FRANCHISE DISCLOSURE DOCUMENT

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HouseMaster SPV LLC
a Delaware limited liability company
1010 North University Parks Drive
Waco, Texas 76707
(800) 526-3939 or (732) 469-6565
hminfo@housemaster.com (email)
www.housemaster.com (website)

As a franchisee, you will establish and operate a business, which offers building inspection and related services to residential and commercial customers using the trade name "HouseMaster®."

The approximate total investment necessary to begin operation of a single HouseMaster® franchise business ranges from $58,825 to $92,675. This includes $43,750 that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 Joshua McCormick, 1010 North University Parks Drive, Waco, Texas 76707, (800) 526-3939.

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

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

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

Issuance Date: April 1, ~~2024, as amended July 1, 2024~~2025

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only HOUSEMASTER business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a HOUSEMASTER franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit B.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.

Mandatory Minimum Payments. You must make minimum license fee payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Spousal Liability. Your spouse may be required to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Sales Performance Requirement. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

(j) If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding the notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise
G. Mennen Williams Building, First Floor
525 West Ottawa
Lansing, Michigan 48933
Telephone: 517-373-7117

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EXHIBITS

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT M.

ITEM 1
THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

For ease of reference in this disclosure document, the franchisor, HouseMaster SPV LLC, is referred to as "we," "us" or "Franchisor," and sometimes "HouseMaster" and the person who buys the franchise is referred to as "you," "your," "Franchise Owner", or "Franchisee." The business that is operated under the Franchise Agreement is referred to as the "franchise," the "franchised business" or the "Business" and the right to operate granted by the Franchise Agreement is sometimes referred to as the "license" or "franchise." If you are a legal entity, the provisions of the Franchise Agreement and related agreements apply to your owners.

This disclosure document outlines and summarizes some contractual obligations of both the Franchisor and the Franchisee which are found in the Franchise Agreement and other agreements. For ease of reference and understanding, these obligations may be paraphrased or described in general terms in this document.

The Franchisor and Predecessors

The Franchisor is HouseMaster SPV LLC. We were organized as a Delaware limited liability company on November 13, 2020. We maintain our principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. We do business under our corporate name and under the name HOUSEMASTER®. We do not engage in any other business activity. Our agents for service of process are listed on Exhibit B.

Our immediate predecessor is HM Services, LLC ("Predecessor"), which was organized as a Delaware limited liability company on December 16, 2016. From 2016 until the closing of the 2021 Securitization Transaction (as defined below), Predecessor offered franchises which provide building inspection and related services to residential and commercial customers using the trade name "HouseMaster®." Predecessor was acquired by Dwyer Franchising LLC d/b/a Neighborly on June 30, 2020.

Our other predecessor is HouseMaster LLC, a Delaware limited liability company that is no longer doing business but is still in existence. HouseMaster LLC was originally formed as DBR Franchising, LLC ("DBR") on July 14, 2008 and changed its name to HouseMaster LLC on July 23, 2015. Its principal business address is 11629 S. 700 E., Suite 100, Draper, UT 84020. HouseMaster LLC/DBR offered HOUSEMASTER franchises for the operation of a building inspection and related services business from September 2008 to March 2017. In March 2017, through a liquidation and distribution accomplished through Master Home Services, LLC and its owners and affiliates, we acquired certain of HouseMaster LLC's assets, including the HouseMaster® names and marks and the existing HouseMaster® franchise agreements.

DBR's predecessor was HMA Franchise Systems, Inc. ("HMA"). HMA was incorporated in the state of New Jersey in 1979 under the name HouseMaster of America, Inc. and changed its corporate name to HMA Franchise Systems, Inc. on September 15, 2003. Its principal business address was 421 W. Union Avenue, Bound Brook, NJ 08805. HMA's assets were purchased by DBR on August 11, 2008. HMA is no longer in existence. HMA offered franchises for the operation of a building inspection and related services business under the HouseMaster name and system from September 1979 to August 2008. We and our various predecessors have not granted franchises in any other line of business and have not operated a home inspection business.

Our Business Experience

Since 1979, Predecessor and we have offered franchises which provide building inspection and related services to residential and commercial customers. We offer these franchises as "start-ups" or you have the option to convert an existing business into a Business. We do not own or operate any franchises. We have not offered franchises in any other line of business nor engaged in any other activity. As of December 31, ~~2023~~2024, there were a total of ~~242~~235 unit franchises ~~and six affiliated units~~ in operation in the U.S., and ~~27~~18 unit franchises in Canada.

Our Parents and Affiliates

We are a direct, wholly-owned subsidiary of Neighborly Assetco LLC ("Parent"). The name and principal business address of each of our direct or indirect parents that exercise control over the policies and direction of the System (as defined below) are as follows:

Name of Company	**Principal Business Address**	**Ownership or Control of Company**
Nest Holdings LP ("Nest Holdings")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P.
Nest Holdings Inc. ("Nest Holdco")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Holdings
Nest Topco Guarantor Inc. ("Nest Guarantor")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Holdco
Nest Topco Borrower Inc. ("Nest Topco Borrower")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Guarantor
Nest Bidco Inc. ("Nest Bidco")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Topco Borrower
Balcones Holdco, Inc. ("Balcones Holdco")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Nest Bidco
TDG Intermediate, LLC ("Intermediate")	2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025	Wholly owned by Balcones Holdco
Neighborly Company ("Manager")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by Intermediate
~~Dwyer Acquisition Parent, Inc. ("DAP")~~	~~1010 North University Parks Drive Waco, Texas 76707~~	~~Wholly owned by Manager~~
TDG Holding Company ("TDGHC")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by ~~DAP~~Manager
The Dwyer Group, Inc. ("TDG")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by TDGHC

Name of Company	Principal Business Address	Ownership or Control of Company
The Dwyer Group LLC ("Dwyer")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by TDG
Dwyer Franchising LLC d/b/a Neighborly ("Neighborly")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by Dwyer
Neighborly SPV Guarantor LLC ("SPV Guarantor")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by Neighborly
Neighborly Issuer LLC ("Issuer")	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by SPV Guarantor
Neighborly Assetco LLC	1010 North University Parks Drive Waco, Texas 76707	Wholly owned by Issuer

On August 31, 2021, Nest Bidco, a Delaware corporation, purchased from TDG Investment Holdings, LP all of the issued and outstanding shares of common stock of Balcones Holdco under the terms of a Stock Purchase Agreement dated June 30, 2021 by and among Nest Bidco, Balcones Holdco, and TDG Investment Holdings, LP ("KKR Acquisition"). Upon the closing of the KKR Acquisition, Nest Bidco became our indirect parent company. Nest Bidco is controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P., which is a leading global investment firm ("KKR").

We currently have no affiliates required to be included in this item except as provided below.

The following affiliates are wholly-owned direct subsidiaries of Parent and they offer franchises in the U.S. under separate franchise disclosure documents:

Since 1992, Aire Serv SPV LLC, a Delaware limited liability company ("Aire Serv") and its predecessor (Aire Serve LLC) have offered franchises which provide installation, maintenance and repair of residential and commercial heating, ventilating and air-conditioning equipment under the name AIRE SERV®. ~~At various times since 1992, predecessors of Aire Serv also offered regional or area franchises which solicited prospective Aire Serv franchisees in selected areas and/or provided services to its franchisees in selected areas. There are currently no Aire Serv franchisees with regional or area franchise rights and Aire Serv's predecessor has not offered or sold any regional or area franchises since at least 2012.~~ Aire Serv maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~197~~208 Aire Serv franchises in operation in the U.S. Aire Serv has never conducted business or offered franchises of the type described in this Disclosure Document.

Since April 2011, Dryer Vent Wizard SPV LLC, a Delaware limited liability company ("DVW") and its predecessor (Dryer Vent Wizard International LLC) have been offering franchises for the operation of businesses providing installation and repair of, and cleaning products and services for: dryer vents, bathroom vents, kitchen vents, appliances, exhaust vents, air movement systems and washing machine filters and hoses to enhance the performance and safety of clothes dryers and other household appliances

to residential and commercial customers, under the Dryer Vent Wizard® name. DVW maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~147~~165 Dryer Vent Wizard franchises in operation in the U.S. DVW has never conducted business or offered franchises of the type described in this disclosure document.

Since September 2007, Five Star Painting SPV, LLC, a Delaware limited liability company ("Five Star Painting"), and its predecessors (Five Star Painting, LLC and Five Star Painting, Inc.) have offered franchises which perform and provide residential and commercial painting services and other related products and services under the name Five Star Painting®. Five Star Painting maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~234~~245 Five Star Painting franchises in operation in the U.S. Five Star Painting has never conducted business or offered franchises of the type described in this disclosure document. On March 25, 2016, ProTect Painters International, LLC ("ProTect Painters"), a Michigan limited liability company, merged with and into Five Star Painting's predecessor, with Five Star Painting's predecessor being the surviving entity in the merger (the "FSP Merger"). As a result of the FSP Merger, Five Star Painting's predecessor offered, and now Five Star Painting offers franchises under both the Five Star Painting marks and the ProTect Painters marks. As of December 31, ~~2023~~2024, there were two ProTect Painters franchises in the U.S.

Since April 2010, The Grounds Guys SPV LLC, a Delaware limited liability company ("Grounds Guys"), and its predecessor (The Grounds Guys LLC) have offered franchises which perform and provide commercial, residential and municipal property maintenance, landscaping and hardscaping services, snow and ice maintenance services, trash and debris removal, arboriculture services, lawn renovation, turf care services and other related products and services under the name The Grounds Guys®. Grounds Guys maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~225~~228 The Grounds Guys franchises in operation in the U.S. Grounds Guys has never conducted business or offered franchises of the type described in this disclosure document.

Since March 2004, Glass Doctor SPV LLC, a Delaware limited liability company ("Glass Doctor"), and its predecessor (Synergistic International, LLC) have offered franchises that repair and replace auto and/or flat glass under the name GLASS DOCTOR®. From 1977 to March 2004, Glass Doctor's predecessors offered similar franchises. Glass Doctor maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~165~~171 Glass Doctor franchises in operation in the U.S. Glass Doctor has never conducted business or offered franchises of the type described in this disclosure document.

Since 2005, Junk King SPV LLC, a Delaware limited liability company ("JUK") and its predecessors (Junk King Industries, LLC, Junk King Franchise Systems, Inc., and Junk King, LLC) have been offering franchises for the operation of businesses providing junk removal, dumpster and recycling services and related services under the Junk King® name. JUK maintains its principal business address at 1010 N. University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~169~~172 Junk King franchises ~~and three affiliate-owned businesses~~ in operation in the U.S. Through an agreement with The Dwyer Group Canada, Inc., JUK offers franchises for the same type of business in Canada under the trademark Junk Works, as described below. JUK has never conducted business or offered franchises of the type described in this disclosure document.

Since January 2023, Lawn Pride SPV LLC, a Delaware limited liability company ("LAP") has been offering franchises for the operation of a business that provides lawn care and maintenance services through the application of fertilizer and other products, perimeter pest control services, and performance of related services including fungus control and prevention, grub treatments, aeration, mole control, and tree and

shrub feeding and insect control (but specifically excluding mosquito or other flying pest, tick and flea control services), to both residential and commercial customers under the Lawn Pride trademark. LAP maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were ~~five~~35 Lawn Pride franchised outlets and one affiliate-operated Lawn Pride business in operation in the U.S. LAP has never conducted business or offered franchises of the type described in this disclosure document.

