hartford	Marren	Gerald	234 N. Main Street	(860) 233-2357	1		06107
FL	Crystal River	Holland	Josh	1645 S. Fishcreek Point	(352) 564-8326	1		34429
FL	Ft. Myers	Jurek	William	6338 Presidential Ct., Ste. 103	(239) 489-3334	2		33919
FL	Ocala	Blankenship	Daniel	2525 SE 50th Terrace	(352) 694-8201	2		34471
FL	Pompano Beach	Conroy	Colin	2641 E. Atlantic Blvd, Ste. 306	(954) 941-1602	12		33062
FL	Port Charlotte	Davis	John	1940 Kings Hwy. Ste. 4 PMB 142	(941) 423-3093	1		33980
FL	Port Charlotte	Mahoney	Thomas	802 Forest Hill Lane NW	(941) 316-0557	1		33948
FL	Tampa	Rothenberg	Mitchell	720 E. Fletcher Ave. Ste. 105	(813) 632-0550	5		33612
FL	Vero Beach	Barker	Douglas	P.O. Box 1296	(772) 569-3969	1		32961
GA	Savannah	Cox	Robert	1313 Grace Drive	(912) 313-9991	1		31406
ID	Nampa	Choy	Benny	3017 Westview Lane	(208) 463-7674	1		83686
IL	Deerfield	Danstrom	Richard	331 Fairview Avenue	(847) 267-0793	1		60015
IL	Frankfort	Greenwood	Douglas	20326 S. Grand Prairie	(815) 806-3047	1		60423
IL	Hoffman Estates	Ruszkowski	Michael	1005 Cobble Hill Ct.	(630) 200-3952	1		60169
IL	Homer Glen	Dybala	Robert	13017 W. Hiawatha Dr.	(708) 645-5696	1		60441
IL	Lake Zurich	Miehlike	Edward	1524 Coral Reef Way	(847) 719-1329	1		60047
IL	Mundelein	Cooper-Freely	Nancy	1825 Friars Lane	(847) 566-8933	2		60060
IL	Schaumburg	Hayes	William	225 Sagamore Court	(847) 719-1329	1		60194
IN	Evansville	Bacurin	Thomas	5419 Cunningham Dr.	(812) 402-4000	1		47711
IN	Kirklin	Carrothers	Mark	6025 S. County Rd.580 E	(765) 279-8000	1		46050
IN	Lafayette	Nelson	David	7415 Mushroom Lane	(765) 449-1465	1		47905
IN	Muncie	Benbow	Brad	301 S. Walnut St., Ste. 101	(765) 233-2265	1		47305
KS	Hutchinson	Meyer	Monty	312 W. 16th Avenue	(620) 664-8400	1		67501
KS	Leawood	Faulconer	Michael	9612 High Drive	(913) 642-3515	1		66206
KS	Topeka	Blick	Maurie	317 SW Franklin Street	(785) 235-8811	1		66006
KY	Ashland	Gambill	John	800 Comanche Court	(606) 324-4547	1		41102
KY	Lexington	Cunningham	Steven	1762 Normandy Road	(859) 276-6221	1		40504-2225
KY	Louisville	O'Rear	Brian	3505 Hedgewick Place	(502) 357-0813	2		40245
MD	Chester	Schreiber	James	6012 BridgePointe Drive	(410) 643-9160	3		21619
MD	Lanham	Moore	Dwayne	9015 Spring Avenue	(301) 552-5511	2		20706
MI	Clinton Township	Kalkhoff	Michael	37825 Santa Barbara	(586) 783-9957	2		48036
MI	Grosse Pointe Woods	Tuthill	William	1573 Dorthen Street	(313) 343-8661	1		48236
MI	Northville	Lee	Craig	40978 Knightsford Rd., Ste. A	(734) 420-4611	1		48167
MI	Saline	Davis	Robert	257 Saline River Dr.	(734) 944-2700	1		48176
MI	White Lake	LaPorte	Jeffrey	1155 Sugden Lake Road	(248) 366-6215	1		48386
MN	Baxter	Lee	Lawrence	5418 Fairview Road	(218) 825-7372	1		56425
MO	Excelsior Springs	Woods	Lloyd	3015 Maplewood Drive	(816) 637-4600	1		64024
NC	Charlotte	Glauberaman	Viktor	9212 Treehaven Drive	(704) 847-4587	1		28270

