



FRANCHISE DISCLOSURE DOCUMENT

SERVICEMASTER CLEAN/RESTORE SPE LLC
A Delaware Limited Liability Company
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You will operate a ServiceMaster Clean® business (a “**Clean Franchise**”). Clean Franchises provide to management or tenants of commercial or institutional buildings contracted janitorial services on a continuing basis and carpet, furniture, and other periodical non-janitorial cleaning and maintenance.

The total investment necessary to begin operation of a ServiceMaster Clean® franchise ranges from \$104,300 to \$179,750. This total investment includes \$37,250 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement or make any payment in connection with the proposed franchise sale. **Note, however, that no governmental 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 the Franchise Sales office at One Glenlake Parkway, 14th Floor, Atlanta, Georgia 30328 or at 800-756-5656.

The terms of your franchise agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement 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 of 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, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information.

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

The issuance date of this disclosure document is June 19, 2025, as amended on July 7, 2025.

**ITEM 6:
OTHER FEES**

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Royalties	The greater of (a) the Minimum Monthly Royalty or (b) (i) the Gross Service Sales <u>Royalties</u> for Contracted Recurring Services in such month multiplied by the Applicable Royalty Rate (which will range from 7% to 4% <u>of Gross Service Sales for Contracted Recurring Services</u> as set forth in the Royalties Scale) plus (ii) the <u>Royalties for Other Services in such month</u> (which will be <u>Gross Service Sales for Other Services in such month</u> multiplied by 10%).	Monthly, by the 20 th	<p>See Note 2 for the definition of “Gross Service Sales”, Note 3 for the definition<u>definitions</u> of “Minimum Monthly Royalty,” and Note 4 for the definitions of “Applicable Royalty Rate” and “Royalties Scale.” The Royalties will be paid as specified in our then-current royalty policy as set forth in the Manual.</p> <p>“Contracted Recurring Services” include any services that Franchisee provides to a customer pursuant to a written annual contract that requires Franchisee to provide such services to such customer at least two times per month.</p> <p>“Other Services” includes any products or services other than Contracted Recurring Services, including (a) services performed on a one-time basis, (b) services performed less frequently than twice per month (e.g. once per month), or (c) services performed without an annual contract.</p> <p>The current Royalties Scale is described in Note <u>43.A</u>. In addition, an example of the calculation of Royalties for both Contracted Recurring Services and Other Services is described in Note <u>43.D</u>.</p> <p><u>Transferred Franchise:</u> If you acquire an existing Clean Franchise from another franchisee, you will be eligible for adjusted royalties for an interim transition period, as described in Note 5.</p> <p><u>Conversion Franchise:</u> If you are a Conversion Franchise, you may be eligible for adjusted royalties, as described in Note <u>64</u>.</p> <p><u>Untimely Renewal:</u> If you are an existing franchisee that does not timely renew your Franchise Agreement, the Applicable Royalty Rate will be increased by 2.5% until you have completed the renewal process, as described in Note <u>75</u>.</p>
Ad Fund Contribution	Currently, the greater of 0.5% of your monthly Gross Service Sales or \$25	Monthly by the 20 th	See Note 2 for the definition of “ Gross Service Sales .” The National Advertising Fund Contribution (the “ Ad Fund Contribution ”) is contributed to the

Type of Fee (See Note 1)	Amount	Due Date	Remarks
			participants, depending on the terms of such Optional Program.
Product or Equipment Evaluation Testing Fees	\$500 per cleaning product and \$1,000 per equipment product.	At time of submission of request	Payable if you request our approval of a non-approved product or equipment item that you want to use in your Clean Franchise. You also must pay for shipping and handling charges to ship the products to us and back to you. See Item 8 for a description of the approval process.
Renewal Fee	6% of the franchise fee charged to new franchisees at the time of renewal.	When Franchise Agreement is renewed	Payable for you to enter into a renewal term for each Franchise Agreement.
Lead Fee	\$10,000.	At closing of the transfer	Payable if we refer a qualified lead to an existing franchise owner and such lead purchases the franchise owner's interest within 18 months of our referral of such lead. See Note 86.
Transfer Fee	The sum of (a) \$12,000, except (i) \$3,500 if the transfer is to an owner's adult child who is at least 18 years of age or to a qualified manager of the franchise (as specified in the Manual), (ii) \$500 if the transfer is to a spouse of an existing owner, and (iii) \$500 if the transfer is to an existing owner of the franchise; <u>plus</u> (b) our and our affiliates' costs and expenses related to the transfer (including attorneys' fees).	At closing of the transfer	Payable by you or the buyer when you transfer 50% or more ownership of the Franchise Agreement or the ServiceMaster Franchise to one or more owners. You must pay a non-refundable application fee equal to 25% of the Transfer Fee when you submit your request for us to review such a proposed transfer, which will be credited towards the Transfer Fee. Transferees must also pay the cost of AOS Training and must purchase their own laptop and software.
Change Fee	Currently, \$500 per change per Franchise Agreement.	As incurred	<p>Payable if making a non-control transfer; changing business entity name; changing DBA (doing business as) name; changing form of entity; or modifying Franchise Agreement. No charge to change DBA name or form of entity during first year of initial term. The fee may change from time to time, provided that the fee will not exceed \$750.</p> <p>If any changes are being made in conjunction with a transfer of 50% or more ownership of the Clean Franchise, the Transfer Fee shall apply, instead of the Change Fee. For non-controlling transfers, the Change Fee shall apply per person, per transfer, and per Franchise Agreement.</p>
Interest and Late	<u>For fees:</u>	When	Payable if you are late making any payments or

Type of Fee (See Note 1)	Amount	Due Date	Remarks
			of the defaults, and whether the defaults have been repeated. See Note 97 for current fees.
Enforcement Expenses	Our and our affiliates' costs and expenses.	On invoice	You must pay us or our related parties any attorneys' fees and other related costs and expenses we and our related parties incur (a) to enforce the terms of the Franchise Agreement or any other agreement (whether or not we initiate a legal proceeding, unless we or our related parties fail to prevail in such a legal proceeding) or (b) in the defense of any claim you or your related parties brings against us or our related parties on which we or our related parties substantially prevail in such legal proceedings related to you, your Owners, or your related parties (other than those we incur in response to your efforts to enforce the Franchise Agreement or in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings).
Tax Reimbursement Fees	Will vary under circumstances.	As incurred	These fees will be paid to us to reimburse us for certain sales, use, personal property and other taxes we or our affiliates incur related to the goods, services, and licenses that we provide to you.
Indemnification	Varies by nature of claims.	On demand	You must indemnify us and our affiliates in connection with your operation of the Clean Franchise, as well as our litigation costs in defending these claims.
Liquidated Damages	The average monthly amount of Royalties and Ad Fund Contributions that you owed us during the past 12 months times the lesser of remainder of term of Franchise Agreement or 24 months.	Within 7 days of termination of your Franchise Agreement	Payable if we terminate the Franchise Agreement due to your default (or if you purport to terminate the Franchise Agreement). If less than 12 months have passed since opening and termination, the amount will be the average monthly Royalties and Ad Fund Contributions during the time between opening and termination, times the lesser of the remainder of term of the Franchise Agreement or 24 months.
Appraiser's Fee	50% of appraiser's fee for the first appraiser; 100% of appraiser's fee for the second and third appraiser.	On invoice	Payable to us or third-party appraiser. You must pay this fee only if we elect to purchase your assets on termination or expiration of the Franchise Agreement, and we cannot agree with you on the purchase price.

Notes to Item 6

1. **Payment Due Dates and Payment Methods.** All of the listed fees are payable to us or our affiliates. All fees paid to us or our affiliates are non-refundable. Except as otherwise noted, the fees are uniformly imposed. All payments of fees and charges must be made to us in the manner and at the times specified by us, which are subject to change. Currently we specify that (a) Royalties, Ad Fund Contributions, and Technology Fees (collectively the "**Operating Fees**") and other fees due must be paid to us on the day of the month we specify in the Manual (currently,

affiliates (such as revenue we or our affiliates collect directly from customers that is related to work performed by you) or from vendors (such as rebates or referral fees); **less**

(Y) any approved adjustments that may be deducted in accordance with the royalty remittance policy in the Manual, as such policy may be revised from time to time. Unless otherwise specified in the Manual or by us in writing, Gross Service Sales includes all revenue at the time billed and must be reported monthly on an accrual basis in the month the work was billed to the customer, regardless of when and if such revenue is collected by you. Unless otherwise specified in the Manual, any expenses related to goods or services provided to you or customers by any parties related to you (acting as a subcontractor, vendor, or otherwise) are not deductible as adjustments from Gross Service Sales.

3. Royalties. The Royalties in each month shall be equal to the greater of (1) the Minimum Monthly Royalty (as defined in Note 3.C.) or (2) (a) the Royalties for Contracted Recurring Services (as calculated in accordance with Note 3.A.) in such month plus (b) the Royalties for Other Services (as calculated in accordance with Note 3.B.)

A. ROYALTIES FOR CONTRACTED RECURRING SERVICES. The Royalties for Contracted Recurring Services for each month shall be determined in accordance with the following graduated scale (the “**Royalties Scale**”):

<u>ROYALTY TIER</u>	<u>RANGE OF GROSS SERVICE SALES FOR CONTRACTED RECURRING SERVICES ONLY IN EACH CALENDAR MONTH</u>		<u>AMOUNT OF ROYALTIES FOR CONTRACTED RECURRING SERVICES PAYABLE TO FRANCHISOR</u>
	<u>Minimum</u>	<u>Maximum</u>	
<u>1</u>	<u>\$1</u>	<u>\$11,140.99</u>	<u>7% of Gross Service Sales in Royalty Tier 1</u>
<u>2</u>	<u>\$11,141</u>	<u>\$27,053.99</u>	<u>\$779.87 plus 6% of Gross Service Sales in Royalty Tier 2</u>
<u>3</u>	<u>\$27,054</u>	<u>\$90,177.99</u>	<u>\$1,734.65 plus 5% of Gross Service Sales in Royalty Tier 3</u>
<u>4</u>	<u>\$90,178</u>	<u>No maximum</u>	<u>\$4,890.85 plus 4% of Gross Service Sales in Royalty Tier 4</u>

The range of Gross Service Sales in the Royalties Scale will increase annually on April 1 of each year of this Agreement in accordance with the Consumer Price Index, or 3%, whichever is greater. The updated ranges in the Royalties Scale will be published in the Manual.