Since May 1984, Molly Maid SPV LLC, a Delaware limited liability company ("Molly Maid"), and its predecessors (Molly Maid LLC and Molly Maid, Inc.) have offered franchises for the operation of businesses that offer professional residential housekeeping services as well as a carpet cleaning program under the name Molly Maid®. Molly Maid maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~464~~448 Molly Maid franchises in operation in the United States and Puerto Rico. Molly Maid has never conducted business or offered franchises of the type described in this disclosure document.

Since 2012, Mosquito Joe SPV LLC, a Delaware limited liability company ("MoJo"), and its predecessor (Mosquito Joe Franchising, LLC) have been offering franchises for the operation of businesses providing services and equipment to both residential and commercial customers to control undesirable outdoor insects, such as mosquitoes, ticks and fleas, under the Mosquito Joe® name. MoJo maintains its principal business address at 4490 Holland Office Park, Suite 100, Virginia Beach, VA 23452. As of December 31, ~~2023~~2024, there were a total of ~~416~~415 Mosquito Joe franchises in operation and two affiliate operated units in the U.S. MoJo has never conducted business or offered franchises of the type described in this disclosure document.

Since August 1996, Mr. Appliance SPV LLC, a Delaware limited liability company ("Appliance") and its predecessor (Mr. Appliance LLC) have offered franchises which perform and provide service and repair on all major appliances for residential and commercial customers under the name MR. APPLIANCE®. Appliance maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~325~~310 Mr. Appliance franchises in operation in the U.S. Appliance has never conducted business or offered franchises of the type described in this disclosure document.

Since 1994, Mr. Electric SPV LLC, a Delaware limited liability company ("Electric"), and its predecessor (Mr. Electric LLC) have offered franchises which perform electrical services and repairs under the name MR. ELECTRIC®. ~~At various times since 1995, Electric's predecessor had also offered regional or area franchises which solicited prospective Mr. Electric franchisees and/or provided services to Mr. Electric franchisees in selected areas. There have been no Mr. Electric franchisees with regional or area franchise rights since 2014 and Electric's predecessor has not offered or sold any regional or area franchises for at least the last decade.~~ Electric maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~189~~211 Mr. Electric franchises in operation in the U.S. Electric has never conducted business or offered franchises of the type described in this disclosure document.

Since January 2000, Mr. Handyman SPV LLC, a Delaware limited liability company ("Mr. Handyman"), and its predecessor (Mr. Handyman International, L.L.C.) have offered franchises for the operation of companies dedicated to performing business and residential maintenance and repair services under the name Mr. Handyman®. Mr. Handyman maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~329~~347 Mr. Handyman franchises in the U.S. Mr. Handyman has never conducted business or offered franchises of the type described in this disclosure document.

Since 1993, Mr. Rooter SPV LLC, a Delaware limited liability company ("Rooter"), and its predecessor (Mr. Rooter LLC) have offered franchises which provide plumbing and plumbing repair services; sewer, drain and pipe cleaning services; septic tank pumping; water heater replacement; TV pipe inspection; line and leak detection; hydronics; excavation and replacement of sewer lines and other related services and products in homes and commercial buildings under the names MR. ROOTER® and AMERICA'S TROUBLE SHOOTER®. ~~At various times since 1990, predecessors of Rooter also offered area franchises which solicited prospective Mr. Rooter franchisees and/or provided services to Mr. Rooter franchisees in selected areas. There are currently no Mr. Rooter franchisees with regional or area franchise rights, and Rooter no longer offers any regional or area franchises.~~ Rooter maintains its principal place of business at 1010 North University Parks Drive, Waco, TX 76707. As of December 31, ~~2023~~2024, there were a total of ~~215~~229 Mr. Rooter franchises and three affiliate-operated locations in operation in the U.S. Rooter has never conducted business or offered franchises of the type described in this disclosure document. As of December 31, ~~2023~~2024, Rooter also had 4 franchised locations in the UK (through a master franchise relationship).

Since February 2005, Precision Door Service SPV LLC, a Delaware limited liability company ("PDS") and its predecessor (Precision Holdings of Brevard, Inc.) have been offering franchises for the operation of a business that provides garage door repair and service under the Precision Garage Door Service™ trademark. PDS maintains its principal business address at 2395 Washington Avenue, Suite 5, Titusville, Florida 32780. As of December 31, ~~2023~~2024, there were a total of ~~118~~132 Precision Garage Door Service™ franchised outlets in operation in the U.S. PDS has never conducted business or offered franchises of the type described in this disclosure document.

Since 1981, Rainbow International SPV LLC, a Delaware limited liability company ("Rainbow International"), and its predecessor (Rainbow International LLC) have offered franchises which provide carpet cleaning, dyeing, repair, reinstallation and related services; upholstery, drapery and ceiling cleaning and related services; and deodorization services under the names RAINBOW RESTORATION®, RAINBOW INTERNATIONAL®, RAINBOW INTERNATIONAL CARPET CARE & RESTORATION SPECIALIST®, RAINBOW INTERNATIONAL RESTORATION & CLEANING® and RAINBOW INTERNATIONAL RESTORATION®. In 1997, Rainbow International's predecessor added an option to perform air duct cleaning services. In 2000, Rainbow International's predecessor added water, smoke and disaster restoration services. In 2001, Rainbow International's predecessor added an option to perform mold remediation services. ~~At various times since 1993, Rainbow International's predecessor had also offered regional or area franchises which solicited prospective Rainbow International franchisees and/or provided services to Rainbow International franchisees in selected areas. There are currently no Rainbow International franchisees with regional or area franchise rights, and Rainbow International's predecessor has not offered or sold any regional or area franchises since at least 2012.~~ Rainbow International maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~313~~330 Rainbow Restoration franchises in operation in the U.S. In addition, Rainbow International offers Rainbow Restoration franchises in the UK (through a master franchise relationship), with ~~50~~48 franchises in operation in the UK as of December 31, ~~2023~~2024. Rainbow International has never conducted business or offered franchises of the type described in this disclosure document.

Since 2005, Real Property Management SPV LLC, a Delaware limited liability company ("RPM"), and its predecessor (Property Management Business Solutions, LLC) have been offering franchises for the operation of businesses providing property management services, including management of maintenance and repair services and rent collection under the Real Property Management name. RPM maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~423~~447 Real Property Management franchises in operation in the U.S. RPM has never conducted business or offered franchises of the type described in this disclosure document.

Since May 2008, ShelfGenie SPV LLC, a Delaware limited liability company ("ShelfGenie"), and its predecessor (ShelfGenie Franchise Systems, LLC) have been offering franchises for the operation of a business that designs and installs customized solutions for new and existing cabinets, pantries and other structures under the ShelfGenie™ trademark. ShelfGenie maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~255~~261 ShelfGenie franchised outlets and ~~16~~20 affiliate-operated outlets in operation in the U.S. ShelfGenie has never conducted business or offered franchises of the type described in this disclosure document.

Since 1998, Window Genie SPV LLC, a Delaware limited liability company ("Window Genie"), and its predecessor (FOR Franchising, LLC) have offered franchises for the operation of a residential and commercial window cleaning, window tinting and pressure washing business operated under the Window Genie® name. Window Genie maintains its principal business address at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, there were a total of ~~106~~103 Window Genie franchises in operation in the U.S. Window Genie has never conducted business or offered franchises of the type described in this disclosure document.

The following portfolio company of KKR offers franchises in the U.S.:

~~Modern Market Franchising, LLC ("MMF"). MMF~~Qdoba Restaurant Corporation ("Qdoba"). Qdoba is a franchisor ~~that offers franchises for premium fast casual~~of Mexican restaurants under the name "~~Modern Market Eatery~~Qdoba" and related trademarks with a menu consisting of ~~freshly prepared sandwiches, salads, plated dishes, soups, pizzas, and beverages. MMF's~~Mexican-inspired food. Qdoba's principal place of business is ~~1600 Champa Street, Suite 340, Denver, Colorado 80202. MMF~~350 Camino De La Reina, Suite 400, San Diego CA 92108. Qdoba became a KKR-affiliated franchise program in ~~February 2019. MMF~~August 2022. Qdoba has been franchising since ~~2020~~1998, and~~,~~ as of December ~~31~~22, ~~2023~~2024, there were ~~31 Modern Market~~784 Qdoba restaurants (~~7~~616 franchised/licensed and ~~24~~168 company-owned). ~~MMF~~Qdoba has not offered franchises in any other line of business.

To the extent the affiliates named above are identified as offering franchises, they offer such franchises using separate franchise disclosure documents. We will make any of those disclosure documents available to you upon request.

The following affiliates are direct or indirect wholly-owned subsidiaries of Neighborly and they offer franchises outside the U.S.

The Dwyer Group Canada, Inc. ("TDGC"), a wholly owned subsidiary of Neighborly since January 1998, was incorporated in the Province of Ontario, Canada on January 21, 1998. TDGC has the right to offer and sell Aire Serv, Dryer Vent Wizard, Five Star Painting, Glass Doctor, HouseMaster, Junk Works, Mr. Appliance, Mr. Electric, Mr. Handyman, Mr. Rooter, Rainbow Restoration, ShelfGenie and The Grounds Guys franchises in Canada under 3-party agreements between TDGC, us or the applicable affiliate-franchisor, and the franchisee. TDGC, in cooperation with us or such affiliate-franchisor, provides support and supervision and, at times, assistance or guidance, to Canadian franchisees operating under our or the affiliate's trademarks and systems. TDGC maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. As of December 31, ~~2023~~2024, TDGC had 13 Mr. Handyman franchises, 24 Mr. Rooter franchises, ~~18~~15 Rainbow Restoration franchises, ~~12~~10 Glass Doctor franchises, ~~12~~13 Mr. Appliance franchises, 8 Mr. Electric franchises, ~~10~~5 Aire Serv franchises, ~~6~~5 Dryer Vent Wizard franchises, ~~14~~15 Five Star Painting franchises, ~~28~~26 The Grounds Guys franchises, ~~24~~18 HouseMaster franchises, ~~18~~20 ShelfGenie franchises and ~~5~~6 Junk Works franchises in operation in Canada. TDGC offers franchises in Canada for the same type of business as described in this disclosure document.

~~Real Property Management Canada, LLC, f/k/a Real Property Management Canada, Inc. ("RPMC"), was incorporated on September 5, 2008 and is located at 1010 North University Parks Drive, Waco, Texas 76707. RPMC was formed to be the franchisor of Real Property Management businesses in Canada, and it is currently operating in that capacity. RPMC has offered and sold one Real Property Management master franchise in Canada under the name Real Canadian Property Management Limited Partnership with 38 sub-franchises in operation in Canada as of December 31, 2023. RPMC does not offer franchises in any other line of business. Additionally, RPMC has never conducted business or offered franchises of the type described in this disclosure document.~~

Dwyer (UK Franchising) Limited ("Dwyer UK"), a wholly-owned subsidiary of Neighborly since March 9, 2012, was incorporated in England and Wales on March 9, 2012. Dwyer UK has the right to offer and sell Aire Serv and Mr. Electric franchises in the United Kingdom using agreements between Dwyer UK and the franchisee. Dwyer UK, in cooperation with Aire Serv and Electric, provides support and supervision and, at times, assistance or guidance, to franchisees operating under those trademarks and systems in the United Kingdom. Dwyer UK maintains its principal place of business in Five Mile House, 128 Hanbury Rd., Stroke Prior, Bromsgrove, Worcester EG B60 4JZ, United Kingdom. As of December 31, ~~2023~~2024, Dwyer UK had ~~3~~2 Mr. Electric franchises and 2 Aire Serv franchises. Dwyer UK has the right to offer franchises in the United Kingdom for the same type of business as Aire Serv and Electric offer in the U.S. under separate franchise disclosure documents.