Franchisees as of December 31, 2015

State	City	Last Name	First Name	Address 1	Office Phone	Units	
AK	Anchorage	Hanneman	Michael	PO Box 230266	(907) 694-8326	2	
AL	Madison	Handback	Stephen	104 Meadowglen Drive	(256) 721-3330	1	
AR	Jonesboro	Rothgery	Anita	2601 Cottonwood	(870) 934-8987	1	
CA	Camarillo	Lavin	Jose	3625 E. Stiles Avenue	(805) 482-3302	2	
CA	Fremont	Chung	James	4934 Nelson Street	(510) 441-0788	2	
CA	Fresno	Piini	Scott	1542 W. Calimyrna Avenue	(559) 276-4200	1	
CA	San Bernardino	Jorgenson	Randall	2150 W. Rialto Ave.	(509) 981-9664	1	territory in WA
CA	San Bernardino	Jorgenson	Randall	2151 W. Rialto Ave.	(509) 981-9665	1	territory in ID
CA	San Bernardino	Jorgenson	Randall	2152 W. Rialto Ave.	(509) 981-9666	1	territory in CA
CA	Trabuco Canyon	Brunelle	John	21005 Sky Country Circle	(949) 713-1370	1	
CO	Carbondale	Huttenhower	Richard	P.O. Box 1994	(970) 963-9238	1	
CO	Colorado Springs	Whitbeck	Scott	19250 Dunhill Court	(719) 598-7633	1	
CO	Loveland	Hintz	Daniel	2371 Buckingham Circle	(970) 622-0760	1	
CO	Monument	Bruchs	Michael	916 Caribou Drive W	(303) 954-4453	1	
CT	West Hartford	Marren	Gerald	234 N. Main Street	(860) 233-2357	1	
FL	Cocoa	McDougald	Gloria	1045 Hickory Lane	(321) 635-1992	4	
FL	Crystal River	Ringo	Robert	14312 Sutton Ct.	(352) 564-8326	1	
FL	Ft. Myers	Jurek	William	6338 Presidential Ct., Ste. 103	(239) 489-3334	1	
FL	Naples	Melotti	Peter	15275 Collier Blvd., #201 -pmb 112	(239) 353-1006	1	
FL	Ocala	Blankenship	Daniel	2525 SE 50th Terrace	(352) 694-8201	2	
FL	Pompano Beach	Conroy	Colin	2641 E. Atlantic Blvd, Ste. 306	(954) 941-1602	12	
FL	Port Charlotte	Davis	John	1940 Kings Hwy. Ste. 4 PMB 142	(941) 423-3093	1	
FL	Port Charlotte	Mahoney	Thomas	802 Forest Hill Lane NW	(941) 316-0557	1	
FL	Tampa	Rothenberg	Mitchell	720 E. Fletcher Ave. Ste. 105	(813) 632-0550	5	
FL	Vero Beach	Barker	Douglas	P.O. Box 1296	(772) 569-3969	1	
GA	Cleveland	Martin	William	189 Waterfall Drive	(706) 219-0076	1	
GA	Savannah	Cox	Robert	1313 Grace Drive	(912) 313-9991	1	
ID	Nampa	Choy	Benny	3017 Westview Lane	(208) 463-7674	1	
IL	Deerfield	Danstrom	Richard	331 Fairview Avenue	(847) 267-0793	1	
IL	Frankfort	Greenwood	Douglas	20326 S. Grand Prairie	(815) 806-3047	1	
IL	Hoffman Estates	Ruszkowski	Michael	1005 Cobble Hill Ct.	(630) 200-3952	1	
IL	Homer Glen	Dybala	Robert	13017 W. Hiawatha Dr.	(708) 645-5696	1	
IL	Lake Zurich	Miehlke	Edward	1524 Coral Reef Way	(847) 719-1329	1	
IL	Mundelein	Cooper-Freely	Nancy	1825 Friars Lane	(847) 566-8933	2	
IL	Schaumburg	Hayes	William	225 Sagamore Court	(847) 719-1329	1	
IN	Evansville	Bacurin	Thomas	5419 Cunningham Dr.	(812) 402-4000	1	
IN	Kirklin	Carrothers	Mark	6025 S. County Rd.580 E	(765) 279-8000	1	
IN	Lafayette	Nelson	David	7415 Mushroom Lane	(765) 449-1465	1	
KS	Hutchinson	Meyer	Monty	312 W. 16th Avenue	(620) 664-8400	1	
KS	Leawood	Faulconer	Michael	9612 High Drive	(913) 642-3515	1	
KS	Topeka	Blick	Maurie	317 SW Franklin Street	(785) 235-8811	1	
KY	Ashland	Gambill	John	800 Comanche Court	(606) 324-4547	1	
KY	Lexington	Cunningham	Steven	1762 Normandy Road	(859) 276-6221	1	
KY	Louisville	O'Rear	Brian	3505 Hedgewick Place	(502) 357-0813	1	
MD	Chester	Schreiber	James	6012 BridgePointe Drive	(410) 643-9160	3	
MD	Lanham	Moore	Dwayne	9015 Spring Avenue	(301) 552-5511	2	
ME	Lewiston	Sirois	Marc	30 Mitchell Street	(207) 784-8227	2	
MI	Clinton Township	Kalkhoff	Michael	37825 Santa Barbara	(586) 783-9957	2	
MI	Grosse Pointe Woods	Tuthill	William	1573 Dorthen Street	(313) 343-8661	1	
MI	Northville	Lee	Craig	40978 Knightsford Rd., Ste. A	(734) 420-4611	1	
MI	Saline	Davis	Robert	257 Saline River Dr.	(734) 944-2700	1	
MI	White Lake	LaPorte	Jeffrey	1155 Sugden Lake Road	(248) 366-6215	1	
MN	Baxter	Lee	Lawrence	5418 Fairview Road	(218) 825-7372	1	
MO	Excelsior Springs	Woods	Lloyd	3015 Maplewood Drive	(816) 637-4600	1	
NC	Charlotte	Glaubergerman	Viktor	9212 Treehaven Drive	(704) 847-4587	1	
NC	Hendersonville	Johnson	Rodney	P.O. Box 1134	(828) 697-2001	1	
NC	Wilmington	Egan	Philip	800 Elk Trail Drive	(910) 790-9200	1	