THE RANGES OF GROSS SERVICE SALES IN THE ROYALTIES SCALE IS IN NO WAY INTENDED TO IMPLY THAT FRANCHISEE WILL EXPERIENCE GROSS SERVICE SALES OF ANY PARTICULAR LEVEL.

B. ROYALTIES FOR OTHER SERVICES. The Royalties for Other Services for each month shall be equal to the Gross Service Sales for only Other Services for such month multiplied by 10%.

C. 3. ~~Minimum Monthly Royalty~~ MINIMUM MONTHLY ROYALTY. The “**Minimum Monthly Royalty**” for a given month will be determined in accordance with the following chart:

MONTHS OF OPERATION OF THE FRANCHISED BUSINESS (INCLUDING ANY PREDECESSOR LICENSE THAT HAS BEEN RENEWED OR TRANSFERRED)	MINIMUM MONTHLY ROYALTY
0 to 4	\$0 per month
5 to 12	\$250 per month
13 to 24	\$455 per month
25 to 36	\$892 per month
37 to 48	\$1,671 per month
49 or above	\$2,982 per month

The months of operation of the Franchised Business will be calculated from the effective date of the first Franchise Agreement ~~offor~~ for the Franchised Business, rather than the date of renewal, the date of a transfer, or the effective date of a subsequent Franchise Agreement.

4. Royalties Scale. The ~~“Applicable Royalty Rate”~~ for a given month shall be determined based on the total Gross Service Sales for both Contracted Recurring Services and Other Services for such calendar month in accordance with the following scale (the ~~“Royalties Scale”~~):

ROYALTY TIER	RANGE OF GROSS SERVICE SALES IN EACH CALENDAR MONTH		APPLICABLE ROYALTY RATE IN EACH TIER
	Minimum	Maximum	
1	\$1	\$11,138.99	7%
2	\$11,139	\$27,052.99	6%
3	\$27,053	\$90,116.99	5%
4	\$90,117	No maximum	4%

If the Applicable Royalty Rate changes in a month because the Gross Service Sales crosses into one or more additional Royalty Tiers (as described in the Royalties Scale above), the Applicable Royalty Rate for such month shall be a blended royalty rate calculated by (a) multiplying the Gross Service Sales in such month in each Royalty Tier by the Applicable Royalty Rate for such Royalty Tier, (b) adding the resulting amounts together, and (c) dividing such aggregated amount by the total Gross Service Sales in such month.

- D. ROYALTIES EXAMPLE. For example, if the Gross Service Sales for a month for a Franchised Business that has been in operation for 55 months are \$80,000 (including \$50,000 in Contracted Recurring Services and \$30,000 in Other Services), the Royalties due for such month would be ~~\$5,738.70~~\$5,881.95. This is calculated as follows:

- a. Determining Royalties for Contracted Recurring Services. ~~First, the~~The Royalties due for the Contracted Recurring Services is calculated by ~~determining the~~ Applicable formula in Royalty Rate for the month and multiplying such figure by ~~Tier 3 of the Royalties Scale, because the Gross Service Sales for only Contracted Recurring Services for the month. In (which is \$50,000 in this example, the~~ Tier 3 of the Royalties Scale, because the Gross Service Sales for only Contracted Recurring Services for the month. In (which is \$50,000 in this example, the ~~Applicable Royalty Rate is 5.477% and the)~~ Applicable Royalty Rate is 5.477% and the) is within the Royalty Tier 3 range. Thus, ~~the Royalties for Contracted Recurring Services are \$2,738.70. This is calculated as follows:~~ the Royalties for Contracted Recurring Services are \$2,738.70. This is calculated as follows: will be equal to (x) \$1,734.65 + (y) the amount of Gross Service Sales for Contracted Recurring Services in Royalty Tier 3 (which is the difference between

\$27,054 [the minimum amount for Tier 3] and \$50,000 [the total Gross Service Sales for Contracted Recurring Services at the end of the month], which is \$22,946) multiplied by 5%, which equals \$1,147.30. The Royalties due for Contracted Recurring Services will be \$1,734.65 + \$1,147.30, which equals \$2,881.95.

~~(x) The amount of total Gross Service Sales in Tier 1 (which is the difference between \$0 [the Gross Service Sales as of the start of the month] and \$11,138.99 [the maximum amount for Tier 1], which is \$11,138.99) multiplied by the Applicable Royalty Rate for Tier 1 (which is 7%), which equals \$779.73; plus~~

~~(y) The amount of total Gross Service Sales in Tier 2 (which is the difference between \$11,139 [the minimum amount for Tier 2] and \$27,052.99 [the maximum amount for Tier 2], which is \$15,913.99) multiplied by the Applicable Royalty Rate for Tier 2 (which is 6%), which equals \$954.84; plus~~

~~(z) The amount of total Gross Service Sales in Tier 3 (which is the difference between \$27,053 [the minimum amount for Tier 3] and \$80,000 [the total Gross Service Sales at the end of the month], which is \$52,947) multiplied by the Applicable Royalty Rate for Tier 3 (which is 5%), which equals \$2,647.35.~~

~~The sum of (x) + (y) + (z) = \$4,381.92. This figure is then divided by \$80,000 (the total Gross Service Sales for the month). This calculation equals 5.477%, which is the Applicable Royalty Rate for the month.~~

~~To determine the Royalties due for Contracted Recurring Services, the Applicable Royalty Rate for the month (5.477%) is multiplied by the Gross Service Sales for Contracted Recurring Services for the month (\$50,000), which equals \$2,738.70.~~

b. Determining Royalties for Other Services. Next, ~~the~~ The Royalties due for the Other Services is calculated by multiplying the Gross Service Sales for ~~only~~ Other Services for the month (which is \$30,000 in this example) by 10%, which equals \$3,000.

c. Determining Total Royalties Due. Finally, the Royalties due for Contracted Recurring Services (~~\$2,738.70~~ \$2,881.95) and for Other Services (\$3,000) are added together to reach the total Royalties due for the month, which is ~~\$5,738.70~~ \$5,881.95. Because this figure is greater than the Minimum Monthly Royalty for a Franchised Business that has been in operation for 55 months (which is \$2,982 per month), the Minimum Monthly Royalty does not apply and \$5,881.95 is the total amount of Royalties owed for such month.

~~The range of Gross Service Sales in the Royalties Scale will increase annually on April 1 of each year of this Agreement in accordance with the Consumer Price Index, or 3%, whichever is greater. The updated ranges in the Royalties Scale will be published in the Manual.~~

~~THE RANGES OF GROSS SERVICE SALES IN THE ROYALTIES SCALE IS IN NO WAY INTENDED TO IMPLY THAT YOU WILL EXPERIENCE GROSS SERVICE SALES OF ANY PARTICULAR LEVEL.~~

5. Royalties for Transferred Franchises. ~~If you acquire an existing Clean Franchise through a transfer from an existing franchisee, the Royalties will be calculated from the effective date of the Franchise Agreement until the last day of the month in which the first anniversary of such effective date occurs (the “Transition Period”) in accordance with the Royalties formula specified in the transferor’s terminated franchise agreement. Thereafter, the Royalties will be determined in accordance with the formula described in this Item 6, with, for purposes of determining the Minimum Monthly Royalty, the months of operation counted from the original opening date of the Clean Franchise (and not from the date of the transfer).~~

~~For example, if on June 1, 2025, you acquire a Clean Franchise from another franchisee that originally opened on June 1, 2020, the Royalties during the Transition Period~~

~~(which would be June 1, 2025 to May 31, 2026) would be determined in accordance with the terms of the transferor's terminated franchise agreement. If the Applicable Royalty Rate in the terminated franchise agreement was 10% of Gross Service Sales and the Clean Franchise achieved \$50,000 in Gross Service Sales in May 2026, the Royalties due for May 2026 would be \$5,000 (the Applicable Royalty Rate (10%) multiplied by the Gross Service Sales for the month (\$50,000)).~~

~~If the Clean Franchise achieved \$20,000 in Gross Service Sales in June 2026, which is after the Transition Period, the Royalties would be equal to the greater of (a) the Minimum Monthly Royalty or (b) the sum of the Royalties for Contracted Recurring Services plus the Royalties for Other Services. Because the Clean Franchise began operating in June 2020, the Minimum Monthly Royalty would be \$2,982, which is the amount specified for 60 months in operation. If the \$20,000 in Gross Service Sales included \$11,000 for Contracted Recurring Services and \$9,000 for Other Services, the standard Royalties due for June 2026 would be \$1,670 (which is equal to (1) the Royalties for Contracted Recurring Services (calculated as \$11,000 [the Gross Service Sales for Contracted Recurring Services] multiplied by 7% [the Applicable Royalty Rate for Royalty Tier 1], which equals \$770) plus (2) the Royalties for Other Services (which is equal to \$9,000 [the Gross Service Sales for Other Services] multiplied by 10%, which equals \$900). Because the Minimum Monthly Royalty (\$2,982) would be greater than the Royalties for Contracted Recurring Services and Other Services (\$1,670), you would pay \$2,982 in Royalties for the month of June.~~