In October 2015, a wholly-owned subsidiary of Neighborly, Drain Doctor Holdings Limited (f/k/a Dwyer DD UK Limited), a private limited company registered in England and Wales, acquired ownership of Rooter's UK master licensee that had been offering Mr. Rooter franchises in the U.K. under the name Drain Doctor® ~~and had 67~~. There were 66 Drain Doctor® franchises in the UK as of December 31, ~~2023~~2024.

Rainbow International Systemzentrale Deutschland GmbH ("Rainbow Germany"), a wholly-owned subsidiary of Neighborly since September 18, 2014, was incorporated in Germany on September 18, 2014. Rainbow Germany has the right to offer and sell Rainbow Restoration franchises in Germany using agreements between Rainbow Germany and the franchisee. Rainbow Germany, in cooperation with Rainbow International, provides support and supervision and, at times, assistance or guidance, to franchisees operating under the Rainbow Restoration marks and system in Germany. Rainbow Germany maintains its principal place of business at Flözstraße 18, 73433 Aalen, Germany. As of December 31, ~~2023~~2024, Rainbow Germany had ~~36~~39 Rainbow Restoration franchises in Germany. Rainbow Germany has the right to offer franchises in Germany for the same type of business as Rainbow International offers in the U.S. under a separate franchise disclosure document.

Locatec Ortungstechnik GmbH ("Locatec") is a wholly-owned subsidiary of Neighborly since April 27, 2016. Locatec has the right to offer and sell Locatec franchises in Austria and Germany using agreements between Locatec and the franchisee. Locatec, in cooperation with our affiliates, provides support and supervision and, at times, assistance or guidance to franchisees operating under Locatec trademarks and systems in Germany and Austria. Locatec maintains its principal place of business at Flözstraße 18, 73433 Aalen, Germany. Locatec franchisees offer non-destructive detection of all types of leaks in pipe systems (indoor and outdoor including pipes for gas, water, sewage, and district heat) and flat roofs as well as emergency repair services. As of December 31, ~~2023~~2024, Locatec had ~~44~~50 franchises in Germany and 4 in Austria.

Bright and Beautiful UK Limited ("Bright and Beautiful") is a wholly owned subsidiary of Neighborly since April 13, 2017. Bright and Beautiful has the right to offer and sell Bright and Beautiful franchises in the United Kingdom using agreements between Bright and Beautiful and the franchisee. Bright and Beautiful provides support and supervision and, at times, assistance or guidance to franchisees

operating under Bright and Beautiful trademarks and systems in the United Kingdom. Bright and Beautiful franchisees offer domestic cleaning services. As of December 31, ~~2023~~2024, Bright and Beautiful had ~~85~~86 franchises in the United Kingdom.

Countrywide Garden Maintenance Services Limited ("Countrywide") is a wholly owned subsidiary of Neighborly since May 2, 2017. Countrywide has the right to offer and sell Countrywide franchises in the United Kingdom using agreements between Countrywide and the franchisee. Countrywide provides support and supervision and, at times, assistance or guidance to franchisees operating under Countrywide trademarks and systems in the United Kingdom. Countrywide franchisees offer commercial grass cutting, landscape maintenance, grounds maintenance and winter gritting services. As of December 31, ~~2023~~2024, Countrywide had ~~45~~43 franchises in the United Kingdom.

Dream Doors Holdings Limited ("Dream Doors") has been a wholly owned subsidiary of Neighborly since February 26, 2019. Dream Doors has the right to offer and sell Dream Doors franchises in the United Kingdom using agreements between Dream Doors and the franchisee. Dream Doors provides support and supervision and, at times, assistance or guidance to franchisees operating under Dream Doors trademarks and systems in the United Kingdom. Dream Doors franchisees offer fully-fitted kitchen makeovers, replacement doors and countertops and the installation of new appliances. As of December 31, ~~2023~~2024, Dream Doors had ~~95~~91 franchises in the United Kingdom.

GreenSleeves Lawn Care Limited (UK) ("GreenSleeves") is a wholly owned subsidiary of Neighborly since October 28, 2022. GreenSleeves has the right to offer and sell GreenSleeves franchises in the United Kingdom using agreements between GreenSleeves and the franchisee. GreenSleeves provides support and supervision and, at times, assistance or guidance to franchisees operating under GreenSleeves trademarks and systems in the United Kingdom. GreenSleeves franchisees offer lawn care services including fertilizer treatments, moss treatments and debris removal in the United Kingdom. As of December 31, ~~2023~~2024, GreenSleeves had ~~96~~99 franchised and ~~8~~11 corporate locations in the United Kingdom.

The following affiliates provide services to HouseMaster franchisees:

Since 1987, our affiliate HI Training, LLC, a Utah limited liability company that conducts business as "National Institute of Building Inspectors" and/or "NIBI" ("HI Training"), has been providing training programs to HouseMaster® franchisees (the "NIBI Technical Training"). HI Training's principal place of business is 1010 North University Parks Drive, Waco, Texas 76706. HI Training is in the business of providing National Institute of Building Inspectors (NIBI) classroom and online training programs to the home inspector industry in general, not just to our franchisees.

ZorWare SPV LLC, a Delaware limited liability company and a wholly-owned subsidiary of Neighborly ("ZorWare"), provides software to us and our affiliates and provides technical support to franchisees and collects fees from franchisees for certain software programs. ZorWare maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. ZorWare does not own or operate any franchises nor has it offered franchises in any line of business.

ProTradeNet, SPV, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Neighborly ("ProTradeNet"), negotiates, and sometimes enters into contracts with some of the vendors, suppliers and others who do business or propose to do business with our and our affiliates' franchisees with the goal of obtaining better terms and conditions on which franchisees purchase goods and services for their businesses. ProTradeNet maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. ProTradeNet does not own or operate any franchises nor has it offered franchises in any line of business.

Neighborly Service Solutions SPV LLC, a Delaware limited liability company and a wholly-owned subsidiary of Neighborly ("Neighborly Service Solutions") was formed in June 2021 to, among other things, negotiate, and sometimes enter into, contracts with some of the Key Accounts. Neighborly Service Solutions also offers certain marketing and other services. Neighborly Service Solutions maintains its principal place of business at 1010 North University Parks Drive, Waco, Texas 76707. Neighborly Service Solutions does not own or operate any franchises nor has it offered franchises in any line of business.

BackOffice SPV LLC ("BackOffice"), a Delaware limited liability company and a wholly-owned subsidiary of Neighborly, has been providing certain temporary bookkeeping assistance and training services to the franchisees of several of our affiliates~~, RPM~~, and BackOffice may in the future provide some of these services to our franchisees. BackOffice is located at 1010 North University Parks Drive, Waco, Texas 76707. BackOffice has not offered any franchises in any line of business. Back Office does not and has not previously conducted business of the type operated by our franchisees.

Except as noted above, none of our affiliates have offered franchises in the same line of business as offered in this disclosure document or in any other line of business, nor have they conducted any other business.

2021 Securitization Transaction

Under a securitization financing transaction that closed in March 2021 (the "2021 Securitization Transaction") certain of Neighborly's subsidiaries were restructured. As part of the 2021 Securitization Transaction, all existing U.S. franchise agreements and related agreements for HouseMaster franchised businesses were transferred to us, and we became the franchisor of all existing and future franchise and related agreements. Ownership and control of the U.S. trademarks and certain intellectual property relating to the operation of HouseMaster businesses in the U.S. were also transferred to us.

At the time of the closing of the 2021 Securitization Transaction, Manager entered into a management agreement with us to provide the required support and services to HouseMaster franchisees under their franchise agreements. Manager also acts as our franchise sales agent. We will pay management fees to Manager for these services. However, as the franchisor, we will be responsible and accountable to you to make sure that all services we promise to perform under your Franchise Agreement or other agreement you sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf.

Description of the Franchise

Our franchisees will operate a business providing building inspection and related services to residential and commercial customers. The franchised businesses operate the Business under the mark HOUSEMASTER® and the additional principal service marks, trademarks, trade names, logos, emblems, slogans or other indicia of origin which are or may be designated by us in the future, including (without limitation) the NEIGHBORLY® service marks (collectively, the "Marks") for use in accordance with the methods and processes developed by us in connection with the franchise (the "System") within a specified designated geographical marketing area (the "Territory"). The System includes our operating systems, marketing systems, business techniques, and methods, processes, policies and procedures for providing building inspection services along with items of trade dress, sales, leadership and management training for the development and operation of HouseMaster Businesses, including all training materials, all as the same may exist today or as the same may change from time to time, as specified in the Manuals or as otherwise reasonably directed by us from time to time. You may, if we approve, convert an existing business offering similar services to a Business or add additional territory to a Business under the terms stated in the Franchise Agreement and related agreements.

The standard form of franchise agreement we are now offering is included in this disclosure document as Exhibit A (the "Franchise Agreement"). When we update our disclosure document the form of franchise agreement and other agreements may change, fees and other obligations may increase and the terms and conditions on which you may obtain a franchise may be less favorable as compared with a previous disclosure document.

Uniformity of franchise agreements among our franchisees may not always be possible or practical. We and our predecessors have offered in the past and we may offer in the future, franchise agreements to other franchisees on terms materially different from those included in this disclosure document. We also may materially vary the franchise agreement terms, conditions, and obligations (including those relating to fees, territories, training and other items) offered to other franchisees and except as may be required by applicable law we have no obligation to disclose these variations to you or to grant the same or similar variation to you.

The Business offers services to the general public, including residential and commercial customers, and the services are offered in a developed market. There are other nationally recognized trade names in the building inspection industry. You will compete with locally-owned building inspection businesses, and national companies and referral services when you open for business or sometime in the future as competition expands. The franchisees of our affiliate, Rooter, perform sewer scoping and you may compete in your Territory with a MR. ROOTER® franchisee in this service when you open for business or sometime in the future as the Rooter system expands. The franchisees of our affiliate Rainbow International perform sewer scoping and you may compete in your Territory with a RAINBOW RESTORATION® franchisee in this service when you open for business or sometime in the future as the Rainbow International system expands. The franchisees of our affiliate, Aire Serv, perform HVAC inspections and you may compete in your Territory with an Aire Serv® franchisee in this service when you open for business or sometime in the future as the Aire Serv® system expands. The franchisees of our affiliate Mr. Electric provides electric inspections and you may compete in your Territory with a MR. ELECTRIC® franchisee in this service when you open for business or sometime in the future as the Electric system expands. The franchisees of our affiliates, MoJo and Grounds Guys, perform or may perform termite inspections and you may compete in your Territory with a Mosquito Joe® or The Grounds Guys® franchisee in this service when you open for business or sometime in the future as the Mosquito Joe® and The Grounds Guys® systems expand.

Industry Specific Regulations

Many states have laws that regulate individuals conducting building inspections and/or other requirements that in some way regulate building inspection businesses. These regulations require some form of certification, licensing or registration in order to offer or conduct services as a building inspector and/or to establish and operate a building inspection business. This means you and your inspection staff may be required to meet basic education levels, complete training and apprentice programs, have inspection experience, complete a recognized exam, and engage in continuing education programs. The NIBI Technical Training (i.e., the initial technical training provided to you by our affiliate as part of the Initial Training Program) may not be sufficient to meet all educational requirements under applicable certification, licensing or registration regulations.