Franchisees as of December 31, 2015

NC	Hendersonville	Johnson	Rodney	P.O. Box 1134	(828) 697-2001	1		28793
NC	Raleigh	Roberson	Ed	8311 Brier Cr. Pkwy., Ste. 105-135	(919) 446-3021	1		27617
NC	Wilmington	Egan	Philip	800 Elk Trail Drive	(910) 790-9200	1		28409
NC	Winston-Salem	Branyon	Drew	5540 Stone Crossing Drive	(336) 645-5112	1		27104
NE	Lincoln	Hamik	Richard	3219 Plymouth Avenue	(402) 488-8112	1		68502
NH	Bristol	Worthen	Peter	880 Peaked Hill Road	(603) 744-7700	1		03222
NJ	Closter	Sharf	Craig	38 Dana Place	(201) 767-2070	1		07624
NJ	Hamburg	Zinck	Edward	100 Wheatsworth Road	(973) 827-9090	1		07419
NM	Peralta	Hansen	Aaron	P.O. Box 1684	(505) 869-2940	1		87042
NM	Rio Rancho	Utzman	Christopher	4913 El Granada Court SE	(505) 899-4608	1		87124
NV	Las Vegas	Cervantes	Anthony	8414 W. Farm Rd., Ste. 180 #235	(702) 522-9288	1		89131
NV	Reno	Scolari	Gregory	4911 Meadow Springs Drive	(775) 829-4415	1		89509
NY	Auburn	Baranick	John	2839 White Birch Lane	(315) 252-7466	1		13021
NY	Floral Park	Gridley	John	P.O. Box 20153	(516) 488-1132	1		11002
NY	Montebello	Pena	Arcenio	461 Haverstraw Road	(845) 357-8326	1		10901
NY	New Paltz	Michel	Scott	7 Partington Place	(845) 255-9117	2		12561
NY	Pittsford	Tremaine	Steven	18 Guilford Way	(585) 218-0390	1		14534
OH	Ashtabula	Burns	Harold	6128 New London Rd.	(440) 969-7480	2		44004-9497
OH	Goshen	Helton	Jonathan	2066 State Route 28	(513) 625-8659	1		45122
OH	Milford	Snyder	Andrew	5580 Hoffman Rd.	(513) 528-4600	1		45150
OH	Milford	Snyder	Andrew	5581 Hoffman Rd.	(513) 528-4601	1	territory in KY	45151
OH	Tipp City	Howard	Stephen	1356 N. Countyline Rd.	(937) 414-0181	2		45371
OH	Westerville	Moarefdoust	Max	1190 County Line Road	(614) 333-8335	1		43081
OK	Yukon	Bombardiere	Geno	705 S. Mustang Rd. #169	(405) 413-4062	1		73099
OR	Aloha	Huppi	Michael	5890 SW 191st Ave.	(503) 530-8306	2		97007
OR	West Linn	Langford	Gregory	18695 Midhill Circle	(503) 675-7979	1		97068
PA	Bethel Park	Campbell	Terry	6192 Boxer Drive	(412) 831-5544	2		15102
PA	Erie	Koloskee	David	4021 W. 12th Street	(814) 835-0388	1		16505
PA	W. Homestead	Fonos	Raymond	1216 Edgewood Drive	(412) 461-8273	1		15120
PA	Williamsburg	Barroner	Shelly	1275 Larke Road	(814) 832-2226	1		16693
SC	Hilton Head Island	Costa	Donna	13 Sparwheel Lane	(843) 290-4333	1		29926
SC	Summerville	Goodman	Roger	2215 Hummingbird Lane	(843) 871-7549	1		29483
SD	Watertown	Oletzke	Michael	P.O. Box 714	(605) 884-0701	1		57201-0714
TN	Jonesborough	Malyar	Curt	4096 Greenwood Drive	(423) 483-6635	1		37659
TN	Ooltewah	Putman	Robert	4006 Banner Crest Drive	(423) 362-8326	1		37363
TN	Smyrna	Baker	Ronald	P.O. Box 1763	(615) 223-1675	1		37167
TN	Spring Hill	Porter	Joseph	3451 Mahlon Moore Road	(615) 469-1236	1		37174
TX	Beaumont	Carr	Curtis	6550 Concord Road	(409) 838-5440	1		77708
TX	Colleyville	Wieting	James	3704 Bur Oak Drive	(817) 453-8898	4		76034
TX	Lufkin	McElroy	James	3467 Homer Alto Road	(936) 634-7640	1		75904
TX	San Antonio	Jackson	Jerry	1150 N Loop 1604W, Ste 108-481	(210) 960-6068	1		78248
TX	Taylor	Chenoweth	Chuck	135 Hazeltine Drive	(512) 704-7505	1		78628
TX	Texarkana	Eakin	Doyle	5 Jasmine Lane	(903) 223-1144	1		75503
UT	Murray	Smith	David	1277 W. Sophia Cir.	(801) 486-5055	1		84123
VA	Alexandria	Craig	Carl	8030 Washington Road	(571) 765-7799	1		22308
WA	Tacoma	Cogswell	Bob	5921 Indian Trail NE	(253) 235-5678	1		98422
Canada								
ON	Belleville	Henry	Michael	81 Cascade Blvd.	613-968-4114	1		K8P 4L6
ON	Kenora	Green	Richard	RR#2 Site 225 Comp 21	(807) 466-1369	1		P9N 3W8
ON	Long Sault	Smith	Mary-Lee	5618 Hwy. 138, RR1	613 932-2261	1		K0C 1P0
Signed Franchise Agreement but not yet open								
TX	Corpus Christi	Manning	Harvey	157 Martha Drive	(361) 937-1441	1		78418