4. ~~6.~~ Royalties for Conversion Franchises. For a Conversion Franchise, as described in the Conversion Amendment, the Royalties will not initially be owed on total Gross Service Sales. We will take into account the level of existing sales for the Conversion Franchise before joining the System and we will, in our sole discretion, phase in the Royalties on an increasing percentage of total Gross Service Sales. For your existing accounts, you will pay the same mutually agreed upon Royalties for so long as you keep the existing account at the same location.
5. ~~7.~~ Royalties for Franchisees That Fail to Timely Renew. If you do not timely renew your Clean Franchise and we permit you to continue to operate the business on a month-to-month basis, after 60 days, the Royalty Fee will increase by an amount equal to 2.5% of Gross Service Sales ~~during each week that you fail to complete the renewal process~~ and such higher Royalty Fee shall apply in each month until (i) the renewal process is completed (including execution of the renewal Franchise Agreement and a general release and payment of the renewal fee) or (ii) the Franchise Agreement is terminated.
6. ~~8.~~ Lead Fee. A qualified lead is defined as someone who has passed our screening process, our background check, credit check, and at a minimum a phone interview of the prospective franchisee. We are not responsible for locating leads and do not represent that we will do so. The Lead Fee also covers our advertising and marketing costs and administrative costs of such information sharing and gathering. The Lead Fee is not a Transfer Fee.
7. ~~9.~~ Non-Compliance Fee. The Non-Compliance Fees may be charged if we determine that you have violated any of our obligations under the Franchise Agreement, including any failure to comply with any standards set forth in the Manual, including the Standards, in addition to any other remedies we may be entitled to, we reserve the right to charge you one or more non-compliance fees (each, a "**Non-Compliance Fee**") upon written notice to you. The Non-Compliance Fees (a) shall be \$1,000 per single violation per day, unless otherwise specified in the Manual or otherwise in writing, (b) may be modified from time to time upon written notice to you, provided that it will not exceed \$2,000 (c) may be charged repeatedly (as frequently as

Provision	Section in Franchise Agreement	Summary
i. Your obligations on termination/non-renewal	14	Obligations include (i) cease performing services and advertising; (ii) complete de-identification of vehicles and office location; (iii) cease using the Marks or colorable imitations of the Marks; (iv) transfer phone number(s), listings, email addresses, and social media accounts to us or our assignee; (v) return of Manual, all material bearing the Marks, and other materials related to the Clean Franchise; (vi) agreeing not to use any reproductions, counterfeit, copy, or colorable imitation of the Marks or System; (vii) delete and/or return all copies of proprietary software and transfer certain data to us; (viii) cancel assumed names; (ix) offer option to purchase assets; (x) comply with non-compete; and (xi) pay amounts due and liquidated damages.
j. Assignment of contract by us	12.1	We have the right to sell or assign the Franchise Agreement in whole or in part.
k. “Transfer” by you – defined	28	Includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, pledge, mortgage, encumbrance, or other disposition of any interest in the Franchise Agreement; you; the Clean Franchise or substantially all of its assets; any of your owners (if such owner is a legal entity); or any right to receive all or a portion of the Clean Franchise’s, your, or an owner’s profits or losses or any capital appreciation relating to the Clean Franchise, you or any owner.
l. Our approval of transfer by franchisee	12.2	With limited exceptions for transfers to affiliated entities or trusts, we have the right to approve any <u>(A)</u> transfer of (i) the Franchise Agreement (or any interest in the Franchise Agreement), (ii) the Clean Franchise or all or substantially all of its assets, (iii) a controlling ownership interest in you, whether in one transaction or a series of related transactions, or (iv) a controlling ownership interest in any owners that controls you (if such owner is a legal entity), whether in one transaction or a series of related transactions (collectively, a “ Control Transfer ”). We will not unreasonably withhold our consent if you satisfy our conditions, and you are substantially complying with the Franchise Agreement. We do not have the right to approve a and <u>(B)</u> transfer of (i) a non-controlling interest in you, (ii) a non-controlling interest in an owner that controls you (if such owner is a legal entity), or (iii) a controlling ownership interest in an owner that does not have a controlling ownership interest in you (collectively, a “ Non-Control Transfer ”); but you must provide us with notice of such transfer within 30 days together with the then current Change Fee, have all parties and their owners sign a general release, and certify that you complied with the terms of the . We will not unreasonably withhold our consent to a <u>transfer if you satisfy our conditions, and you are substantially complying with the Franchise Agreement (including restrictions on transfers to competing businesses). Failure to do this is an event of default. We reserve the right to conduct an audit as a pre-condition to any transfer.</u>
m. Conditions for our approval of	12.2.4	<u>For a Control Transfer</u> , you must (i) provide us with notice 10 days prior to listing the interest for sale along, (ii) submit an application

Provision	Section in Franchise Agreement	Summary
transfer		<p>and application fee for a proposed transferee, (iii) pay all amounts owed, (iv) not breach the Franchise Agreement or Related Agreement in the period before the transfer or your request for consent, (v) sign a termination agreement remaining liable for liability pre-transfer, (vi) commit, along with your owners, to not using our intellectual property, (vii) sign, along with your owners, a general release, and (viii) pay our then-current transfer fee. Your transferee must (a) meet our qualifications, (b) complete training at their expense, (c) either sign our then-current franchise agreement and related documents, which may include materially different terms and conditions, or assume your existing agreement, (d) have its applicable owners sign a guaranty, (e) have sufficient finances to not adversely affect the operation of the Clean Franchise, (f) prepare a business plan that we approve, and (g) not be involved in, or have any owners involved in, a competing business.</p> <p><u>For a Non-Control Transfer, you must (i) provide us with advance notice of such transfer and any information we require, (ii) pay the then-current Change Fee, (iii) have all parties and their owners sign a general release and any other documents we require, and (iv) be (and your guarantors must be) in substantial compliance with the Franchise Agreement. Your transferee must (a) meet our qualifications, (b) not obtain a controlling interest through such transfer, and (c) not be involved in, or have any owners involved in, a competing business.</u></p> <p>We reserve the right to conduct an audit as a pre-condition to any transfer.</p>
n. Our right of first refusal to acquire your business	12.2.12	If you or your owners would like to make a Control Transfer, you must give us a copy of the proposed offer, and we will have 45 days to match such offer. If there are material changes in the terms of the sale, we will have additional rights of first refusal. Our rights under this provision are fully transferable.
o. Our option to purchase franchisee's business	14.9	We have the option to purchase from you certain assets used in the Clean Franchise within 60 days after the termination or expiration of the Franchise Agreement at the greater of your cost or fair market value. Our rights under this provision are fully transferable.
p. Your death or disability	12.2.8	Within 6 months of the death or mental incapacity of a person with a controlling ownership interest in you or one of your controlling owners, the person's executor, administrator, or personal representative must transfer the owner's interest to a third party. In the case of a transfer by devise or inheritance, if the heirs or beneficiaries of such franchisee are unable to meet the transfer conditions, the personal representative has 9 months from the death or incapacity to complete a transfer, subject to all the conditions of transfers.
q. Non-competition	15.2	You, your owners, and any spouse who is in any way involved in the

Provision	Section in Franchise Agreement	Summary
covenants during the term of the franchise		Clean Franchise may not (i) divert any business or customer to any competitor or own, (ii) perform any act injurious to the Marks or the System, or (iii) engage in any other business which performs any of the services provided by Clean Franchises, or (iv) use any vendor relationship for any other purpose. This provision may be subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	15.3	For one year after termination or expiration, you, your owners, and any spouse who is in any way involved in the Clean Franchise may not <u>within the Territory or 25 miles of your Territory</u> (i) divert any business or customer to any competitor or own or (ii) engage in any other business which performs any of the services provided by Clean Franchises within the Territory or 25 miles of your Territory and may not (a) perform any act injurious to the Marks or the System or (b) use any vendor relationship for any purpose. This provision may be subject to applicable state law.
s. Modification of the Franchise Agreement	21.2	The Franchise Agreement may be amended by mutual written consent, in which case we will require you and your owners and guarantors to sign the General Release. We may unilaterally modify the Manual from time to time.
t. Integration/ merger clause	21.1	The Franchise Agreement is the entire agreement and it supersedes all prior negotiations, commitments, representations, and undertakings; however, nothing in the Franchise Agreement or in any Related Agreement is intended to disclaim the representations we make in the Disclosure Document. Only the terms of the Franchise Agreement and other Related Agreements are binding (subject to state law). Any representations or promises outside of the Disclosure Documents and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	24.1	Disputes must be informally negotiated before being submitted to non-binding mediation. If mediation does not resolve the dispute, except for certain disputes listed in the Franchise Agreement and as may be prohibited by applicable state law, all disputes must be resolved by arbitration in the city in which our principal place of business is located (currently, Atlanta, Georgia).
v. Choice of forum	24.1.3 and 24.2.3	Subject to applicable state laws, all claims must be arbitrated or litigated in the city in which our principal place of business is located (currently, Atlanta, Georgia).
w. Choice of law	25	Subject to applicable state laws, Georgia law applies.

ITEM 18:
PUBLIC FIGURES

We do not have any public figures serving as a spokesperson for any of the ServiceMaster® brands.

ITEM 19:
FINANCIAL PERFORMANCE REPRESENTATIONS

authorized services. Franchisor may change the Territory granted in the Renewal Franchise Agreement to comply with Franchisor's then-current manner of designating Territories, to correct overlapping territories or other issues, and for other valid business reasons, including an assessment of Franchisee's performance;

2.2.2.11. Franchisee and its Owners must execute a general release (in a form then prescribed by Franchisor, which shall be substantially similar to the form attached hereto as Exhibit B, which is incorporated by reference into this Agreement) of any claims against Franchisor and its Affiliates, and their respective owners, officers, directors, managers, agents, representatives, employees, successors, and assigns (a "**General Release**");

2.2.2.12. Franchisee shall pay a renewal fee in the amount specified in Exhibit A; and

2.2.2.13. Franchisee meets any additional conditions reasonably specified by Franchisor.

2.2.3 Non-renewal. If either (a) Franchisee provides written notice between six and nine months prior to the end of either the Term that Franchisee does not intend to enter into a renewal term, (b) Franchisor determines, in its sole discretion, that Franchisee cannot satisfy the renewal conditions and provides Franchisee with a notice of non-renewal (the "**Non-Renewal Notice**"), or (c) Franchisee does not have any remaining renewal terms, this Agreement will automatically expire on the last day of the Term.