States that are currently known to have laws, regulations or programs that require home inspectors to be certified, registered, or licensed are Alabama, Alaska, Arizona, Arkansas, Connecticut, Delaware, Florida, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Montana, Nevada, New Hampshire, New Mexico, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Washington, West Virginia and Wisconsin. Some other states currently have trade practices laws

or other laws that affect how home inspectors conduct their business. Municipal or county home inspection regulations may also apply in some areas

Regardless of any information you may receive from us, you must investigate and confirm and comply with any of these regulations that may affect your business, including but not limited to existing, pending or future laws or regulations. Specific information related to home inspection laws and regulations may be obtained from various agencies or inspector associations within your geographic location.

Compliance with the requirements of building inspection laws and regulations is necessary to conduct an inspection business. Accordingly, the HouseMaster Franchise Agreement requires that you comply with all building inspection laws and regulations.

You are responsible for researching and meeting the licensure, certification, and/or registration requirements for businesses and home inspectors in your local jurisdiction, including all associated costs. However, for guidance purposes, we may provide access to information and contacts we have available regarding local home inspection regulations. We can also provide you with information on where NIBI Technical Training and/or continuing education programs have received approval as meeting the education/training requirements for initial licensing or certification, or continuing education for renewal licensing. In many cases, this educational component is only one part of the process that must be completed for full licensure or certification. Laws, regulations, and course approvals are subject to change.

One of the products that you may offer to customers through the Franchised Business is a limited repair reimbursement guarantee. Franchisees located in Nevada and Virginia are prohibited from offering this guarantee at this time.

You should consult with your attorney concerning these and other local laws and ordinances that may affect your operation of the Business.

Financial Incentives

We may offer financial incentives to existing franchisees, employees of HouseMaster SPV LLC, or other third parties who refer a franchise prospect lead to us that results in the granting of a franchise to that lead within 6 months of the date of referral. The incentive payment would only be paid with respect to the first franchise purchased by the referred new franchisee and other limitations may apply. We may change or eliminate the referral program at any time without notice. Franchisees participating in the referral program are not our sales agents and are not authorized to make any statements on our behalf, including any statements relating to the financial performance or prospect for success of any franchise.

We have and intend to reach out to certain third parties, such as real estate professionals and networks, and have and intend to offer to pay such individuals and companies a finder's fee of up to $8,000 if you are referred by them to us and you are awarded a HouseMaster® franchise.

ITEM 2
BUSINESS EXPERIENCE

President: Joshua McCormick

Mr. McCormick has been our President since May 2021. From March 2021 until May 2021, Mr. McCormick was Vice President of Operations for our affiliate Mr. Electric SPV LLC ("Electric"). He was the Vice President of Operations for Electric's predecessor (Mr. Electric LLC) from March 2018 until

March 2021. He was Commercial Sales Manager for Mr. Electric LLC from October 2013 to March 2018 and a Franchise Developer for Mr. Electric LLC from August 2006 until October 2013.

Vice President of Operations: Nancy Shipley.

Ms. Shipley has served as our Vice President of Operations since March 2021. She was the Vice President of Predecessor from July 2020 until March 2021. Ms. Shipley served as the Vice President of Franchise Support and Operations for Predecessor from April 2019 to June 2020. Prior to that she was Predecessor's Director of Franchise Support and Operations from October 2017 to April 2019.

~~Director of Technical Services: Joe Tangradi.~~

~~Mr. Tangradi has served as our Director of Technical Services in Somerville, New Jersey since March 2021. He was the Director of Technical Services for Predecessor from July 2020 to March 2021. Mr. Tangradi served as Predecessor's Vice President of Technical Services in Somerville, New Jersey from April 2018 to June 2020. Mr. Tangradi served as the Director of Technical Services for our predecessor, HouseMaster, LLC in New Jersey from August 2015 to July 2018 and for our predecessor, HMA Franchising, LLC, from June 2000 to June 2007. He has also served as an instructor for the NIBI Technical Training program from June 2000 to June 2007 and then from August 2017 to present.~~

~~Treasurer and Chief Financial Officer for Neighborly and Manager: Jon Shell~~

~~Mr. Shell has been our Treasurer as of July 8, 2024, in Waco, Texas. As of July 8, 2024, he has also been the CFO for a number of our parent companies and affiliates, including Manager and Neighborly. From September 2023 until July 7, 2024, he was the Interim CEO and President for Neighborly and Manager, as well as for a number of our other parent companies and affiliates. From March 2021 until September 2023, he was our Treasurer in Waco, Texas. From October 2020 until March 2021, he was the Treasurer for Predecessor. He was also the Chief Financial Officer of Neighborly from September 2015 until September 2023 and of Manager from October 2015 until September 2023, and until September 2023 he was also the VP and CFO for a number of our parent companies and affiliates.~~

~~Chief Strategy & Marketing Officer: Roger Chacko.~~

~~Mr. Chacko has been our Chief Strategy & Marketing Officer since March 2021. From August 2019 until February 2021, Mr. Chacko was a principal with Olympic Property Group in Plymouth, MN. From May 2017 until July 2019, he was the Chief Commercial Officer and then a consultant with Planet Fitness in Hampton, NH.~~

~~The following individuals are included here because they are either officers of Manager or they have management responsibility relating to the sale or operation of franchises offered by this disclosure document:~~

Chief Executive Officer for Neighborly and Manager: Michael Anthony Davis

Mr. Davis has been ~~the~~our Chief Executive Officer ~~of Neighborly, as of July 8,~~since November 2024. ~~As of~~ Since July ~~8,~~ 2024, he has also been the Chief Executive Officer of a number of our affiliates and parent companies, including Neighborly, Manager ~~and of,~~ The Dwyer Group LLC, The Dwyer Group, Inc., TDG Intermediate, LLC, Balcones Holdco, Inc., Nest Bidco Inc., Nest Topco Borrower Inc., Nest Topco Guarantor Inc., and Nest Holdings Inc.~~, as well as the Chief Executive Officer of a number of our other parent companies and affiliates.~~ From July 2022 until July ~~5,~~ 2024, he was the CEO of Mathnasium Center Licensing, LLC in Los Angeles, CA. From April 2021 till July 2022, he was self-employed as a

consultant in Los Angeles, CA. From May 2017 until April 2021, he was the CEO of Valpak Direct Marketing Systems, LLC in St. Petersburg, FL.

~~Group President of Neighborly: Josh P. Sevick~~

Senior VP of Finance: Heather Robertson

~~Mr. Sevick has been the Group President of Neighborly for the "Enhance/Specialty" group of the Neighborly brands, which group includes the HouseMaster brand, since April 2023. From March 2021 until March 2023, Mr. Sevick was the president of our affiliate, The Grounds Guys SPV LLC, and from July 2019 until March 2021, president of Grounds Guy's predecessor, The Groups Guys LLC. From June 2014 until July 2019, he was the President and then the CEO of MMI-CPR, LLC d/b/a Cell Phone Repair in Cleveland, Ohio.~~

Ms. Robertson has been our Senior VP of Finance, and the Senior VP of Finance for a number of our affiliates and parent companies since November 2024. Ms. Robertson has been our Interim Treasurer from September 2023 until July 2024. Also from September 2023 until July 2024, she was the interim Chief Financial Officer of Neighborly and Manager and certain of our other parents and affiliates. From March 2022 until September 2023, she was the Senior VP of Finance of Neighborly, and from January 2018 until March 2022, she was the VP of Finance for Neighborly.

Chief Marketing Officer: Stacy Lynn Bourgeois

Ms. Bourgeois has been our Chief Marketing Officer as well as the Chief Marketing Officer of Neighborly and a number of our other affiliates since December 2024. From May 2023 till November 2024, she was the Head of Product, Quality and Ops for Renewed with Amazon in Seattle, WA. From February 2021 until April 2023, she was the U.S. Head of Musical Instruments with Amazon in Seattle, WA. From October 2019 until January 2021, she was the U.S. Head of Marketing for PCs with Amazon in Seattle, WA.

Secretary of Manager and Franchisor, and EVP, General Counsel and Secretary of Neighborly: Grayson Brown

Mr. Brown has been the Secretary of Manager since May 2018. He has also been the Executive Vice President, General Counsel and Secretary of Neighborly and The Dwyer Group Inc. since May 2018. Previously, he was Vice President and General Counsel of Neighborly from August 2015 until May 2018. He has been our Secretary since March 2021 and previously he was the Secretary of Predecessor from June 2020 until March 2021. He is also the Secretary of our affiliates listed in Item 1 that offer franchises in the U.S. under separate franchise disclosure documents.

Director of Inspection Services: Joe Tangradi.

Mr. Tangradi has served as our Director of Inspection Services since March 2021. He was the Director of Technical Services for Predecessor from July 2020 to March 2021. Mr. Tangradi served as Predecessor's Vice President of Technical Services in Somerville, New Jersey from April 2018 to June 2020. Mr. Tangradi served as the Director of Technical Services for our predecessor, HouseMaster, LLC in New Jersey from August 2015 to July 2018 and for our predecessor, HMA Franchising, LLC, from June 2000 to June 2007. He has also served as an instructor for the NIBI Technical Training program from June 2000 to June 2007 and then from August 2017 to present.

The following individuals are included here because they are either officers of Manager or they have management responsibility relating to the sale or operation of franchises offered by this disclosure document:

Chief Growth Officer for Neighborly: Reese Edward Neumann

Mr. Neumann has been the Chief Growth Officer of Neighborly since January 2025. From September 2024 till January 2025, he was a consultant for Purposed Brands in Plano, TX. From September 2015 until June 2024, he was the VP Strategy, CFO of Yum Brands in Plano, TX.

Chief Development Officer for Neighborly: Bradley Stevenson.

Mr. Stevenson has been Chief Development Officer for Neighborly since October 2019. ~~From November 2013 to October 2019, Mr. Stevenson was Vice President of Sales – Grocery of MillerCoors LLC in Chicago, Illinois.~~

Group Vice President of Franchise Development for Neighborly: Brian Wieters

Mr. Wieters has been the Group Vice President of Franchise Development for Neighborly since February 2022 in Waco, TX. From March 2018 until February 2022, he was the Executive VP of Enviro-Master Services in Charlotte, NC.

Senior VP Franchise Support Services for Neighborly: David Luke Stanton

Mr. Stanton has been the Senior VP, Franchise Support Services of Neighborly since December 2024. From January 2018 until December 2024, he was the President of our affiliates ProTradeNet and Neighborly Service Solutions SPV LLC and their predecessors. Except as otherwise stated above, the location of each of the positions described above was 1010 North University Parks Drive, Waco, Texas 76707.

ITEM 3
LITIGATION

Administrative Orders involving Affiliates and not involving the Franchisor:

The Commissioner of Business Oversight of the State of California v. For Franchising LLC d/b/a Window Genie and Richard Nonelle. On November 14, 2017, For Franchising LLC ("FOR"), a predecessor to our affiliate Window Genie, that offered Window Genie franchises until March 2021, and Richard Nonelle, then-president of FOR, entered into a Consent Order with the Commissioner of Business Oversight of the State of California (the "Consent Order"). The Commissioner alleged that FOR and Mr. Nonelle had violated Section 31156 of the California Franchise Investment Law by failing to submit to the Commissioner copies of two advertisements offering a Window Genie franchise before such documents were provided to California residents in 2013. In an effort to resolve the matter in the most economical manner, and without admitting any liability or wrongdoing, FOR and Mr. Nonelle entered into the Consent Order and agreed, in full, final and complete resolution of the matter, that (a) FOR and Mr. Nonelle would desist and refrain from violations of section 31156 of the California Franchise Investment Law; (b) FOR would pay an administrative penalty in the total amount of $5,000 (which amount FOR paid) and (c) within 90 days of the date of the Consent Order, Mr. Nonelle and all persons employed by FOR who assist in preparing franchise registrations or who assist in franchise selling would attend remedial education of eight hours of franchise law training courses per person (which requirement has been completed).