Franchisees as of December 31, 2015

NE	Lincoln	Hamik	Richard	3219 Plymouth Avenue	(402) 488-8112	1	
NH	Bristol	Worthen	Peter	880 Peaked Hill Road	(603) 744-7700	1	
NJ	Closter	Sharf	Craig	38 Dana Place	(201) 767-2070	1	
NJ	Hamburg	Zinck	Edward	100 Wheatsworth Road	(973) 827-9090	1	
NM	Peralta	Hansen	Aaron	P.O. Box 1684	(505) 869-2940	1	
NM	Rio Rancho	Utzman	Christopher	4913 El Granado Court SE	(505) 899-4608	1	
NV	Las Vegas	Cervantes	Anthony	8414 W. Farm Rd., Ste. 180 #235	(702) 522-9288	1	
NV	Reno	Scolari	Gregory	4911 Meadow Springs Drive	(775) 829-4415	1	
NY	Auburn	Baranick	John	2839 White Birch Lane	(315) 252-7466	1	
NY	Floral Park	Gridley	John	P.O. Box 20153	(516) 488-1132	1	
NY	Montebello	Pena	Arcenio	461 Haverstraw Road	(845) 357-8326	1	
NY	New Paltz	Michel	Scott	7 Partington Place	(845) 255-9117	2	
NY	North Salem	Zilinsky	Walter	2 Whittier Hill Road	(914) 232-5055	1	
NY	Pittsford	Tremaine	Steven	18 Guilford Way	(585) 218-0390	1	
OH	Ashtabula	Burns	Harold	6128 New London Rd.	(440) 969-7480	2	
OH	Goshen	Helton	Jonathan	2066 State Route 28	(513) 625-8659	1	
OH	Milford	Snyder	Andrew	5580 Hoffman Rd.	(513) 528-4600	1	
OH	Milford	Snyder	Andrew	5581 Hoffman Rd.	(513) 528-4601	1	territory in KY
OH	Tipp City	Howard	Stephen	1356 N. Countyline Rd.	(937) 414-0181	2	
OK	Yukon	Bombardiere	Geno	705 S. Mustang Rd. #169	(405) 413-4062	1	
OR	Aloha	Huppi	Michael	5890 SW 191st Ave.	(503) 530-8306	2	
OR	West Linn	Langford	Gregory	18695 Midhill Circle	(503) 675-7979	1	
PA	Bethel Park	Campbell	Terry	6192 Boxer Drive	(412) 831-5544	2	
PA	Erie	Koloskee	David	4021 W. 12th Street	(814) 835-0388	1	
PA	Stroudsburg	Delfi	Victor	1923 Hawk Dr.	(570) 688-9397	1	
PA	W. Homestead	Fonos	Raymond	1216 Edgewood Drive	(412) 461-8273	1	
PA	Williamsburg	Barroner	Shelly	1275 Larke Road	(814) 832-2226	1	
SC	Hilton Head Island	Costa	Donna	13 Sparwheel Lane	(843) 290-4333	1	
SC	Summerville	Goodman	Roger	2215 Hummingbird Lane	(843) 871-7549	1	
SD	Watertown	Oletzke	Michael	P.O. Box 714	(605) 884-0701	1	
TN	Jonesborough	Malyar	Curt	4096 Greenwood Drive	(423) 483-6635	1	
TN	Ooltewah	Putman	Robert	4006 Banner Crest Drive	(423) 362-8326	1	
TN	Smyrna	Baker	Ronald	P.O. Box 1763	(615) 223-1675	1	
TN	Spring Hill	Porter	Joseph	3451 Mahlon Moore Road	(615) 469-1236	1	
TX	Beaumont	Carr	Curtis	6550 Concord Road	(409) 838-5440	1	
TX	Colleyville	Wieting	James	3704 Bur Oak Drive	(817) 453-8898	4	
TX	Lufkin	McElroy	James	3467 Homer Alto Road	(936) 634-7640	1	
TX	Taylor	Chenoweth	Chuck	135 Hazeltine Drive	(512) 704-7505	1	
TX	Texarkana	Eakin	Doyle	5 Jasmine Lane	(903) 223-1144	1	
UT	Murray	Smith	David	1277 W. Sophia Cir.	(801) 486-5055	1	
WA	Tacoma	Cogswell	Bob	5921 Indian Trail NE	(253) 235-5678	1	
Canada							
ON	Belleville	Henry	Michael	81 Cascade Blvd.	613-968-4114	1	
ON	Kenora	Green	Richard	RR#2 Site 225 Comp 21	(807) 466-1369	1	
ON	Long Sault	Smith	Mary-Lee	5618 Hwy. 138, RR1	613 932-2261	1	
	Signed Franchise Agreement but not yet open						
TX	Corpus Christi	Manning	Harvey	157 Martha Drive	(361) 937-1441	1	