2.2.4 Temporary Extension. If Franchisee fails to execute the Renewal Franchise Agreement and General Release and complete the renewal process by the expiration of the then-current term and Franchisee continues operating the Franchised Business, then, unless Franchisor has provided Franchisee with a Non-Renewal Notice, the term shall continue on a month-to-month basis provided, however, that Franchisor shall have the right at any time to terminate this Agreement upon its issuance of a written Notice of Termination (the "**Termination Notice**") to Franchisee, which termination shall be effective immediately upon Franchisee's receipt of, or refusal to accept, such Termination Notice (or on the termination date specified in the Termination Notice, if different). If Franchisee fails to fully and completely execute the Renewal Franchise Agreement and General Release and complete the renewal process within 60 days of the commencement of the temporary extension, then, effective immediately thereafter, the monthly Royalties payable under Section 4.1.2 (Royalties) shall increase by an amount equal to 2.5% of Gross Service Sales (as referenced in Section 4.1.3 (Gross Service Sales) and defined in Section 28 (Definitions)) and such higher Royalties shall apply during each week that Franchisee fails to complete the renewal process until (i) the renewal process is completed (including execution of the Renewal Franchise Agreement and General Release and payment of the renewal fee) or (ii) this Agreement is terminated. By accepting any increased Royalties, Franchisor does not waive any of its rights and remedies under this Agreement including, without limitation, the right to terminate this Agreement pursuant to its terms and all such rights and remedies shall be cumulative of every other right or remedy.

3. DUTIES OF FRANCHISOR

3.1 Training

3.1.1 Initial AOS Training. Unless otherwise specified in Exhibit A, Franchisor shall provide to the Designated Trainees Franchisor's then-current initial training program, which is referred to as the ServiceMaster Academy of Service ("**AOS Training**") at no additional cost. The "**Designated Trainees**" include up to two trainees, which may include Franchisee (if Franchisee is not an entity), Owners, or, if approved by Franchisor, Franchisee's managers. AOS Training may consist of independent study, classroom training, and/or on-the-job training and may be conducted at the times and in the manner designated by Franchisor including all or in part being held virtually (via recorded media, teleconference, videoconference, webinar, or other means that Franchisor designates) or in person at locations designated

Section 5.4.3 (Franchisor Intervention) of this Agreement, Franchisee must pay Franchisor the sum of \$500 (which may be increased by Franchisor, provided that it will not exceed \$750) plus any costs and expenses that Franchisor and its Affiliates incur resolving or attempting to resolve such complaint (the “**Complaint Resolution Fee**”).

4.3.2 Insurance Procurement Fee. If Franchisee fails to obtain required insurance and Franchisor, in its sole discretion, procures insurance coverage on Franchisee’s behalf, Franchisee must pay Franchisor up to 150% of any costs and expenses that Franchisor and its Affiliates incur procuring such insurance (the “**Insurance Procurement Fee**”).

4.3.3 Transfer Fee. If a Control Transfer occurs, Franchisee must pay Franchisor a transfer fee (the “**Transfer Fee**”). The Transfer Fee shall be equal to (i) \$12,000, except the Transfer Fee shall be (a) \$3,500 if the Transfer is to an Owner’s child who is at least 18 years of age or to an approved manager of the Franchised Business for at least five years that is current on all Franchisor-required training and certifications, (b) \$500 if the Transfer is to an existing Owner, and (c) \$500 if the Transfer is to a spouse of an existing Owner; plus (ii) Franchisor’s and its Affiliates’ costs and expenses incurred in connection with the Transfer, including attorneys’ fees.

4.3.4 Change Fee. When (a) notifying Franchisor of a Non-Control Transfer, including adding, deleting, or changing an Owner’s name; (b) changing Franchisee’s entity name; (c) changing Franchisee’s DBA (doing business as) name; (d) changing Franchisee’s form of entity; or (e) making any mutually agreed modifications to this Agreement, Franchisee must pay to Franchisor the then-current change fee (currently, \$500 per change), as specified in the Manual from time to time (the “**Change Fee**”). The Change Fee may be increased from time to time, provided that it will not exceed \$750. For Non-Control Transfers, the Change Fee will be charged per person, per transfer, and per franchise agreement. There is no charge to change Franchisee’s DBA name or form of entity during the first year of operation of the Franchised Business. If any changes are being made in conjunction with a Control Transfer, the Transfer Fee shall apply, instead of the Change Fee.

4.3.5 Non-Compliance Fee. If Franchisor determines that Franchisee has violated any of its obligations under this Agreement, including any failure to comply with any standards set forth in the Manual, including the Standards, in addition to any other remedies Franchisor may be entitled to, Franchisor reserves the right to charge Franchisee one or more non-compliance fees (each, a “**Non-Compliance Fee**”) upon written notice to Franchisee. The Non-Compliance Fees (a) shall be \$1,000 per single violation per day, unless otherwise specified in the Manual or otherwise in writing, (b) may be modified from time to time upon written notice to Franchisee, provided that it will not exceed \$2,000 per single violation per day, (c) may be charged repeatedly (as frequently as daily) if the non-compliance is ongoing, and (d) may vary based on the severity of the violations, the number of violations, and whether the violations have been repeated.

4.3.6 Tax Reimbursements. Franchisee must pay Franchisor, or its Affiliate or designee, promptly when due, all sales taxes, use taxes, personal property taxes, and other taxes imposed upon Franchisor or its Affiliates or collected from Franchisor or its Affiliates on account of goods and services Franchisor or its Affiliates furnish to Franchisee through sale, lease, or otherwise, or on account of Franchisor’s collection of the initial license fee or other fees, Royalties, or other payments required under this Agreement or any Related Agreement.

4.3.7 Lead Fee. If Franchisor refers a qualified lead to Franchisee or an existing Owner and such qualified lead purchases Franchisee’s or such Owner’s interests in this Agreement, Franchisee, or the Franchised Business within 18 months of Franchisor’s referral of such lead, Franchisee shall pay Franchisor a lead fee equal to \$10,000, which shall be in addition to any applicable Transfer Fee. A “qualified lead” is defined as someone who has passed Franchisor’s screening process, national

background check, a credit check, and a phone interview. Franchisor is not responsible for locating leads and does not represent that it will do so.

4.4 Due Dates and Reports. The Royalties, Ad Fund Contribution, and Technology Fees (collectively, the “**Operating Fees**”) shall be paid to Franchisor, and any monthly reports required under Section 9.2 (Monthly Gross Service Sales Reports) of this Agreement shall be reported to Franchisor, by the days of each month specified by Franchisor in the Manual or otherwise in writing for the preceding calendar month. Franchisee will report monthly Gross Service Sales (as well as any fees due based on Gross Service Sales, such as Royalties and Ad Fund Contributions) via online reporting, or in any other manner as designated by Franchisor. Any payment or report not actually received by Franchisor on or before such date shall be deemed overdue.

4.5 Payment Method; Automatic Debit; Interest.

4.5.1 Payment Method. Franchisee must make all payments to Franchisor by the method or methods that Franchisor specifies from time to time in the Manual, which may include payment via wire transfer or electronic debit from Franchisee’s bank account (the “**Account**”). Franchisee must furnish Franchisor and its bank with all authorizations necessary to effect payment by the specified methods and must take all steps necessary to ensure that such authorizations remain valid. Currently, Franchisee must make all payments due under this Agreement (including payments for products or services purchased from Franchisor or its Affiliates) by electronic debit from the Account, which Franchisor may initiate by auto draft. Franchisee must sign the electronic funds transfer authorization form that is attached as Exhibit C (and any subsequent form required by Franchisor from time to time) and deliver a copy of the authorization to Franchisor within five business days of its request. Franchisee must maintain sufficient funds in the Account to permit Franchisor to withdraw the Operating Fees and other amounts due from time to time. Franchisor’s use of electronic funds transfers as a method of collecting amounts due does not constitute a waiver of any of Franchisee’s obligations to provide Franchisor with sales reports as required in this Agreement, nor shall it be deemed a waiver of any of the rights and remedies available to Franchisor under this Agreement.

4.5.2 Automatic Debit. If Franchisee has not reported Gross Service Sales of the Franchised Business to Franchisor for any reporting period, Franchisor will be authorized to debit the Account in an amount equal to the greater of the non-reported payment (if Franchisor can reasonably estimate or determine the owed amount) or 120% of the average Operating Fees transferred from the Account in the previous 12 reporting periods in which a report of the Gross Service Sales of the Franchised Business was provided to Franchisor (or, if there have not been 12 such reporting periods, the number of reporting periods for which such report was received). If at any time Franchisor determines that Franchisee has under-reported the Gross Service Sales of the Franchised Business or underpaid Operating Fees due Franchisor under this Agreement, Franchisor will be authorized to immediately initiate a debit to the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided for in this Agreement. An overpayment will be credited to the Account through a credit effective as of the first reporting date after Franchisor and Franchisee determine that such credit is due.