State of Kansas v. Molly Maid, Inc. (18th Judicial District, Sedgwick County, Kansas, Case No. 10CV4719). On November 29, 2010, Molly Maid, Inc. ("MMI"), a predecessor to our affiliate Molly Maid, entered into a Journal Entry of Consent Judgment and Permanent Injunction (the "Consent Judgment"). The District Attorney for the Eighteenth Judicial District alleged that MMI had violated the Kansas Consumer Protection Act ("KCPA") as a result of one Molly Maid franchisee being unable to

document that background checks were performed on certain of its employees and the sale of gift certificates after the franchise was terminated. MMI vigorously denied any violation of the KCPA, however in an effort to resolve the matter in the most economical manner, and without admitting any liability or wrongdoing, MMI entered into the Consent Judgment and agreed to pay a civil penalty of $25,000 and to reimburse the District Attorneys' office $25,175 for its costs associated with the investigation, and to be enjoined from engaging in any act or practice, as alleged to have violated the KCPA. The Consent Judgment was marked satisfied on April 29, 2011 and MMI is in full compliance with the Consent Judgment.

~~Litigation by Us Against Franchisees in the Last Fiscal Year. During fiscal year 2023, we initiated 2 lawsuits against franchisees to enforce noncompetition covenants, as follows:~~

~~Housemaster SPV LLC v. Amy Thresa Laliberte and Anthony B. Gauthier, Civil Action No. 2023-256-5, filed on January 31, 2023 in the District Court, 414 Judicial District, McLennan County, Texas.~~

~~Housemaster SPV LLC d/b/a Housemaster f/k/a DBR Franchising, LLC v. Edwind Michael Jordan and Pro2call Property Evaluations, LLC, Civil Action No. 3:21-cv-13411, filed on August 14, 2023 in the United States District Court of New Jersey.~~

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

Bankruptcy proceedings involving a portfolio compan~~y~~ies controlled by KKR (at the time of the bankruptcy proceeding) and not involving the Franchisor:

In re. The Collected Group LLC. The Collected Group LLC, a Delaware limited liability company (a fashion brand owner), located at 4775 Eucalyptus Avenue, Chino, California, filed a prepackaged Chapter 11 Plan of Reorganization in the United States Bankruptcy Court for the District of Delaware on April 5, 2021 (Case No.: 21-10663). The company emerged from bankruptcy on May ~~26~~25, 2021 after completing a restructuring.

In re. Envision Healthcare Corporation. Envision Healthcare Corporation, a healthcare provider headquartered at 20 Burton Hills Blvd, Suite 500, Nashville, Tennessee, filed a Chapter 11 reorganization in the United States Bankruptcy Court for the Southern District of Texas on May 15, 2023 (Case No.: 23-90341). The company emerged from bankruptcy on November 3, 2023, after completing a restructuring.

In re. Genesis Care Pty Limited. Genesis Care Pty Limited, a healthcare provider, headquartered at Building 1 The Mill, 41-43 Bourke Road, Sydney, New South Wales, Australia, filed Chapter 11 reorganization in the United States Bankruptcy Court for the Southern District of Texas on June 1, 2023 (Case No.: 23-90614). The company emerged from bankruptcy on February 16, 2024, after completing a restructuring.

In re. IPI Legacy Liquidation Co. IPI Legacy Liquidation Co. (f/k/a Impel Pharmaceuticals Inc.), a commercial-stage pharmaceutical company, headquartered at 201 Elliott Avenue West, Suite 260, Seattle, Washington, filed a Chapter 11 reorganization in the United States Bankruptcy Court for the Northern District of Texas on December 19, 2023 (Case No.: 23-80016). The company emerged from bankruptcy on April 5, 2024, after completing a restructuring.

Café Coffee Day, an operator of a retail chain of cafes in India, headquartered at #23/2, Vittal

Mallya Road, Bangalore, Karnataka 560001, India, filed an insolvency resolution in the Bangaluru Bench of the National Company Law Tribunal on August 8, 2024 (Company Petition (IB) No. 152/BB/2023). As of February 27, 2025, the Chennai bench of the National Company Law Appellate Tribunal passed the order, allowing the appeal of Coffee Day Enterprises, and set aside the National Company Law Tribunal's (NCLT) August 2024 insolvency order against the company. The initial petition for insolvency was filed on January 18, 2021 by creditors of Café Coffee Day.

Other than the above-listed proceedings, no other bankruptcy proceeding is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

The initial franchise fee you must pay to us is $.57 per owner-occupied home ("OOH") located in your Territory. The number of OOHs in your Territory is determined by us from estimates prepared by the U.S. Census Bureau (located currently at https://data.census.gov), but we may use a substitute or successor source of OOH information and the source and date of the information we use is determined by us. A typical territory will include approximately 75,000 OOHs, making the initial franchise fee $42,500 ("Minimum Initial Franchise Fee"). The initial franchise fee is subject to discounts, as described below.

Only the VetFran discount (as described below), if you qualify, may bring the initial franchise fee you must pay to an amount below $42,500.

The minimum territory of 75,000 OOHs is not appropriate or available in all cases and in all areas, depending on demographics, proximity to larger population centers, percentage of area population, the need to buy whole counties, and also how well the territory size fits within our current plan for development of the applicable larger area or region. The maximum territory size is generally ~~150,000~~100,000 OOHs, although a larger territory may be allowed under certain circumstances (e.g., in densely populated urban areas or in areas where a high percentage of the territory is impoverished); provided that if you wish to purchase territory that will have ~~150,000~~100,000 or more OOHs, we will require you to purchase the territory under multiple separate Franchise Agreements.

We may, in our sole discretion, permit you to add unoccupied zip codes, which are immediately adjacent to your Territory, from an unoccupied territory at a cost of $0.57 per owner-occupied home located within that unoccupied zip code (the "Purchased Postal Codes"). All Purchased Postal Codes will be included in your defined Territory, and all references to "Territory" include the Purchased Postal Codes; provided that, if any Purchased Postal Code would increase the number of OOHs in your Territory to ~~150,000~~100,000 or more, we will require you to purchase the additional territory that includes such Purchased Postal Code under a separate Franchise Agreement.

You must pay the initial franchise fee in full when you sign the Franchise Agreement. The initial franchise fee is fully earned upon receipt. The initial franchise fee is non-refundable except as provided in the following sentence. We may refund your initial franchise fee if you do not pass our required training in accordance with our current passing standards for such training, provided that you return to us all materials which we distributed to you during training. Financing for the initial franchise fee may be available as noted in Item 10.

The registration fee for one attendant for your first year's attendance at Reunion is included in the initial franchise fee. Any additional attendees and guests must pay the full registration fee at the time of

registering for Reunion. The registration fee varies each year and can be up to $1,000 per attendee. We are not obligated to hold the Reunion. If we hold the Reunion and you do not attend the Reunion (including your first Reunion), you will be charged $1,000, which amount may be adjusted annually to reflect increases in the national consumer price index.

In the year ended December 31, ~~2023~~2024, the average initial franchise fee paid by franchisees was approximately $~~42,361~~49,471. We collected initial franchise fees ranging from $~~36,500~~36,781 to $~~48,955~~85,198.

Discount Programs

Our discount programs are as follows:

VetFran Discount

As a member of the International Franchise Association ("IFA"), we participate in the IFA's VetFran Program. If you are a United States or Canadian honorably discharged veteran (as such term is defined by us in our sole discretion) who meets our qualifications for purchasing a franchise, you will receive a $6,000 discount. In determining who is a "veteran," we may be guided, in whole or in part, by any definitions we find appropriate, including definitions used by the federal government of the United States in determining who is eligible for federal benefits intended for veterans. ~~If the franchisee is an entity and it qualifies for the VetFran discount or the HIRE discount (each as defined below) based on qualifications of its owner, such owner must have and maintain during the term of the Franchise Agreement at least a 51% interest in the beneficial ownership and voting interest of the franchisee. This discount can be used only on the purchase of your first HouseMaster franchise business and is not available on the purchase of any additional HouseMaster franchise businesses.~~

Community Heroes Program

We have established a Community Heroes Program and may offer up to a $3,000 discount to qualifying franchisees. We include firefighters, law enforcement, emergency medical technicians and personnel, teachers, and educational administrative staff in our Community Heroes Program. ~~This discount can be used only on the purchase of your first HouseMaster franchise business and is not available on the purchase of any additional HouseMaster franchise businesses.~~

Additional Concept Discount

If you have been a franchisee of one of our affiliates (see Item 1) for at least 2 years and you purchase a franchise from us, you will receive a 10% on the initial franchise fee (the "Additional Concept Discount").

Multi-Unit Franchisee Discount

If you have been our franchisee for at least 2 years and you purchase additional territory from us, either by executing an Option to Purchase Agreement or a new franchise agreement, you will receive a 20% discount on the initial franchise fee for the additional territory (the "Multi-Unit Franchisee Discount").

If you pay us the entire initial franchise fee for the additional territory within 90 days after executing an Option to Purchase Agreement or a new franchise agreement for the additional territory, you will receive an additional 5% discount (the "Cash Discount") in addition to the Multi-Unit Franchisee Discount. The Cash Discount will not apply if you purchase your franchise through an arrangement with a broker.

Additional Territory Discount

If you have been a HouseMaster franchisee for at least 2 years, meet our qualifications for expansion, and purchase additional territory from us, either by executing an Option to Purchase Agreement or a new franchise agreement, you will receive a discounted initial franchise fee based on the number of years you have been our franchisee, calculated as follows (the "Additional Territory Discount"):

Percentage Discount	Number of Years as Our Franchisee
5%	2
10%	3
15%	4
20%	5 years or more

HIRE Discount for Employees of Franchisees

We offer a discounted initial franchise fee to qualified employees of our and our affiliates' franchisees who (i) have been recommended by their employer, (ii) have been employed by our franchisee or a franchisee of our affiliate for at least 2 years and (iii) otherwise qualify to be our franchisee, calculated as follows (the "HIRE Discount"):

Percentage Discount	Years of Consecutive Employment
10%	2
15%	3
20%	4
25%	5 years or more

Franchises granted by us under the HIRE Discount program will generally contain 75,000 or fewer owner-occupied homes. The HIRE Discount applies only to the portion of the initial franchise fee applicable to the first 75,000 owner-occupied homes.

You may use the HIRE Discount only once and only in accordance with the subsection in this Item titled "Combination and Application of Discounts."

Local Jurisdiction Additional Required Training Discount

If your jurisdiction has a home inspector licensing law or other laws or regulations that impose additional or unique training requirements that cannot be satisfied through the NIBI Technical Training during the Initial Training Program, you may purchase additional licensing compliance services from us or our affiliate HI Training (to the extent we or HI Training have the ability to offer such services) or from a third-party supplier to assist you in meeting the required licensing criteria. If such training services are not available to be provided by us or our affiliates and you are required to pay a fee to a third party to obtain such required training services, we will credit you $2,000 to be applied against payment of future license fees. The credit will be paid to you upon your satisfaction of the following conditions: (1) you have submitted to us written proof that you have completed the state certification/licensing requirements, (2) you have operated the Business for at least 12 months, and (3) you have been in compliance with the Franchise Agreement, including, without limitation, all payment obligations.

Incentive Development Program Discount for Purchased TAFS.