**EXHIBIT L TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Franchisees that left the system in 20154

<u>State</u>	<u>City</u>	<u>First Name</u>	<u>Last Name</u>	<u>Office Phone</u>	<u>Units</u>	<u>ZIP Code</u>
<u>AK</u>	<u>Anchorage</u>	<u>Mike</u>	<u>Hanneman</u>	<u>(907) 694-8326</u>	<u>1</u>	<u>99523</u>
<u>CA</u>	<u>Fremont</u>	<u>James</u>	<u>Chung</u>	<u>(510) 441-0788</u>	<u>1</u>	<u>94538</u>
<u>FL</u>	<u>Cocoa</u>	<u>Gloria</u>	<u>McDougald</u>	<u>(321) 635-1992</u>	<u>4</u>	<u>32922</u>
<u>FL</u>	<u>Naples</u>	<u>Peter</u>	<u>Melotti</u>	<u>(239) 353-1006</u>	<u>1</u>	<u>34119</u>
<u>GA</u>	<u>Cleveland</u>	<u>William</u>	<u>Martin</u>	<u>(706) 219-0076</u>	<u>1</u>	<u>30528</u>
<u>ME</u>	<u>Lewiston</u>	<u>Marc</u>	<u>Sirois</u>	<u>(207) 784-8227</u>	<u>2</u>	<u>04240</u>
<u>NY</u>	<u>North Salem</u>	<u>Walter</u>	<u>Zilinsky</u>	<u>(914) 232-5055</u>	<u>1</u>	<u>10560</u>
<u>PA</u>	<u>Stroudsburg</u>	<u>Victor</u>	<u>Delfi</u>	<u>(570) 688-9397</u>	<u>1</u>	<u>18360</u>
<u>State</u>	<u>City</u>	<u>First Name</u>	<u>Last Name</u>	<u>Office Phone</u>	<u>Units</u>	<u>ZIP Code</u>
CA	Antelope	Spitze	Kimett	(916) 728-6000	1	95843
CA	Folsom	Poole	Stephen	(916) 747-6983	1	95630
CA	San Jose	Goran	Subotin	(408) 224-4588	5	95138
PA	Jermyn	Davis	James	(570) 876-3397	1	18433
PA	Sunbury	Astorino	William	(570) 743-4491	1	17801
TX	Cypress	Mock	Lisa	(281) 894-4922	1	77429
WA	Vancouver	Peterson	James	(360) 546-1011	1	98685
WI	Waukesha	Walter	Kenneth	(262) 524-1004	1	53189
CANADA						
ON	Grande Prairie	Keith	Sannachan	(780) 513-0752	1	T8X 1T7



**EXHIBIT M TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

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OPERATIONS MANUAL

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**EXHIBIT N TO THE
HOMETEAM® FRANCHISE DISCLOSURE DOCUMENT**

STATE-SPECIFIC ADDENDUM

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the California Franchise Investment Law and the California Franchise Relations Act:

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

None of the franchisor or any person or franchise broker listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.

California law requires an interest rate of 10%.

California Business and Professions Code 20000 through 20043 provides rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of the State of Ohio. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the California Corporations Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

The following URL address is for our website: <http://www.hometeam.com/>

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.corp.ca.gov.

To the extent this addendum is inconsistent with any terms or conditions of the franchise agreement or exhibits or attachments thereto, the terms of this addendum govern.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

The franchise agreement to which this addendum is attached is amended as follows to comply with the California Franchise Relations Act:

1. Section 16.5 is amended as follows:

“California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning the choice of which state’s law governs your franchise agreement. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”

2. Section 16.6 is amended as follows:

“California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning the choice of forum for disputes between the franchisee and the franchisor. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”

3. To the extent this addendum is inconsistent with any terms or conditions of the franchise agreement or exhibits or attachments thereto, the terms of this addendum govern. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the franchise agreement to which it is attached.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

HAWAII ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

HAWAII ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF HAWAII ARE HEREBY AMENDED AS FOLLOWS:

No release language set forth in the Franchise Agreement shall relieve The Hometeam Inspection Service, Inc. or any other party, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

Section 14 of the Franchise Agreement is hereby supplemented with the following provision:

Hawaii Law. Pursuant to Section 482E-6(3) of the Hawaii Revised Statutes, for so long as such statute remains in effect and so provides, upon termination or refusal to renew the franchise, Franchisee shall be compensated for the fair market value, at the time of termination or expiration of the franchise, of Franchisee's inventory, supplies, materials and furnishings purchased from the Franchisor or a supplier designated by the Franchisor, exclusive of personalized materials which have no value to the Franchisor. If the Franchisor refuses to renew a franchise for the purpose of converting the franchised business to one owned by the Franchisor, the Franchisor, in addition to the remedies provided in this paragraph, shall compensate Franchisee for the loss of goodwill. The Franchisor may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of Franchisee's inventory, supplies, materials and furnishings pursuant to this paragraph, and may offset from such compensation any moneys due to the Franchisor.