4.5.3 Late Fees and Interest. If any payment is overdue, Franchisee must pay to Franchisor, on demand, interest, compounded daily, on all overdue payments from the date the payment was due until paid equal to the lesser of (i) 2% per month or (ii) the maximum rate of interest permitted by law. If any payment or sales report is overdue, Franchisee must also pay to Franchisor a late fee in the amount of (a) for the first four weeks after the due date, \$200 for each week that such report or payment is late and (b) thereafter, \$500 for each week that such report or payment is late. Franchisee acknowledges that this Section is not Franchisor’s agreement to accept any payments after they are due and that any late payments are a default under this Agreement. The right to collect interest and late fees shall be in addition to any other remedies Franchisor may have. In addition, Franchisee agrees to pay any expense incurred by Franchisor, including costs, bank fees, and attorneys’ fees, related to the collection of any fees or payments

due under this Agreement.

4.6 Application of Payments. When Franchisor receives a payment from Franchisee, Franchisor has the right in its sole discretion to apply it as Franchisor sees fit to any past due indebtedness of Franchisee due to Franchisor or its Affiliates, whether for Royalties, Ad Fund Contributions, other Operating Fees, purchases, interest, or for any other reason, regardless of how Franchisee may designate a particular payment to be applied. In addition, Franchisor may offset any amount otherwise due to Franchisee, against any amount owed to Franchisor. Franchisor may, in its sole discretion, retain any amounts received for Franchisee's account (and/or that of any Affiliate of Franchisee), whether rebates from suppliers, national account or program work payments, or otherwise, as (a) security for amounts owing to Franchisor in the next 90 days (upon Franchisor's reasonable believe of Franchisee's insolvency or financial mismanagement) or (b) payment against any amounts owed to Franchisor, including then-current Royalties and Ad Fund Contribution which accrue to Franchisor from such national account or program work payments. Franchisor can exercise any of the foregoing rights in connection with amounts owed to or from Franchisor and/or any of its Affiliates.

5. DUTIES OF FRANCHISEE

5.1 Training. At least one Designated Trainee must attend and successfully complete AOS Training to Franchisor's satisfaction (as determined by Franchisor in its sole discretion) (i) within the next three scheduled sessions of the AOS Training that take place after the Effective Date and (ii) prior to opening the Franchised Business. If the purchase of this License is in conjunction with the purchase of an additional SM License of a different type or another ServiceMaster Clean® or ServiceMaster Restore® franchise, the completion of all training required by Franchisor must occur within six months of the Designated Trainees first attending AOS Training. If Franchisee has two Designated Trainees, the Designated Trainees may split AOS Training, provided that one Designated Trainee successfully completes part of AOS Training and the other Designated Trainee successfully completes the remainder of AOS Training. Franchisee's representatives may not attend AOS Training until Franchisee confirms that such trainees are covered by its workers' compensation insurance. If the Designated Trainees do not successfully complete all required training for each SM License within the required time period, in addition to any other remedies Franchisor may exercise, Franchisee will pay Franchisor's then-current AOS Training fee when such Designated Trainees attend and complete AOS Training, which will not exceed \$8,110 per trainee per program. If any individual originally trained by Franchisor is replaced by another individual, Franchisee agrees to have the replacement owner or manager attend and successfully complete AOS Training, at Franchisee's cost and expense, within the next three scheduled sessions of the AOS Training that take place after such replacement. Franchisee, its managers, or other employees, as designated by Franchisor, shall attend and complete to Franchisor's satisfaction, such other training programs as Franchisor may require in the Manual or otherwise in writing. All expenses incurred for any training including training fees (if applicable) and the cost of travel, room, board and wages, shall be paid by Franchisee.

5.2 Compliance with System. Franchisee shall operate the Franchised Business in conformity with the System, including the uniform methods, Standards and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing to ensure that the highest degree of quality and service is uniformly maintained. Franchisee agrees:

5.2.1 To maintain in sufficient supply, and use at all times, only such vehicles, products, materials, equipment, supplies, computer software and paper goods that conform with Franchisor's Standards and specifications, and to refrain from deviating from Franchisor's Standards and specifications by using nonconforming items.

5.2.2 To sell or offer for sale only such services which meet Franchisor's uniform standards of quality and performance for the License as provided in the Manual or otherwise in writing by Franchisor; to sell or offer for sale all approved services; to refrain from any deviation from Franchisor's

5.18 Required Hardware and Software.

5.18.1 System Components. Franchisee must, at its expense, acquire and use the computer systems, hardware, tablets, mobile devices, printers, software, apps, websites, network connections, and firewall services (collectively, “**System Components**”) Franchisor specifies for the operation of the Franchised Business, including software used to manage the Franchised Business, provide products and services in accordance with the Standards, and/or interact with Franchisor’s accounting, customer relationship, or other technology systems. In addition, Franchisor may develop or designate new or modified System Components in the future and may deauthorize the use of certain System Components, provided that Franchisor will provide at least 30 days’ notice of any changes to System Components. Franchisee acknowledges that different or additional System Components may be required for Franchisee to participate in certain Optional Programs or to receive jobs from certain customers or referral sources. Franchisor may require Franchisee to obtain, update, and use specified System Components from vendors designated by Franchisor. Franchisee may be required incur costs to purchase, lease, and/or license new or modified System Components and to obtain service and support for the System Components during the term of this Agreement. All System Components must be updated, maintained, and used in compliance with Franchisor’s specifications. Franchisor may require Franchisee to electronically upload or transmit information on a periodic basis (including daily) or may require Franchisee to provide Franchisor, or its designee, with independent, remote access to any System Components used in the Franchised Business.

5.18.2 Software. If Franchisor requires Franchisee to use any proprietary software or to purchase any software from a designated vendor, Franchisee must execute, and pay any fees associated with, any software license agreements that Franchisor or the licensor of the software require (“**Software Licenses**”). If Franchisor requires Franchisee to purchase any Software Licenses from Franchisor or its Affiliates, the fee will be incorporated into the Technology Fees. If this Agreement is being executed for the first time by a new franchisee for its first System Business (as either a new Franchised Business or as the acquirer of an existing Franchised Businesses), Franchisee must obtain any required software and enter into any Software Licenses prior to opening the Franchised Business. If Franchisee is an existing franchisee that is entering into this Agreement to renew its right to operate the Franchised Business or to obtain the right to operate an additional System Business, Franchisee must (i) obtain any required software and enter into any Software Licenses within six months of the date of execution of this Agreement or (ii) use in the Franchised Business a software system that is comparable to that specified by Franchisor and has been approved in advance by Franchisor in writing. Franchisor shall have a period of 60 days from the date of receipt of such request to approve or disapprove the comparable software proposed to be used by Franchisee. If Franchisor does not respond within the 60-day period, the use of the software shall be deemed disapproved by Franchisor. Franchisee’s breach of any Software Licenses related to the operation of the Franchised Business will be deemed to be a material breach of this Agreement. Franchisee shall use any proprietary software only in the operation of the Franchised Business.

5.19 Restriction on Use of Affiliates. Franchisee must not use Affiliates in connection with the operation of the Franchised Business (including the use of Affiliates to sell, lease, loan, or allow to use personal property or services, such as vehicles, to the Franchised Business) without Franchisor’s prior written consent, which Franchisor may withhold in its sole discretion. As a condition to obtaining Franchisor’s consent, Franchisor may require Franchisee’s Affiliates to guarantee Franchisee’s obligations to Franchisor, provide a business plan, and/or provide periodic reporting of financial and other information.

6. INTELLECTUAL PROPERTY

6.1 Marks.

6.1.1 Right to Use the Marks. Franchisee’s limited license extends only to use of the

that devote time to and render services related to the Ad Fund; (e) soliciting the granting of franchises to expand the System for SM Licenses; (f) the costs relating to any toll-free number maintained by Franchisor and used in advertising and marketing campaigns; (g) producing advertising and sales support materials for use by franchisees; (h) conducting programs that are meant to promote positive customer experiences, including programs to incentivize franchisees and/or their frontline personnel to achieve high customer satisfaction/referral rates; (i) providing certain phone services, such as purchasing call tracking lines and producing on-hold marketing messages; (j) providing promotional brochures and other marketing materials to franchisees; (k) developing and placing online display and retargeting advertising; (l) developing dashboards for interactive marketing, planning, customer service analysis and sales/marketing decision-making; (m) paying the expenses of the Ad Fund; (n) monitoring and/or managing social media relating to the brand; (o) conducting market research and surveys related to marketing and branding; (p) purchasing naming rights and sponsorships; (q) participating in trade shows and similar industry events; and (r) such other costs and expenses as Franchisor, in its sole discretion, deems appropriate and in the best interests of all or any franchisees.

10.3.3 Operation of the Ad Fund. All sums paid by franchisees to the Ad Fund shall be maintained in a Franchisor account and tracked on a separate profit and loss statement and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Ad Fund and advertising programs including conducting market research, preparing marketing, promotional and advertising materials, and collecting and accounting for assessments for the Ad Fund. The proportionate compensation of Franchisor's and its Affiliates' employees who devote time and render services in the formulation, development and production of such marketing and promotion programs or the administration of the Ad Fund, will be paid from the Ad Fund. All System Businesses owned by Franchisor or its Affiliates will contribute to the Ad Fund on the same basis as the franchisees. Franchisor will not use the Ad Fund principally to solicit new franchise sales. If all the advertising contributions in the Ad Fund are not spent in the year they are accrued, the remaining amounts will be carried over to the next year. For the avoidance of any doubt, the Ad Fund shall be deemed general funds and shall not be deemed to be trust funds; and Franchisor shall have no obligation to spend on marketing or promotion amounts in excess of those funds actually collected from franchisees.

10.3.4 Review of the Ad Fund. A financial review of the operation of the Ad Fund shall be prepared annually by Franchisor. Within 90 days after the annual review is provided to the Committee, the Franchise Council may request an audit of expenses to be performed by an independent certified public accountant selected by the Committee. The annual review and any audit shall be made available to Franchisee upon request. The cost of the financial review and any audit shall be charged to the Ad Fund.