We currently offer an incentive program to existing franchisees who meet our expansion criteria and who have been generating a portion of their franchised business' Gross Sales outside of their Territory, in an area that is not currently serviced by another HouseMaster franchisee (such area, as further described in Item 12, "TAFS"). If you are a qualified existing franchisee generating Gross Sales in an assigned TAFS and you enter, on or before July 31, 2025, into another Franchise Agreement with us for a territory that encompasses such TAFS (or into an amendment to your existing Franchise Agreement that adds such TAFS to your existing Franchise Agreement ("Territory Amendment")), we will discount the Initial Franchise Fee under such Franchise Agreement or Territory Amendment by 50%. If you are a qualified existing franchisee generating Gross Sales in an assigned TAFS and you enter, between August 1, 2025 and December 31, 2025, into another Franchise Agreement or Territory Amendment with us for a territory that encompasses such TAFS, we will discount the Initial Franchise Fee under such Franchise Agreement or Territory Amendment by 25%.

Combination and Application of Discounts

You may not combine more than one discount. Only the Local Jurisdiction Discount can be used with one other discount.

Deposit for an Option for Additional Territory

If you qualify under our then-current Expansion Criteria (see also Item 12), you may purchase an option for an additional territory by paying us, at the time you purchase your franchise, a deposit of 10% of the initial franchise fee for such additional territory and executing an Option to Purchase Agreement (in the form attached to this disclosure document as Exhibit F). Under the Option to Purchase Agreement, at any time within the 18-month period beginning from the effective date of your franchise agreement, you may purchase the additional territory if you are in compliance with your franchise agreement by paying us the balance of the initial franchise fee applicable to such territory. The 10% deposit will be applied to the purchase price. We do not refund your deposit if you decide not to purchase the additional territory.

Referral Fee

Currently, we offer a referral incentive program that pays $5,000 to an existing franchisee who directly refers a candidate to us who becomes a new HouseMaster franchisee in a new location (not as part of a transfer) within 6 months of the date of referral. The incentive payment is only paid with respect to the first franchise purchased by the referred new franchisee and other limitations may apply. We may change or eliminate the referral program at any time without notice. Franchisees participating in the referral program are not our sales agents ~~and are not authorized to make any statements on our behalf, including any statements related to the financial performance or prospect for success of any franchise~~.

Software System Fees

You must pay to our affiliate ZorWare an enrollment fee for use of our required Software System (currently ~~Onverity~~ISN by Porch, one Net Promoter Score (NPS) product (currently Broadly)~~, Qvinci~~, FranConnect, one Microsoft Office 365 email account and one Exchange email account~~,~~ and intranet ~~and email security software~~). The amount of the enrollment fee is $1,250. The enrollment fee is collected via automatic bank draft from your bank account at the signing of the Franchise Agreement. ~~Other fees for software usage are described in Item 6. The amount of the enrollment fee and other software fees may~~

~~change in the future. We will notify you of any such change.~~ None of the fees for Software System are refundable.

ITEM 6
OTHER FEES

Fee	Amount	Due Date	Remarks
License Fee[1, 2, 3]	7 ½% of first $~~125,000~~200,000 in Gross Sales per year, 7% on $~~125,001~~200,001 - $~~250,000~~325,000, 6½% on Gross Sales of $~~250,001~~325,001 - $~~500,000~~575,000, 6% on Gross Sales of $~~500,001~~575,001 - $~~1,000,000~~1,075,000, 5½% on Gross Sales of $~~1,000,001~~1,075,001 - $~~1,500,000~~1,575,000 and 5% on Gross Sales over $1,500,000, in each case other than "roll-in" sales (For "roll-in" sales, see Note 3). You must pay a minimum monthly License Fee for each Territory. See also the Remarks column.	20th day of the month for Gross Sales for the previous calendar month. We require payment by electronic transfer of funds.	If the Gross Sales of a franchised business exceed $700,000 during a calendar year, in the immediately following calendar year, the franchised business will be subject to a 6% License Fee for Gross Sales up to $1,000,000, and the Licensee Fee for Gross Sales above $1,000,000 in such calendar year will be calculated according to the License Fee Chart included below in this Item 6. Any franchisee that is operating under an expired franchise agreement, will be subject to a 10% License Fee.
MAP Fee[1, 2]	2½% of first $125,000 in Gross Sales per year, 2¼% on Gross Sales of $125,001 -	Same as License Fee.	If the Gross Sales of a franchised business exceed $700,000 during a calendar year, in the immediately following calendar year the franchised business will be subject to a 2% MAP Fee for all Gross Sales generated during such calendar year.

Fee	Amount	Due Date	Remarks
	$250,000, and 2% on Gross Sales over $250,000. See also the Remarks column.		We deposit all MAP Fees into our Marketing, Advertising and Promotion Fund ("MAP Fund"), which we use to prepare and conduct advertising, marketing and promotional programs and campaigns.
Local Marketing Groups[1, 2, ~~3~~]	Not to exceed 3% of Gross Sales. As of the issuance date of this Franchise Disclosure Document, we may require that a portion of your LMG contribution (currently, 2% of your Gross Sales) be paid for use towards the Neighborly marketing and brand awareness initiatives.	Determined by LMG members.	We may designate local advertising markets and advertising cooperatives and/or local marketing groups for such markets (collectively, "LMGs"), and if designated, you must participate in and contribute to the LMG's advertising and marketing programs in your market. Your contribution to the LMG will count towards any required Minimum Local Marketing Spending but any required Minimum Local Marketing Spending will not represent a limit on your LMG contributions. (see Item 11).
Software System Fees[1, 5]	~~Currently, for Onverity: $225 per month for 1 – 3 back-office users and 1 field tech user; plus $50 per month for each additional back-office user; plus $75 per month for each additional field user.~~ Technology Package Fee: currently $~~99~~104/month. Additional Microsoft Office365 ~~("O365")~~	Same as License Fee.	You must use the business management software (currently ~~Onverity~~ISN by Porch) and the other software and technology (currently one NPS product (currently Broadly), ~~Qvinci,~~ FranConnect, one Microsoft ~~Office 365~~Office365 E1 email account and one Exchange email account~~,~~ and intranet ~~and email security software~~) (the "Technology Package") and the other software and technology we from time to time specify (collectively, ~~Onverity,~~ISN by Porch, the Technology Package and such other software and technology, the "Software System"). ~~Before the end of 2024, QuickBooks Online will be added to the Technology Package.~~ We may change the required technology and software from time to time. If you obtain QuickBooks Online through ZorWare, QuickBooks Online will also be included in the Software System.

Fee	Amount	Due Date	Remarks
	Exchange, E1 and E3 eEmail accounts are available at $4.00 per month, O365 E1 email4.50 - $24/month depending on type of accounts are $10.00 per month, O365 E3 email accounts are $23.00 per month. Before the end of the year 2024,If you obtain QuickBooks Online will be added to the Technology Package and you will pay to ZorWare a fee for the use of QuickBooks, which fee will be added to the Technology Package Fee amount. The fee for QuickBooks Online will bethrough ZorWare, you will pay an additional fee of $30-$200 per month depending on the license tier that you select.		TheseThe fees for the Technology Package are paid to our affiliate ZorWare. You license ISN by Porch directly from the third party vendor and you pay the associated fees directly to the third-party vendor. TheseThe Technology Package fees may increase in the future, but notas of the date of this Disclosure Document we do not anticipate the fees to increase by more than by 2030% annually, in addition to increases due to additional or different software being added to the Software System and direct price increases from third-party vendors. We and ZorWare reserve the right to suspend your access to any or all software within the Software System if you fail to timely pay these fees.
Late Fees (on Software System Fees)	$25 per month or the maximum amount allowed under the law, whichever is less.	As incurred	If you fail to pay the Software System fees within 30 days of the invoice date, you will be required to pay this late fee.

Fee	Amount	Due Date	Remarks
Key Accounts/ Management Fee[6]	Up to 5% of total Gross Sales related to Key Account work, including Gross Sales that relate to Key Accounts; Gross Sales that are the result of any lead or any agreement developed by our Business Development Department or any similar group that is part of our company or is our designee; Gross Sales for work that is dispatched from any call center operated by us or our designee; Gross Sales that are audited by us or our designee according to Key Accounts standards or Gross Sales that otherwise benefit from our Key Accounts activities or management.	When you are billed or when the fee is deducted from your payment(s) for work performed or added to the invoice	If you participate in our Key Accounts program, we reserve the right to require you to pay a Key Accounts / Management Fee to us or our designee. We may also sometimes refer to this fee as a "Key Accounts Management fee" or "Management fee."
Call Center Service Fees[7]	~~Fees vary by vendor. Current fees may include one-time set-up fee (which may range from $0-$249); recurring fees may be based on a per-minute, per-call basis or a flat monthly fee (which may range from $259.00 to $599.99), and a~~	Paid monthly in arrears.	We reserve the right to require you to use ~~a third party~~ call center ~~provider~~services offered by our affiliate for rollover customer calls and ~~for answering~~ customer calls outside business hours, including on weekends~~.~~ ~~You will pay these fees directly to the third party vendor.~~ ~~We reserve the right to~~, and/or for all customer calls. If we require you to use ~~an approved~~ our ~~designated~~affiliate's call center ~~provider, which may be us or~~services, you will be required to sign an agreement with our affiliate~~, and/or to require you to pay the call center fees to us or our affiliate.~~ regarding same.

Fee	Amount	Due Date	Remarks
	~~fee per booked sales appointment (which may range from $10 to $30 / appointment). Minimum monthly fees may also apply and may range from $160 to $600.~~ $349.99 - $449.99/month plus $25 per booked appointment (subject to annual increase of up to 30% in addition to any third-party vendor direct price increases)		
Annual Convention ("Reunion") Fees[1]	Currently $1,000 or less per registrant $2,000 if you fail to attend or participate in the Annual Con-vention.	When you are billed, which may be via automatic bank draft, or within 30 days after Reunion via automatic bank draft	We charge you a per-person registration fee to attend the Reunion. The registration fee for one attendant to your first Reunion is included in the initial franchise fee, as noted in item 5. You must attend Reunion each year (see Item 11). ~~We will charge you this fee regardless of whether you actually attend.~~ We may increase these fees but as of the date of this Disclosure Document we don't anticipate these fees to increase by more than 30% annually in addition to any increases from third-party vendors.
Transfer Fee[8]	The greater of (i) $7,500 or (ii) 5% of the ~~$10,000 plus 5% of the portion of the purchase price of the Business that is in excess of $500,000~~sales price of the Business.	Before transfer	You must pay us this fee on the total gross sales price of the Business, including all assets of the Business, when you sell your Business, but we may discount or waive the transfer fee if the transfer is to a legal entity you control or to a member of your immediate family (See Section 10.C. of the Franchise Agreement).
Late Fees[1]	$10 per day	On demand	Applies to overdue fees from the due date until all sums are paid.