The parties are signing this addendum concurrently with the franchise agreement to which it is attached.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By:_____

By:_____

Title:_____

Title:_____

Date:_____

Date:_____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date:_____

Date:_____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Illinois Franchise Disclosure Act of 1987, as amended, and the Illinois Disclosure Rules and Regulations:

815 ILCS 705/41 provides that any condition, stipulation or provision in the franchise agreement or the franchise development agreement which requires you to waive any of your rights under, or the franchisor's obligation to comply with any provision of, the Illinois Franchise Disclosure Act of 1987, as amended, the Illinois Disclosure Rules and Regulations, or any other law of Illinois, is void.

Nonrenewal of your franchise must comply with 815 ILCS 705/20. Termination of your franchise must comply with 815 ILCS 705/19.

Any provision in the franchise agreement or the franchise development agreement which requires the application of the laws of another state is void with respect to a claim otherwise enforceable under the Illinois Franchise Disclosure Act.

Any provision in the franchise agreement or the franchise development agreement which designates jurisdiction or venue in a forum outside the State of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the offering circular or exhibits or attachments thereto, the terms of this Addendum shall govern.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this Addendum is attached is amended as follows to comply with the Illinois Franchise Disclosure Act of 1987, as amended, and the Illinois Disclosure Rules and Regulations:

1. Termination and nonrenewal of this Agreement must comply with 815 ILCS 705/19 and 705/20.
2. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the Illinois Franchise Disclosure Act.
3. Any provision in this Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Illinois is void with respect to a claim otherwise enforceable under the Illinois Franchise Disclosure Act.
4. The waiver of jury trial in section 16.3 is void to the extent it violates 815 ILCS 705/41 which provides that any condition, stipulation or provision in the franchise agreement or the franchise development agreement which requires you to waive any of your rights under, or the franchisor's obligation to comply with any provision of, the Illinois Franchise Disclosure Act of 1987, as amended, the Illinois Disclosure Rules and Regulations, or any other law of Illinois, is voided.
5. Subparagraphs (a) and (c) of Section 18.14 are deleted in their entirety.

The parties are signing this addendum concurrently with the franchise agreement to which it is attached.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law:

THE STATE OF INDIANA HAS STATUTES WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE [INDIANA CODE §§23-2-2.5-1 THROUGH 23-2-2.5-50]. THIS STATE ALSO HAS COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF INDIANA HAS A STATUTE WHICH RESTRICTS OR PROHIBITS THE IMPOSITION OF LIQUIDATED DAMAGE PROVISIONS [INDIANA CODE §23-2-2.7(10)]. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101.

A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

The franchise agreement does not expressly give you the right to terminate, but Indiana law may give you the right to terminate if we commit a substantial breach of the franchise agreement.

Any provision in the franchise agreement or franchise development agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.

In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law shall prevail.

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows comply with the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law:

1. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.
2. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.
3. In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law shall prevail.

The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Maryland Franchise Registration and Disclosure Law:

With respect to franchises governed by Maryland law, the payment of all initial fees is deferred until after HomeTeam completes its pre-opening obligations, which include providing the initial training program (see Item 11 of the disclosure document for a description of our pre-opening obligations and the initial training program).

Pursuant to COMAR 02.02.08.16L, a general release required as a condition of renewal and/or assignment/transfer shall not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

Any provision of the Franchise Agreement or the Franchise Development Agreement restricting jurisdiction or venue to a forum outside the State of Maryland or requiring the application of the laws of a state other than Maryland is void with respect to a claim otherwise enforceable under the Maryland Franchise Regulation and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

The following terms and conditions amend the Franchise Agreement to which this Addendum is attached for the purpose of complying with the Maryland Franchise Registration and Disclosure Law. The terms contained in this Addendum shall control in the event of conflicting terms in the Franchise Agreement. The parties agree as follows:

1. Notwithstanding any other provision of the Franchise Agreement, Franchisee shall not be obligated to pay Franchisor, and Franchisor shall not accept from Franchisee, any money or other consideration (including, but not limited to, the Initial Franchise Fee described in Article 4 of the Franchise Agreement) until Franchisor has performed all of its pre-opening obligations to Franchisee under Article 6 of the Franchise Agreement.
2. Pursuant to COMAR 02.02.08.16L, a general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the Maryland Franchise Registration and Disclosure Law.
3. Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

Any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of Maryland or requiring the application of the laws of a state other than Maryland is void with respect to a claim otherwise enforceable under the Maryland Franchise Registration and Disclosure Law. Any claim arising under the Maryland Franchise Registration and Disclosure Law may be brought in the State of Maryland. The Maryland Franchise Registration and Disclosure Law shall apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

5. The representations contained in Section 18.12 are not intended to act, nor shall they act, as a release, estoppel, or waiver of any liability arising under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum concurrently with the Franchise Agreement to which it is attached.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

This addendum is attached to and incorporated in The HomeTeam Inspection Service, Inc. Franchise Disclosure Document and Franchise Agreement as required by the Minnesota Franchise Act and the administrative rules and regulations relating thereto. The terms of this addendum shall control in the event of conflicting terms in the Franchise Disclosure Document or Franchise Agreement.

1. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.
3. The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
4. Minnesota law prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties, or judgment notes. The franchisee cannot consent to the franchisor obtaining injunctive relief, however, the franchisor may seek injunctive relief. A court will determine if a bond is required. Any language to the contrary in the disclosure document or franchise agreement is null and void.
5. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. Any provision in the Franchise Agreement to the contrary is void.
6. Minn. Stat. Sec. 80C.17, Subd. 5 provides that an action may be commenced to enforce any provision of the Minnesota Franchise Act (Minn. Stat. Secs. 80C.01 to 80C.22, inclusive) or any rule or order thereunder within three years after the cause of action accrues. Any language to the contrary in the disclosure document or franchise agreement is null and void.

The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the New York General Business Law and the New York State Franchise Regulations:

Item 3. LITIGATION

Other than the above litigation, none of HomeTeam, its predecessor, an affiliate offering franchises under HomeTeam's principal trademark, or any person identified in Item 2:

A. Has an administrative, criminal or civil action pending against him alleging: a felony, a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations, or any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchises and the size, nature or financial condition of our franchise system or our business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge, or, within the 10 year period immediately preceding the date of this disclosure document, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting license as a real estate broker or sales agent.

Item 4. BANKRUPTCY

None of HomeTeam, its affiliates, predecessor, or officers during the 10-year period immediately before the date of this disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code while or within 1 year after the officer of HomeTeam held this position in the company or partnership.

Item 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

d. You have a right to terminate your franchise upon any grounds available by law.

j. No restriction on HomeTeam's right to assign, however, no assignment will be made by HomeTeam except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under your Franchise Agreement.

THE STATE OF NEW YORK MAY HAVE STATUTES WHICH SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF NEW YORK ALSO HAS COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE SECTION 101. THE STATE OF NEW YORK MAY HAVE COURT DECISIONS RESTRICTING THE IMPOSITION OF LIQUIDATED DAMAGES. THE IMPOSITION OF LIQUIDATED DAMAGES IS ALSO RESTRICTED BY FAIR PRACTICE LAWS, CONTRACT LAW, AND FEDERAL COURT DECISIONS. THE STATE OF NEW YORK HAS COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED.

The Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

The following provisions of the Franchise Agreement are amended as hereinafter set forth to comply with Article 33 of the General Business Law of New York and the New York State Franchise Regulations:

1. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, ALL RIGHTS ARISING IN FRANCHISEE'S FAVOR FROM THE PROVISIONS OF ARTICLE 33 OF THE GENERAL BUSINESS LAW OF NEW YORK AND THE REGULATIONS ISSUED THEREUNDER SHALL REMAIN IN FORCE, IT BEING THE INTENT OF THIS PROVISION THAT THE NON-WAIVER PROVISIONS OF GENERAL BUSINESS LAW SECTIONS 687.4 AND 687.5 BE SATISFIED.
2. Franchisee may terminate this Agreement upon any grounds available by law.

The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

NORTH DAKOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises subject to the North Dakota Franchise Investment Law, the following information supersedes on supplements, as the case maybe, the corresponding disclosures in the main body of the text of The HomeTeam Inspection Service, Inc. Franchise Disclosure Document.

1. Item 17 is amended by the addition of the following language to the original language that appears therein:

(a) Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in North Dakota, except in certain instances as provides by law.

(b) Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota. As such, each provision providing that the jurisdiction or venue is outside of North Dakota is deleted.

(c) Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(d) Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(e) Any provision in the Franchise Agreement requiring a franchisee to agree to the mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the site of mediation or litigation will be agreeable to all parties and may not be remote from franchisee's place of business.

(f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law. As such, any provision in the Franchise Agreement that requires a franchisee shall to waive those substantive rights shall be void.

(g) Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. As such, the Franchise Agreement shall be governed by North Dakota law.

(h) Any provision in the Franchise Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(i) Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT

For franchises subject to the North Dakota Franchise Investment Law, the following information supersedes on supplements, as the case maybe, the corresponding disclosures in the main body of the text of The HomeTeam Inspection Service, Inc. Franchise Agreement.

1. Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in North Dakota, except in certain instances as provides by law.
2. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota. As such, each provision providing that the jurisdiction or venue is outside of North Dakota is deleted.
3. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Any provision in the Franchise Agreement requiring a franchisee to agree to the mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the site of mediation or litigation will be agreeable to all parties and may not be remote from the franchisee's place of business.
6. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.
7. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
8. Any provision in the Franchise Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Signature page follows:

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Signature

Signature

Date: _____

Date: _____

RHODE ISLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of The HomeTeam Inspection Service, Inc. Franchise Disclosure Document.