10.4 Other Marketing and Promotional Programs. Franchisor or its designee will from time to time formulate, develop, produce and conduct marketing and promotional programs in the form and types of media as Franchisor or its designee determines to be most effective. Franchisee agrees to participate in all marketing and promotions as Franchisor determines to be appropriate for the benefit of the System.

10.5 Telephone Numbers. Franchisee specifically agrees that all telephone numbers, including toll-free and local numbers, used at the Franchised Business or in advertising the Franchised Business will belong to Franchisor and be maintained in the name and for the use designated by Franchisor. Franchisee shall be responsible for all maintenance and other charges related to each telephone number used by the Franchised Business. Without Franchisor's prior written approval, Franchisee will (a) not employ and/or publish any other telephone number for customer use in connection with the Franchised Business and (b) use only roll-overs or other forwarding functions authorized by Franchisor.

10.6 Digital Marketing. Franchisor or its Affiliates may, in their sole discretion, establish, operate, and/or participate in websites, social media accounts (such as Facebook, X, Instagram, Pinterest, etc.), applications, online advertising purchasing programs, accounts with websites featuring gift

11.2 Coverage Requirements. The required policies of insurance to be maintained by Franchisee shall be as set forth in the Manual or otherwise in writing, and shall include, at a minimum, the following: (i) Workers' compensation and occupational disease insurance as may be required by applicable state or federal law, (ii) Comprehensive General Liability insurance, including products and completed operations coverage, (iii) business automobile liability coverage for owned, hired, and non-owned vehicles or any auto, and (iv) all other insurance required by applicable state or federal law. Some SM Licenses may require different or additional insurance policies, as specified in the Manual from time to time. Franchisee acknowledges and agrees (a) the required insurance coverage and limits will not necessarily be adequate to protect Franchisee for all events, nor will it be deemed as a limitation on Franchisee's liability to Franchisor; (b) Franchisee may meet the required insurance coverages and limits with any combination of primary and umbrella/excess liability insurance; (c) Franchisee is solely responsible for any deductible or self-insured retention; and (d) if Franchisor receives any proceeds from any claim under Franchisee's policies, Franchisor may retain any such amount to offset any monies Franchisee owes to Franchisor or its Affiliates. Franchisor must not satisfy its insurance obligations through the use of self-insurance, retroactive insurance, high-deductible insurance, insurance through a captive insurance program, or other non-traditional insurance without Franchisor's prior written approval. If Franchisor, in its sole discretion, approves any non-traditional coverage, Franchisor may specify the broker or any providers that must be used and any other requirements and standards for such coverage.

11.3 Failure to Maintain. Franchisee shall submit to Franchisor, or Franchisor's designated agent, annually a copy of the certificate of or other evidence of the renewal or extension of each such insurance policy. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as revised from time to time for all franchisees in the Manual or otherwise in writing, Franchisor shall have the right, at its option and in addition to any other rights and remedies, to procure such insurance coverage on Franchisee's behalf, and to charge Franchisee the Insurance Procurement Fee, which will be due immediately upon Franchisee's receipt of written notice. Franchisee shall promptly execute any applications or other forms or instruments required to obtain any such insurance.

11.4 Obligation to Obtain. Franchisee's obligation to obtain and maintain insurance policy or policies as specified by Franchisor shall neither be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 17.3 (Indemnification) of this Agreement.

12. ASSIGNMENT

12.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign this Agreement or all or any part of its rights or obligations under this Agreement to any person or legal entity including to distributors of Franchisor, without the approval or consent of Franchisee. Franchisee agrees to execute any forms as Franchisor may reasonably request to acknowledge or effectuate any such assignment by Franchisor.

12.2 Transfer by Franchisee.

12.2.1 Franchisee's Owners. Franchisee represents and warrants that Exhibit A of this Agreement completely and accurately identifies all Owners and describes their ownership interests (whether direct or indirect) in Franchisee as of the Effective Date.

12.2.2 Transfer by ~~Franchisee-Defined~~Franchisee - Defined. Franchisee acknowledges that the rights and duties this Agreement creates are personal to Franchisee and its Controlling Owners and that Franchisor has granted Franchisee the rights under this Agreement in reliance upon Franchisor's perceptions of Franchisee's and its Controlling Owners' collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, unless otherwise specified in Section 12.2 (Transfer by Franchisee), prior to a Transfer ~~of (a) this Agreement (or any interest in this Agreement), (b) the~~

~~Franchised Business or substantially all of its assets, or (c) any ownership interest in Franchisee or any Owner (if such Owner is a legal entity) may be subject to a Transfer (as further defined in Section 28 (Definitions) of this Agreement), Franchisee must obtain Franchisor's prior written approval for the proposed Transfer and Franchisee, transferee, and any related parties must comply with the terms and conditions applicable to such Transfer in Section 12.2. A transfer~~Transfer of the Franchised Business' ownership, possession, or control, or substantially all of its assets, may be made only with a ~~transfer~~Transfer of this Agreement. Any Transfer without complying with the terms and conditions applicable to such Transfer in Section 12.2 including Franchisor's approval is a material breach of this Agreement, and such transaction will be deemed void ab initio. Franchisee may not offer the Franchised Business, the assets of the Franchised Business, or any interest in Franchisee through an auction, unless Franchisor consents in writing in advance. Franchisor reserves the right to conduct an audit of the Franchised Business as a pre-condition to consent to Transfer.

12.2.3 Non-Control Transfers. Subject to the other provisions of Section 12.2 (Transfer by Franchisee), Franchisee must obtain Franchisor's written consent to a proposed Non-Control Transfer prior to completing such Transfer. Franchisor will not unreasonably withhold its consent to a Non-Control Transfer, provided (i) neither the proposed transferee nor any of its direct and indirect owners (if the transferee is a legal entity) own, operate, or are directly or indirectly involved in any Competing Business; (ii) such Transfer does not, whether in one transaction or a series of related transactions (regardless of the time period over which these transactions take place), result in the transfer or creation of a direct or indirect Controlling Ownership Interest in Franchisee; (iii) prior to the closing of such Non-Control Transfer, Franchisor receives written notice of such Non-Control Transfer from Franchisee, which notice shall fully and completely describe such Non-Control Transfer and the parties involved in such Non-Control Transfer, including such other information as Franchisor reasonably requests from time to time concerning any new Non-Controlling Owners; (iv) such Non-Controlling Owners have, in Franchisor's judgment, the necessary business experience and good moral character and business reputation necessary to participate in, or be associated with, the Franchised Business; (v) upon closing of the Transfer, Franchisee pays the Change Fee to ~~franchisor~~Franchisor; (vi) Franchisee (and each of its Guarantors) is substantially complying with this Agreement; and ~~(vii) and Franchisee and each of its Owners, and the transferee and each owner of any equity ownership interest in the transferee, execute a General Release and any other documentation required by Franchisor to effectuate the Transfer. If Franchisee or its Owners fail to comply with this Section 12.2.3 and fail to obtain Franchisor's written consent to the proposed Non-Control Transfer prior to completing such Transfer, it shall be an incurable event of default under this Agreement and the transaction will be deemed void ab initio.~~

12.2.4 Control Transfers. Franchisee must notify Franchisor in writing at least ten days in advance of Franchisee's listing the Franchised Business or a direct or indirect Controlling Ownership Interest in Franchisee for sale and promptly send Franchisor all information that Franchisor reasonably requests regarding any proposed sale. In connection with any proposed Control Transfer, Franchisee must submit to Franchisor, on behalf of the proposed transferee, a complete application for a new franchise agreement (the "**Change of Ownership Application**"), accompanied by payment of a non-refundable deposit equal to 25% of the applicable Transfer Fee (which will be credited towards the Transfer Fee if the Transfer is completed but will be retained by Franchisor if the Transfer is not completed for any reason). The same qualifications apply to all potential transferees, including spouses, adult children, and existing managers of the business. Franchisor will process the Change of Ownership Application according to this Section 12.2.4 and its then-current procedures for such transfers. Franchisor has 60 days from its receipt of the completed and signed Change of Ownership Application to consent or withhold its consent to the proposed Control Transfer. ~~No Control Subject to the other provisions of Section 12.2 (Transfer by Franchisee)~~, Franchisee must obtain Franchisor's prior written consent to a proposed Control Transfer prior to completing such Transfer. If Franchisee (and each of its Guarantors) is substantially complying with this Agreement, then, subject to the other provisions of Section 12.2 (Transfer by Franchisee), Franchisor will not unreasonably withhold its approval of a Control Transfer if all of the following conditions are met before or concurrently with the effective date of the Control Transfer:

Business, Franchisee shall pay Franchisor the applicable Transfer Fee.

Franchisor may review all information regarding the Franchised Business that Franchisee gives the proposed transferee, correct any information that Franchisor believes is inaccurate, and give the proposed transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Franchised Business. ~~Franchisor reserves the right to conduct an audit of the franchised business as a pre-condition to Transfer.~~

12.2.5 Permitted Control Transfers. Notwithstanding Section 12.2.4 (Control Transfers): (i) any Controlling Owner may, without Franchisor's prior written consent and without complying with the other terms and conditions of Section 12.2.4, transfer its interest in Franchisee (or Franchisee's Controlling Owner) to any other entity in which such Controlling Owner owns (directly or indirectly) all of the ownership interests; and (ii) any Owner who is an individual may, without Franchisor's prior written consent and without complying with the other terms and conditions of Section 12.2 (Transfer by Franchisee), transfer his or her interest in Franchisee (or Franchisee's Owner) to a trust or other entity that he or she establishes for estate planning purposes, as long as (a) he or she is a trustee of, or otherwise controls the exercise of the rights in Franchisee (or Franchisee's Owner) held by, the trust or other entity, (b) continues to comply with and ensures the trust's or other entity's compliance with the applicable provisions of this Agreement (if such Owner is a Guarantor), (c) signs the Guaranty in his or her individual capacity, and (d) notifies Franchisor in writing of the transfer at least ten days prior to its anticipated effective date. Dissolution of, or transfers from, any trust or other entity described in this Section 12.2.5 are subject to all applicable terms and conditions of Sections 12.2.2 (Transfer by Franchisee-Defined), 12.2.3 (Non-Control Transfers), and/or 12.2.4 (Control Transfers).