Fee	Amount	Due Date	Remarks
Dishonored Check of ACH Draft[1]	$~~25~~50	On demand	You must pay us for each check returned or ACH draft refused by your financial institution for insufficient funds in your account.
Interest[1]	12% on unpaid balances	On demand	Payable on all overdue amounts. The twelve percent (12%) charge is calculated as a per annum rate but may be collected on demand, including weekly or monthly, through automatic bank draft.
Internet Training Fee (NIBI Distance Learning Program)	Currently $0, but reserve the right to charge up to $50 per module (approximately 11 modules for initial training), or up to $500 for all modules.	Upon registration for this optional program	Currently, NIBI Distance Learning modules are available at no cost to our franchisees. However, we reserve the right to implement these fees for this NIBI online training.
NIBI Technical Training Materials Fee	The cost of training materials, up to $350, plus shipping for each additional trainee	Before training	Payable if you want to purchase a set of training materials when you send more than one person to NIBI Technical Training.
Additional Training Fees	Our then-current fee per trainee/per day, currently $0.	When you are billed.	If you request any other training in addition to the Initial Training Program, we may charge you a training fee of up to $5,000, plus you must pay your costs and expenses in connection with such training. As of the date of this Disclosure Document, we may conduct our training programs remotely/virtually. Therefore, you may not incur any travel expenses if your training is done virtually/remotely.
Insurance Fine	The greater of $10,000 or the cost of extended reported period insurance plus our expenses.	Upon demand	Payable if you fail to purchase the required extended reported period insurance within 30 days of expiration or termination of the franchise agreement.
~~Reimbursement for Insurance~~	~~Cost of Insurance plus our expenses.~~	~~When billed.~~	~~Payable only if we pay your premium when you fail to do so.~~
Audit[1]	Cost of audit plus expenses, plus any amount owed as shown by the	When you are billed	Payable only if we find an understatement of Gross Sales of 3% or more or if you fail to provide requested information within 30 days of our request

Fee	Amount	Due Date	Remarks
	audit, plus interest and late fees.		
Audit Noncompliance Fee	$500 per document (up to $2,500 per audit) that you fail to timely make available to us in connection with an audit; And/or: cost of audit, if audit is rescheduled due to your failure to cooperate with the audit	On demand	Payable if you fail to timely make available to us requested documents in connection with an audit. In addition, if we must reschedule an audit due to your lack of cooperation, you will be required to pay for the cost of the audit.
Renewal Fee[1]	$2,500 for a five-year renewal term; $3,500 for a ten-year renewal term	On renewal	We will waive the Renewal Fee if your Business has been a Top Gun every year during the final three years of your currently expiring term. See Item 17 for terms and conditions for renewal.
Amendment Fee[1]	$300	When you are billed	You must pay us a processing fee for modifications to your franchise agreement that are made at your request. When you request an amendment to your franchise agreement or related agreements, we may require that you sign a general release releasing us from all claims you may have except claims which, under state law, may not be released.
~~Unapproved Suppliers[1]~~	~~Our actual out-of-pocket costs of inspection or testing~~	~~On demand~~	~~See Item 8.~~
Indemnification and attorneys' fees and costs[1]	Varies according to loss	On demand	If we must engage an attorney to enforce our rights under the Franchise Agreement and we prevail, or if we are sued because of something you do or fail to do, you must indemnify us and/or reimburse us for all costs, including reasonable attorneys' fees (which may include outside counsel fees and in-house legal costs charged at rates comparable to outside attorneys), interest, court costs and expenses expended or incurred in enforcing our rights.

Fee	Amount	Due Date	Remarks
Tax Reimbursement [1]	Varies according to tax	When you are billed	You must pay us or to taxing authorities (as applicable) an amount equal to any sales tax, use tax, gross receipts tax, documentary stamp tax or similar tax (other than income tax), fees or charges imposed on us due to any required payments you make to us. You must pay us such additional amounts as necessary so that we receive all payments from you in full as if no such tax applied.
Customer Refund	Inspection fee paid by Customer	Upon demand	Payable if you do not resolve a customer service complaint, the customer contacts us and we determine a request for refund of inspection fee is reasonable, and we pay a refund to the customer to resolve the complaint.
Cross Territory Fine	Up to $5,000 per occurrence plus 50% of revenue generated from such infringing activity	Upon demand	Payable if you conduct an inspection in an Excluded Territory or if you engage in prohibited marketing activities. Fine is in addition to our right to terminate for breach.

Notes:

1. **Fee Payment Information**. All fees are non-refundable and, except as otherwise provided, all fees are uniformly imposed. All fees are imposed by us and are payable to us, except for (i) the fees for our Software System, which are imposed by us and collected by our designee (currently our affiliate ZorWare); and (ii) ~~call center services fees, if applicable, which will be imposed and collected by the third-party provider, and (iii)~~ any local or regional LMG fees, which are imposed by us, and may be payable to us or the LMG. You may be required to pay by automatic bank draft all current and future fees specified in this Item 6. Some banks or other financial institutions may charge a fee for electronic transfers.

You must pay a minimum monthly License Fee for each Territory as follows:

Months 0 to 9	None
~~Months 10 to 15~~	~~Four Hundred Fifty Dollars ($450.00) per month~~
Months ~~16~~10 to ~~27:~~15	Five Hundred Fifty Dollars ($550.00) per month
Months ~~28 and thereafter~~16 to 27:	Six Hundred Fifty Dollars ($650.00) per month
Months 28 and thereafter:	Seven Hundred Fifty Dollars ($750.00) per month

2. **Gross Sales**. Gross Sales include the total revenues and receipts from whatever source (whether in the form of cash, credit, agreement to pay, barter, trade or other consideration) that arise, directly or indirectly, from the operation of — or in connection with — your Business whether under any of the Marks or otherwise. Gross Sales exclude sales taxes collected from customers and paid to the

appropriate taxing authority and any other bona fide refunds, rebates or discounts that we authorize in writing. Gross Sales also exclude sales from any Excluded Services (as defined in a mutually executed Excluded Services Addendum (see Schedule I to the Franchise Agreement). The Excluded Services Addendum requirements include that (i) the operation of the Existing Business does not interfere with your operation of the Business; (ii) you do not utilize our Marks, System and Confidential Information in the operation of the Existing Business; (iii) the Existing Business offers only the Excluded Services (the gross sales of which are excluded from the Gross Sales of the Business) specifically identified in the Excluded Services Addendum, which are services specified by us that are related to but distinguishable from the services of your Business, and does not compete with the Business by offering the same services and/or products as the Business; and (iv) you maintain separate books and records for each of the Business and the Existing Business. You must agree to make the books and records for your Existing Business available to us on reasonable prior written notice so that we may verify your compliance with the requirement concerning separate books and records. You must report Gross Sales to us by the 1st business day of the week for the prior week ending on Sunday.

If you currently perform services that are related to, but distinguishable from the services to be performed by the Business, you may elect, if we consent, in our sole discretion, to exclude that work from your franchise. If so, the services to be excluded must be specifically listed as Excluded Services performed by your Existing Business on Schedule I to the Franchise Agreement. If you do not currently perform these services or sales in an existing business but elect to start offering those services in the future you will not have the option of excluding those services from the franchise.

3. **Roll-In Discount**. If you have an existing business with annual gross sales of at least $150,000, that business is similar to the franchise and you agree to merge it with the Business, we will provide you with a credit towards the monthly License Fee payable during each of your first two years based on the historical Gross Sales of your existing business that you agree to "roll-in" to the Business (the "roll-in business"). This credit towards your License Fee will be calculated by multiplying the average annual Gross Sales of your "roll-in" business over the last five years (or a shorter time period during which you operated the roll-in business, if you have not operated the roll-in business for five years) (the "Average Annual Roll-In Gross Sales") times the applicable license fee rate noted in the chart above. The applicable license fee rate is determined based on the Average Annual Roll-in Gross Sales. The product of the foregoing calculation shall be the amount of the credit towards your License Fee for each of your first two years, and will be pro-rated and applied on a monthly basis but each month the monthly credit amount will be capped at the amount of the License Fee you otherwise owe to us for such month and any excess credit will not carry forward. For example, if you "roll-in" a business with average annual Gross Sales (for the last five years) of $150,000, you would receive a License Fee credit of up to $11,125 ($125,000 times 7.5% plus $25,000 times 7%) per year for each of your first two years, which would be pro-rated as a monthly credit of up to $927 and applied toward each of your monthly License Fee payments during such 2-year period.

4. **Minimum Local Marketing Spending; Local Marketing Groups/Advertising Cooperatives**. We require you to spend a minimum amount of 5% of monthly Gross Sales on approved local marketing and advertising of your Business (the "Minimum Local Marketing Spending") and we reserve the right to increase the amount to up to 10% of monthly Gross Sales. The amount you spend on Minimum Local Marketing Spending will be in addition to any MAP fees you must pay to us. Amounts paid to an LMG and certain other amounts of local advertising spending will count towards the Minimum Local Marketing Spending, as more particularly described in the Manuals. For purposes of these minimum requirements, advertising expenditures include the cost of required direct mail and required digital advertising. If you fail to make the required expenditures, we have the right to collect the deficiency and spend it as provided below in this paragraph. We reserve the right to require you to use one or more designated vendors in connection with your local marketing and promotional activities. In addition, we

reserve the right to collect (on a monthly or quarterly basis, as we may from time to time designate) the Minimum Local Marketing Spending amounts and in return provide to you local promotional, marketing and advertising materials and related services to promote the Business in the Territory. Should your franchise agreement terminate prior to our providing such local promotional, marketing and advertising materials and related services in the Territory, we reserve the right to contribute the Minimum Local Marketing Spending amounts collected to the MAP Fund.

If advertising cooperatives are set up, franchisor-owned outlets will not have controlling voting power, although as franchisor, we will set the contribution rates and franchisor-owned outlets will contribute at the same rate. If local marketing groups are set up, the franchisor will set the contribution rates and franchisor-owned outlets will contribute at the same rate; the members will have no votes but they will advise the franchisor on the local marketing group's strategies and initiatives. There currently are no cooperatives.

5. **Technology and Software**. We require you to use our Software System, which currently includes ~~Onverity~~ISN by Porch, one NPS product (currently Broadly), ~~Qvinci,~~ FranConnect, one Microsoft ~~Office 365~~Office365 E1 email account and one Exchange email account~~,~~ and intranet ~~and email security software~~. We may at any time substitute or add a different required software for operations, accounting and reporting and other business functions for the Business, any such software may be provided by us, a third party or a combination of providers, and you will be required to pay to us or the third-party provider fees for such software and sign related software license agreements. All Software System fees are currently paid to our affiliate ZorWare via automatic bank draft.

You must also use the accounting, reporting and other software we from time to time specify and pay the monthly charges applicable to such software usage to the third-party software provider. Currently, we require that you also license Quickbooks Online either directly from our designated vendor, Intuit Limited, ~~and pay a license fee directly to the vendor, which fee currently ranges from $63 to $140 depending on the license tier you select. As~~or through ZorWare. If you license QuickBooks Online through ZorWare, you will pay the QuickBooks Online fee to ZorWare as noted in the Item 6 table above~~, before the end of the year 2024, we will add~~ and your use of QuickBooks Online ~~to the Technology Package and you will pay a fee for QuickBooks (noted in the table above) directly to ZorWare as part of the Technology Package Fee amount~~will be subject to the Software System User and Maintenance Agreement.

We may at any time substitute or add a different required software for operations, accounting and reporting and office/other business functions for the franchised business, any such software may be provided by us, a third party or a combination of providers, and you will be required to pay to us or the third-party provider fees for such software and sign related software license agreements. Enrollment and monthly fees for required software may change in the future.

Currently, you must pay these fees by automatic bank draft (ACH). If we update our system to require different software which may be provided by a third party, that provider will determine payment methods and future fee increases.

6. **Key Accounts and Third Party Fees**. If we establish a Key Accounts program, you may participate in it, , and, if you participate, you must comply with all Key Accounts standards and procedures described in the Operations Manual and/or as we may otherwise communicate to you, which participation may, in some cases, require you to use a third party billing provider that offers additional services and those services may include additional software. These third party providers charge a range of fees, normally a percentage of the Gross Sales of the invoice and/or a per invoice referral or work order dispatched fee which may be in addition to the fees stated above. A company that refers customers may also charge a fee for referrals or the use of their software. We cannot estimate the amount of these fees.