Item 17:

1. §19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. The Rhode Island Franchise Investment Act requires a franchisor to deliver a copy of a disclosure document reflecting all material changes together with a copy of all proposed agreements relating to the sale of the franchise at the earlier of: (i) the prospective franchisee's first personal business meeting with the franchisor which is held for the purpose of discussing the sale or possible sale of the franchise, or (ii) ten business days prior to the execution of an agreement or payment of any consideration relating to the franchise relationship.

RHODE ISLAND ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF RHODE ISLAND ARE HEREBY AMENDED AS FOLLOWS:

1. Pursuant to the Rhode Island Franchise Investment Act (the "Act"), the choice of jurisdiction and venue provisions of this Franchise Agreement shall be governed by Section 19-28.1-14 of the Act.

2. Pursuant to Section 19-28.1-15 of the Act, any condition, stipulation or provision in this Franchise Agreement requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in the Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Signature

Signature

Date: _____

Date: _____

SOUTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT

Neither The HomeTeam Inspection Service, Inc. nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

Although the Franchise Agreement requires all mediation/litigation proceedings to be held in Ohio, the site of any mediation/litigation started pursuant to the Franchise Agreement will be at a site mutually agreed upon by you and us.

We may not terminate the Franchise Agreement for a breach, for failure to meet performance and quality standards and/or for failure to make royalty payments unless you receive thirty (30) days prior written notice from us and you are provided with an opportunity to cure the defaults. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern; but as to contractual and all other matters, the Franchise Agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Ohio.

Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Signature

Signature

Date: _____

Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Virginia Retail Franchising Act:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

The franchise agreement to which this addendum is attached (the "Franchise Agreement") is as follows to comply with the Virginia Retail Franchising Act:

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Washington Franchise Investment Protection Act:

The State of Washington has a statute, R.C.W. 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 R.C.W., shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is as follows to comply with the Washington Franchise Investment Protection Act:

1. The State of Washington has a statute, RCW 19.100.180, that may supersede the franchise agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the franchise agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.
2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of arbitration, or as determined by the arbitrator.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that reasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. To the extent this addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this addendum shall govern.

The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

THE HOMETEAM INSPECTION SERVICE, INC.

BUSINESS ORGANIZATION FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

Signature

Signature

Date: _____

Date: _____

Item 23. RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If HomeTeam offers you a franchise, they must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to, ~~with~~ the franchisor or an affiliate in connection with the proposed franchise sale.

[New York, Oklahoma and Rhode Island require that HomeTeam give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Iowa requires that HomeTeam give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan, Oregon, and Wisconsin require that HomeTeam give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If HomeTeam does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit I.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Paul Spires, (President); Greg Haskett (Vice President); Adam Long (Vice President); ~~1~~ Anthony Hill ~~Holly Ford~~-(Franchise Consultant/Development); and Benjy Weisenburgh (Franchise Development); all at 575 Chamber Drive, Milford, Ohio 45150, (513) 831-1300, and:

Issuance Date: ~~April 1, 2015~~ April 1, 2016

Our registered agents authorized to receive service of process for us are listed in Exhibit H.

I have received a disclosure document dated- ~~April 1, 2015~~ April 1, 2016. This disclosure document included the following Exhibits:

- | | |
|--|--|
| A Franchise Agreement | H Agents for Service of Process |
| B Irrevocable Power of Attorney | I State Franchise Regulators |
| C Guaranty and Assumption of Obligations | J Financial Statements |
| D Nondisclosure and Noncompetition Agreement | K Franchisee List |
| E Promissory Note | L Franchisees Who Have Left the System |
| F Franchisee Disclosure Questionnaire | M Table of Contents of Operations Manual |
| G Addendum for Successor Franchise Agreement | N State-Specific Addendum |

_____	_____	_____
Date	Signature	Print Name

_____	_____	_____
Date	Signature	Print Name

KEEP THIS COPY FOR YOUR RECORDS

Item 23. RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If HomeTeam offers you a franchise, they must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to, ~~with~~ the franchisor or an affiliate in connection with the proposed franchise sale.

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[Iowa requires that HomeTeam give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan, Oregon, and Wisconsin require that HomeTeam give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If HomeTeam does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit I.

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Issuance Date: ~~April 1, 2015~~ April 1, 2016

Our registered agents authorized to receive service of process for us are listed in Exhibit H.

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- | | |
|--|--|
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| B Irrevocable Power of Attorney | I State Franchise Regulators |
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| D Nondisclosure and Noncompetition Agreement | K Franchisee List |
| E Promissory Note | L Franchisees Who Have Left the System |
| F Franchisee Disclosure Questionnaire | M Table of Contents of Operations Manual |
| G Addendum for Successor Franchise Agreement | N State-Specific Addendum |

Date

Signature

Print Name

Date

Signature

Print Name

Return to: **THE HOMETEAM INSPECTION SERVICE, INC., 575 Chamber Drive, Milford, Ohio 45150**