12.2.6 Transfer to Competitor Prohibited. Franchisee will not sell, assign or transfer this Agreement, any interest in Franchisee or the Franchised Business, or any assets or accounts of Franchisee or the Franchised Business, to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any business that is in any way competitive with Franchisor or the Franchised Business. If Franchisor refuses to permit a transfer or assignment based upon this provision, Franchisee's only remedy will be to have a court of competent jurisdiction determine whether the proposed transferee is a competitor of Franchisor.

12.2.7 Transfer to an Entity. In the event the proposed transfer is to a corporation, limited liability company or other legal entity, Franchisor's consent to such transfer may, in its sole discretion and in addition to any other applicable conditions, be conditioned on the requirements set forth in Section 5.5 (Corporate Franchisee) of this Agreement.

12.2.8 Transfer of Ownership Interests Upon Death. Upon the death or mental incompetency of a person with a Controlling Ownership Interest in Franchisee or one of its Controlling Owners, that person's executor, administrator, or personal representative ("**Representative**") must, within six months after the date of death or mental incompetency, transfer the Owner's interest in Franchisee or the Controlling Owner to a third party, subject to Franchisor's approval and the conditions set forth in Section 12.2.4 (Control Transfers). In the case of a transfer by devise or inheritance, if the heirs or beneficiaries cannot meet the conditions of Section 12.2.4 within this six-month period, the Representative will have nine months from the date of death or mental incompetency to dispose of the interest, subject to Franchisor's approval and the conditions set forth in Section 12.2.4. Franchisor may terminate this Agreement if this required transfer fails to occur in compliance with this Agreement within the required time frame.

12.2.9 Non-Waiver of Claims. Franchisor's consent to a transfer of any interest in the Franchised Business shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

“**Standards**” means the guidelines, standards, specifications, rules, requirements, and directives, including those specified in the Manual, that Franchisor establishes from time to time for the operation of a Franchised Business, including interior and exterior design and décor and equipment.

“**Subcontractor**” means any third party or Franchisee Related Party that contracts directly with Franchisee to carry out work for Franchisee.

“**Transfer**” (whether or not such term is capitalized) means and includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, pledge, mortgage, encumbrance, or other disposition of any interest in (i) this Agreement; (ii) Franchisee; (with any interest in this Agreement including the sale, assignment, or pledge of future receivables to a third party); (iii) the Franchised Business or substantially all of its assets; (iv) any of Franchisee’s Owners (if such Owner is a legal entity); or (v) any right to receive all or a portion of the Franchised Business’, Franchisee’s, or any Owner’s profits or losses or any capital appreciation relating to the Franchised Business, Franchisee, or any Owner. An assignment, sale, gift, or other disposition includes the following events: (a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest; (b) merger or consolidation or issuance of additional securities or other forms of ownership interest; (c) any pledge, sale, or other transfer of a security or other interest convertible to an ownership interest; (d) transfer in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law; (e) transfer by will, declaration of or transfer in trust, or under the laws of intestate succession; and (f) foreclosure upon or exercising any similar rights or remedies with respect to any security interest in this Agreement (to someone other than Franchisor), the Franchised Business or an ownership interest in Franchisee or one of its Owners, foreclosure upon the Franchised Business, or Franchisee’s transfer, surrender, or loss of the Franchised Business, possession, control, or management.

29. **REPRESENTATIONS BY FRANCHISEE**

29.1 **Significant Dates.** The Franchisee hereby certifies that the following information and dates are true and correct and the undersigned understands that Franchisor is relying on these statements in consideration of entering into this Agreement.

		Insert Applicable Response
a.	The date on which Franchisee received a Franchise Disclosure Document with all exhibits (Must be same date as date entered on Item 23 Receipt Page):	
b.	The date of Franchisee’s first personal meeting with a representative of Franchisor to discuss the possible purchase of this Agreement. (Does not apply to renewal of existing License):	
c.	Name of Franchisor’s representatives involved in the sales process:	
d.	The date Franchisee received a completed copy (except for signatures) of this Agreement:	
e.	The date on which Franchisee signed this Agreement:	
f.	The date on which Franchisee delivered any deposit, down payment, purchase price, or other payment in the form of cash, check, or other consideration to Franchisor:	

29.2 **Representations by Franchisee in Certain States.** The following representations must be completed by, and will only apply to, all franchisees and Franchised Businesses, except those that are

documentation required by Franchisor prior to performing such services. If Franchisor does not reject a request within 15 days of its receipt of the required documentation, the request shall be deemed to be approved.

5. RENEWAL FEE (Section 2.2.2.12): The renewal fee shall be equal to 6% of the then-current initial license fee that is being charged to new franchisees at the time of renewal.
6. INITIAL LICENSE FEE (Section 4.1.1): If the Agreement pertains to the original issuance of the license, then the Initial License Fee described in Section 4.1.1 of the Agreement is \$32,500 minus any applicable discounts granted by Franchisor. If the Agreement pertains to an existing license, then no Initial License Fee shall be due.
7. MONTHLY ROYALTIES (Section 4.1.2):

A. ROYALTIES FORMULA. The Royalties in each month shall be equal to the greater of (1) the Minimum Monthly Royalty (as defined below) or (2) (a) the ~~Gross Service Sales~~ Royalties for Contracted Recurring Services (as defined below in Paragraph 7.B. and as calculated in accordance with Paragraph 7.C.) in such month multiplied by the ~~Applicable Royalty Rate (as defined below)~~ plus (b) the ~~Gross Service Sales~~ Royalties for Other Services (as defined below) in such month multiplied by 10%. in Paragraph 7.B. and as calculated in accordance with Paragraph 7.D.)

B. SERVICES FOR DETERMINATION OF ROYALTIES.

1. **“Contracted Recurring Services”** include any services that Franchisee provides to a customer pursuant to a written annual contract that requires Franchisee to provide such services to such customer at least two times per month. Franchisee must provide Franchisor with copies of each customer contract for verification purposes.
2. **“Other Services”** includes any products or services other than Contracted Recurring Services, including (a) services performed on a one-time basis, (b) services performed less frequently than twice per month (e.g. once per month), or (c) services performed without an annual contract.

C. APPLICABLE ROYALTY RATE. The **“Applicable Royalty Rate”** for a given ROYALTIES FOR CONTRACTED RECURRING SERVICES. The Royalties for Contracted Recurring Services for each month shall be determined based on the total Gross Service Sales for both Contracted Recurring Services and Other Services for such calendar month in accordance with the following graduated scale (the **“Royalties Scale”**):

ROYALTY TIER	RANGE OF GROSS SERVICE SALES FOR CONTRACTED RECURRING SERVICES ONLY IN EACH CALENDAR MONTH		APPLICABLE ROYALTY RATE IN EACH TIER <u>AMOUNT OF ROYALTIES FOR CONTRACTED RECURRING SERVICES PAYABLE TO FRANCHISOR</u>
	Minimum	Maximum	
1	\$1	\$11,138.99 <u>\$11,140.99</u>	<u>7% of Gross Service Sales in Royalty Tier 1</u>
2	\$11,139 <u>\$11,141</u>	\$27,052.99 <u>\$27,053.99</u>	<u>\$779.87 plus 6% of Gross Service Sales in Royalty Tier 2</u>
3	<u>\$27,053</u>	<u>\$90,116.99</u>	<u>5%</u>
4	<u>\$90,117</u>	<u>No maximum</u>	<u>4%</u>
3	<u>\$27,054</u>	<u>\$90,177.99</u>	<u>\$1,734.65 plus 5% of Gross Service Sales in</u>

ROYALTY TIER	RANGE OF GROSS SERVICE SALES FOR CONTRACTED RECURRING SERVICES ONLY IN EACH CALENDAR MONTH		APPLICABLE ROYALTY RATE IN EACH TIER AMOUNT OF ROYALTIES FOR CONTRACTED RECURRING SERVICES PAYABLE TO FRANCHISOR
	Minimum	Maximum	
			Royalty Tier 3
<u>4</u>	<u>\$90,178</u>	<u>No maximum</u>	<u>\$4,890.85 plus 4% of Gross Service Sales in Royalty Tier 4</u>

If the Applicable Royalty Rate changes in a month because the Gross Service Sales crosses into one or more additional Royalty Tiers (as described in the Royalties Scale above), the Applicable Royalty Rate for such month shall be a blended royalty rate calculated by (a) multiplying the Gross Service Sales in such month in each Royalty Tier by the Applicable Royalty Rate for such Royalty Tier, (b) adding the resulting amounts together, and (c) dividing such aggregated amount by the total Gross Service Sales in such month.

For example, if the Gross Service Sales for a month are \$80,000 (including \$50,000 in Contracted Recurring Services and \$30,000 in Other Services), the Royalties due for such month would be \$5,738.70. This is calculated as follows:

Determining Royalties for Contracted Recurring Services. First, the Royalties due for the Contracted Recurring Services is calculated by determining the Applicable Royalty Rate for the month and multiplying such figure by the Gross Service Sales for only Contracted Recurring Services for the month. In this example, the Applicable Royalty Rate is 5.477% and the Royalties for Contracted Recurring Services are \$2,738.70. This is calculated as follows:

- (x) The amount of total Gross Service Sales in Tier 1 (which is the difference between \$0 [the Gross Service Sales as of the start of the month] and \$11,138.99 [the maximum amount for Tier 1], which is \$11,138.99) multiplied by the Applicable Royalty Rate for Tier 1 (which is 7%), which equals \$779.73; plus
- (y) The amount of total Gross Service Sales in Tier 2 (which is the difference between \$11,139 [the minimum amount for Tier 2] and \$27,052.99 [the maximum amount for Tier 2], which is \$15,913.99) multiplied by the Applicable Royalty Rate for Tier 2 (which is 6%), which equals \$954.84; plus
- (z) The amount of total Gross Service Sales in Tier 3 (which is the difference between \$27,053 [the minimum amount for Tier 3] and \$80,000 [the total Gross Service Sales at the end of the month], which is \$52,947) multiplied by the Applicable Royalty Rate for Tier 3 (which is 5%), which equals \$2,647.35.

The sum of (x) + (y) + (z) = \$4,381.92. This figure is then divided by \$80,000 (the total Gross Service Sales for the month). This calculation equals 5.477%, which is the Applicable Royalty Rate for the month.

To determine the Royalties due for Contracted Recurring Services, the Applicable Royalty Rate for the month (5.477%) is multiplied by the Gross Service Sales for Contracted Recurring Services for the month (\$50,000), which equals \$2,738.70.

Determining Royalties for Other Services. Next, the Royalties due for the Other Services is calculated by multiplying the Gross Service Sales for only Other Services for the month (which is \$30,000 in this example) by 10%, which equals \$3,000.

Determining Total Royalties Due. Finally, the Royalties due for Contracted Recurring Services (\$2,738.70) and for Other Services (\$3,000) are added together to reach the total Royalties due for the month, which is \$5,738.70.

The range of Gross Service Sales in the Royalties Scale will increase annually on April 1 of each year of this Agreement in accordance with the Consumer Price Index, or 3%, whichever is greater. The updated ranges in the Royalties Scale will be published in the Manual.

THE RANGES OF GROSS SERVICE SALES IN THE ROYALTIES SCALE IS IN NO WAY INTENDED TO IMPLY THAT FRANCHISEE WILL EXPERIENCE GROSS SERVICE SALES OF ANY PARTICULAR LEVEL.

D. ROYALTIES FOR OTHER SERVICES. The Royalties for Other Services for each month shall be equal to the Gross Service Sales for only Other Services for such month multiplied by 10%.

E. ~~D.~~ MINIMUM MONTHLY ROYALTY. The “Minimum Monthly Royalty” for a given month will be determined in accordance with the following chart:

MONTHS OF OPERATION OF THE FRANCHISED BUSINESS (INCLUDING ANY PREDECESSOR LICENSE THAT HAS BEEN RENEWED OR TRANSFERRED)	MINIMUM MONTHLY ROYALTY
0 to 4	\$0 per month
5 to 12	\$250 per month
13 to 24	\$455 per month
25 to 36	\$892 per month
37 to 48	\$1,671 per month
49 or above	\$2,982 per month

The months of operation of the Franchised Business will be calculated from the effective date of the first Franchise Agreement for the Franchised Business, rather than the date of renewal, the date of a transfer, or the effective date of a subsequent Franchise Agreement.

E. EXCEPTION FOR TRANSFERS. If this Agreement is executed as a result of the transfer of an existing System Business to Franchisee, the Royalties will be calculated from the Effective Date until the last day of the month in which the first anniversary of the Effective Date occurs (the “Transition Period”) in accordance with the Royalties formula specified in the transferor’s terminated franchise agreement. Thereafter, the Royalties will be determined in accordance with the formula described in Paragraph 7.A. of this Exhibit, with, for purposes of determining the Minimum Monthly Royalty, the months of operation counted from the original opening date of the System Business (and not from the date of the transfer).

F. ROYALTIES EXAMPLE. For example, if on June 1, 2025, you acquire a System Business from another franchisee that originally opened on June 1, 2020, the Royalties during the Transition Period (which would be June 1, 2025 to May 31, 2026) would be determined in accordance with the terms of the transferor’s terminated franchise agreement. If the Applicable Royalty Rate in the terminated franchise agreement was 10% of Gross Service Sales and the System Business achieved \$50,000 in Gross Service Sales in May 2026, the Royalties due for May 2026 would be \$5,000 (the Applicable Royalty Rate (10%) multiplied by the Gross Service Sales for the month (\$50,000)). the Gross Service Sales for a month for a Franchised Business that has been in operation for 55 months are \$80,000 (including \$50,000 in Contracted Recurring Services and \$30,000 in Other Services), the Royalties due for such month would be \$5,881.95. This is calculated as follows:

- a. If the System Business achieved \$20,000 in Gross Service Sales in June 2026, which is after the Transition Period, the Royalties would be equal to the greater of (a) the Minimum Monthly Royalty or (b) the sum of the Royalties Determining Royalties for Contracted Recurring Services plus the Royalties for Other Services. Because the System Business began operating in June 2020, the Minimum Monthly Royalty would be \$2,982, which is the amount specified for 60 months in operation. If the \$20,000 in Gross Service Sales

~~included \$11,000. The Royalties due for Contracted Recurring Services and \$9,000 for Other Services, the standard Royalties due for June 2026 would be \$1,670 (which is equal to (1) the Royalties for Contracted Recurring Services (calculated as \$11,000 [is calculated by the formula in Royalty Tier 3 of the Royalties Scale, because the Gross Service Sales for Contracted Recurring Services] multiplied by 7% [the Applicable Royalty Rate for Royalty Tier 1], which equals \$770) plus (2) the (which is \$50,000 in this example) is within the Royalty Tier 3 range. Thus, the Royalties for Contracted Recurring Services will be equal to (x) \$1,734.65 + (y) the amount of Gross Service Sales for Contracted Recurring Services in Royalty Tier 3 (which is the difference between \$27,054 [the minimum amount for Tier 3] and \$50,000 [the total Gross Service Sales for Contracted Recurring Services at the end of the month], which is \$22,946) multiplied by 5%, which equals \$1,147.30. The Royalties due for Contracted Recurring Services will be \$1,734.65 + \$1,147.30, which equals \$2,881.95.~~

- ~~b. Determining Royalties for Other Services (which is equal to \$9,000). The Royalties due for Other Services is calculated by multiplying the Gross Service Sales for Other Services multiplied (which is \$30,000 in this example) by 10%, which equals \$900). Because the Minimum Monthly Royalty (\$2,982) would be greater than 3,000.~~
- ~~c. Determining Total Royalties Due. Finally, the Royalties due for Contracted Recurring Services (\$2,881.95) and for Other Services (\$1,670), you would pay \$2,982 in Royalties for the month of June. 3,000) are added together to reach the total Royalties due for the month, which is \$5,881.95. Because this figure is greater than the Minimum Monthly Royalty for a Franchised Business that has been in operation for 55 months (which is \$2,982 per month), the Minimum Monthly Royalty does not apply and \$5,881.95 is the total amount of Royalties owed for such month.~~

8. **MARKETING AND TECHNOLOGY FEES (Section 4.2):** The following is added to Section 4.2 (Marketing and Technology Fees) as a new Section 4.2.3:

4.2.3 **Digital Platform Fee.** Franchisor may require Franchisee to pay a monthly fee for social media, digital media, and the maintenance, protection, and operation of marketing and business intelligence platform(s) and website(s) (the “**Digital Platform Fee**”). Franchisor will specify the Digital Platform Fee and related products and services in the Manual. Franchisor may increase Digital Platform Fee and change the related products and services from time to time, provided that the fee will not exceed \$500 per month per office location.

9. **AD FUND CONTRIBUTION (Section 4.2.1):** The monthly “**Ad Fund Contribution**” in each month is equal to the greater of \$25 or 0.5% of the monthly Gross Service Sales achieved in the previous month. The Ad Fund Contribution may be changed by Franchisor from time to time, provided that the Ad Fund Contribution and the Local Advertising Commitment will not collectively exceed 2.5% of monthly Gross Service Sales.
10. **OWNERSHIP INTERESTS (Section 5.6 and 12.2.1):** The following identifies all Owners and describes their ownership interests (whether direct or indirect) in Franchisee as of the Effective Date:

OWNER NAME	PERCENTAGE OWNERSHIP INTEREST

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 ServiceMaster Clean/Restore SPE LLC d/b/a ServiceMaster Clean, d/b/a ServiceMaster Restore, and d/b/a ServiceMaster Recovery Management offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, ServiceMaster or an affiliate in connection with the proposed franchise sales or sooner if required by applicable state law.

New York and Iowa require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (14 days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we 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 ServiceMaster Clean/Restore SPE LLC d/b/a ServiceMaster Clean, d/b/a ServiceMaster Restore, and d/b/a ServiceMaster Recovery Management 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 list in Exhibit C.

The franchise seller(s) for this offering is (are):

() Ender Cobo () Amber James () Charles Kowanetz () _____
() _____ () _____ () _____ () _____

at ServiceMaster Clean/Restore SPE LLC, One Glenlake Parkway, 14th Floor, Atlanta, Georgia 30328; Phone 800-756-5656.

See Exhibit C for our agent for service of process in your state.

Issuance Date: June 19, 2025, as amended on July 7, 2025

I have received a Franchise Disclosure Document with an issuance date of June 19, 2025, as amended on July 7, 2025. This Disclosure Document includes the following Exhibits:

- | | |
|---|---|
| A. Franchise Agreement and Related Agreements | F. State Addenda to Disclosure Document and to Franchise Agreement (where applicable) |
| B. Financial Statements and Guaranty | G. Manual Table of Contents |
| C. State Agencies and Agents for Service of Process | H. Conversion Ramp-up Amendments |
| D. List of Franchisees | I. State Effective Dates and FDD Receipts |
| E. List of Former Franchisees | |

Signature	Print Name	Date
Signature	Print Name	Date

(Please retain this copy for your files)

Item 23: Receipt

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_____ Signature	_____ Print Name	_____ Date
_____ Signature	_____ Print Name	_____ Date

(Please return this copy to ServiceMaster)