7. **Call Center**. ~~Currently, we only require that franchisees have live answering of customer calls during business hours (as described in the Operations Manual), but we~~We reserve the right to require you to participate in a call center program ~~under~~offered by our affiliate, Neighborly Service Solutions SPV LLC, pursuant to which you would receive, for a payment of corresponding fees ~~as in effect at such time~~, certain call center services, including call routing and scheduling services~~, and we (or our affiliate) reserve the right to become such call center provider~~.

~~8. **Transfer Fee**. The Transfer Fee is $10,000 if you transfer your Business for a total gross purchase price of $500,000 or less. If you transfer your Business for a total gross purchase price of more than $500,000, we will charge a Transfer Fee equal to $10,000 *plus* 5% of the difference between the total gross purchase price and $500,000. By way of example, if you transfer your Business for a total gross purchase price of $700,000, then we would charge a Transfer Fee of $20,000 ($10,000 plus 5% of $200,000)~~

ITEM 7
ESTIMATED INITIAL INVESTMENT

Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Initial Franchise Fee 1/	$42,500	Lump Sum	On your signing the Franchise Agreement	Us
Training Expenses 2/	$500 - $2,500	As Incurred	Before Opening	Hotels; Transportation Lines; Restaurants
Licensing Compliance Costs 3/	$0 - $10,000	Lump Sum or As Incurred	When required by Vendor	Vendors
Marketing Materials and Supplies 4/	$1,000 - $2,000	As Arranged	Before opening when you receive supplies	Vendors
Office Equipment, Furniture 5/	$0 - $1,500	As Arranged	Before Opening	Vendors
Computer System 6/	$100 - $2,500	As Arranged	Before Opening	Vendors, Us
Rent 7/	$0 - $750	As Arranged	Before Opening	Lessor
Prepaid Expenses 8/	$250 - $750	Lump Sum	Before Opening	Lessor; Utilities
Insurance 9/	$4,000 - $9,000	Monthly or Annual Premium	Before Opening / End of each month	Insurance Broker
Professional Fees 10/	$0 to $1,000	As Arranged	As Incurred	Professionals
Reunion Travel Expenses	$1,000 - $3,000	As Incurred	As incurred for annual conference	Hotels; Transportation Lines; Restaurants

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Vehicle & Vehicle Branding 11/	$3,000 - $5,700	As Arranged	Before Opening	Vendor
Starter Tool Kit 12/	$475	As Incurred	Before Opening	Vendor
Additional Funds for 3 months 13/	$6,000 - $11,000	As Incurred	As Incurred	Vendor
TOTALS	**Single Franchise** $58,825 to $92,675 14/			

Notes:

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. The Minimum Initial Franchise Fee is $42,500 for a Territory of up to 75,000 owner-occupied homes (OOHs). If your Territory has more than 75,000 owner-occupied homes, then you must also pay an additional amount of $0.57 per owner-occupied home over 75,000. You may qualify for a discount on the initial franchise fee. You must pay the initial franchise fee in full when you sign the franchise agreement. We may agree to finance a portion of the initial franchise fee, depending on your credit-worthiness, the collateral that you have available and our then-current financing policies. Monthly payments depend on the amount financed. The initial franchise fee is not refundable, except as noted in Item 5. See Item 5 for more information about the initial franchise fee (including applicable discounts), see Item 10 for more information about financing, and see Item 12 for more information about Territory.

2. You are not charged an additional fee for attending the initial training (including the classroom NIBI Technical Training) or participating in training webinars, which will be held remotely or at a field training facility at a location we designate from time to time. You must arrange for transportation and pay the expenses for meals and lodging for you and any associates who attend the training program. The total cost will depend on how far you must travel and the type of accommodations you choose. This estimate is based on 1 person attending the training program. As of the date of this Disclosure Document, we may provide all or a portion of our training program remotely and so you may not incur any travel expenses to the extent the training is conducted virtually.

3. If your jurisdiction has a home inspector licensing law or other laws or regulations that require additional instruction beyond that provided by the NIBI Technical Training program (during the Initial Training Program) or supervised inspections or other criteria such as examinations or peer review that require individualized effort in order to comply with the laws or regulations and we or our affiliate cannot provide such instruction/services to you, you must retain a third-party supplier for licensing compliance services to assist you in navigating the required criteria. Depending on arrangements made, you may be responsible for paying additional fees for direct or indirectly supervised inspections (supervisor inspectors) to qualified inspectors or mentors. You will also be responsible for fulfilling all other applicable licensure application requirements and fees. For example, in some states, you must be mentored by a same-state licensed inspector prior to receiving your license. In these states, you may be mentored by a willing HouseMaster franchisee in the area. This may require a fee paid directly by you to the mentoring franchisee. If a willing HouseMaster franchisee is not available in your area, a third-party mentor may be arranged again for a fee paid directly by you to the mentor.

4. You must purchase start-up supplies, which include letterhead, envelopes, business cards, advertising and promotional materials, including inspection resource guides, postcards, and other standardized forms and documents necessary for the operation of your business, and inspector supplies. The cost of the supplies will vary depending on the size of your territory. HouseMaster provides you with an overview of materials for use in the operation of your franchise (available for sale from approved suppliers).

5. If you do not already have these items, you must purchase office equipment and furniture necessary to operate your business, which includes desks and chairs, telephone, printer/copier and other office equipment.

6. You must purchase a computer system that meets our requirements. See Item 11 of this Franchise Disclosure Document for more detailed information about the computer system requirements. The low estimate assumes that you already have technology and devices that meet our requirements. The high estimate includes the cost of a laptop computer, smart phone, and tablet for the field. If additional licenses are needed or if the franchise is a resale and a license is not included in the transaction, the franchisee will need to purchase initial license(s) from the vendor or pay any associated software license fee (as noted in item 6).

7. We encourage you to operate your franchise from your home. If you do not have office space or do not want to operate the business out of your home, you need suitable office premises for the Franchised Business of approximately 500 – 700 square feet. You can operate the business out of your home only if zoning regulations permit you to do so. Rent varies depending on size of office, condition of office, geographic location and other factors. The estimate is for the first month's rent only. Rent after the first month is covered in the Additional Funds estimate.

8. This estimate covers expenses such as business license fees, fees for certification, registration or licensing of businesses or individuals conducting building inspections, and prepaid lease and utility deposits. These amounts vary considerably depending on the location of your office.

9. You must purchase general liability, automobile, workers' compensation, and errors and omissions insurance, including bodily injury coverage, which meets the minimum specifications as required by us. The cost estimate is for a 1-year premium and also covers the cost of obtaining cyber liability coverage that meets the minimum specifications as required by us. You must purchase the insurance through an insurance carrier satisfactory to us. Typically, you must pay the annual premium in full when the policy period begins. However, if you have the option to finance your insurance premium, you will not pay any money before the start of the policy period. This estimate is for a new business. The cost of insurance will vary based on the types and limits of the insurance you purchase, your location, your driving record, and other factors affecting risk exposure. You can expect the cost of errors and omissions insurance to increase as your business volume increases. We currently make Errors & Omissions insurance available to you through a group insurance option that we or our affiliate manages or underwrites. While not currently required, we reserve the right to require you to participate in this program.

10. These are estimates for fees that will be charged by your attorney to review the franchise agreement and other documents, to advise you and to incorporate a business entity on your behalf if desired. This estimate also includes fees charged by an accountant and/or financial advisor. Actual fees will depend on the specific work you request, the advisors you select and the rates for professional fees in your area.

11. You must purchase a vehicle wrap or other branded vehicle signage which displays our marks from our approved supplier and have the vehicle used by you or your inspector in operating the business branded according to our specifications. The estimate includes the purchase and installation of a full vehicle wrap which is recommended. We reserve the right to in the future require you to lease or purchase a specified vehicle. Although it is not currently required, we strongly encourage you to lease or purchase one of the vehicles that we currently recommend. We have negotiated lease terms with a lessor of vehicles for the benefit of our franchisees.

    An estimate has been included for one vehicle for business usage in the event that you do not already own a personal vehicle that you can use for business purposes. Of the estimate included for Vehicle and Vehicle Branding, we have included the amount of $1,000 to $1,800 for a down payment and the first 3 months of payments for either leasing one vehicle or for purchasing one vehicle with financing. The actual expense may vary depending on factors such as the type of vehicle chosen, whether you purchase or lease, and if purchased, how much is financed.

12. The starter tool kit includes a moisture meter, receptacle tester, voltage detector, flashlight, combustible gas detector, IR thermometer, Dial Thermometer, equipment bag and goggles.

13. This estimate covers business operating costs, including rent, payroll, office management and accounting software, costs associated with meeting licensing requirements, overhead, transportation, advertising, internet access fees, and administrative expenses. These figures do not include your personal living expenses. You need additional funds for personal living expenses. In computing these estimates, we relied on information provided to us by our franchisees as well as on our and our predecessors' 40+ years of experience in managing and developing this franchise system. You should review these figures carefully with a business advisor.

Renewal and Purchase of Operating Franchises

If you are renewing your franchise or if you are purchasing an operating franchised business (as opposed to a territory that has not yet been developed), the above costs will not apply except to the extent they apply in your ongoing business. You will pay a Renewal Fee of $2,500 for a five-year renewal term and a Renewal Fee of $3,500 for a ten-year renewal term instead of an Initial Franchise Fee when you renew the franchise. Also, instead of an Initial Franchise Fee, we charge a transfer fee in an amount equal to the greater of (a) $~~10,000 plus~~7,500 and (b) 5% of the ~~difference between the purchase~~sales price of the Business~~ and $500,000, in the case of a resale/transfer (purchase of an existing Business)~~. If you choose to have legal review of your renewal or resale/transfer franchise documents, the cost item above titled "Professional Fees" would apply. In the case of a resale/transfer, this estimate does not include the cost of preparing and negotiating the purchase agreement with the owner of the franchised business you are purchasing, if applicable, and you must make your own estimate of those costs. If you are acquiring an operating franchise, you will pay to the selling franchisee a purchase price for the business, which purchase price you will negotiate with the selling franchisee.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must maintain the highest standards of quality and workmanship in order to provide the highest quality of service to your customers. You must use in the operation of your Business, and in the offer and sale of the services and products we approve, only those techniques, procedures, and supplies we specify in writing. You must offer all, and only such, products and services as we approve from time to time. We may change any of our requirements periodically. We will notify you of any changes to the standards or the Manuals.

Approved Supplies and Suppliers

We may furnish you from time to time lists of approved supplies and approved suppliers. We reserve the right to require that you only use approved products, inventory, supplies, uniforms, tools, equipment, signs, telephone and internet equipment and service, advertising materials, and other items (the "approved supplies") in the Business as described in the approved supplies and approved suppliers' lists, as we may amend from time to time. We also may develop and research new products or services as we determine necessary. We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or our affiliates may be that single source. You must pay the then-current price in effect for any purchases from us or our affiliates. You may not contract with an alternative supplier for any products and/or services for which we have designated a supplier.

You may purchase from other suppliers if you follow our supplier approval procedures, as described in the Manuals, and obtain our prior written approval. You must give us at least thirty (30) business days' prior written notice if you wish to purchase from a source other than our approved suppliers. We may require that samples be delivered to us or to a designated independent testing laboratory for testing before our approval is given. You must pay upon demand our (or the third party's) actual costs of the testing and any related costs/expenses (regardless of whether we grant an approval). We will usually notify you of our decision within 10 days after we receive the test results. Additional or different procedures may be required for approval of services, software or other special items, as described in the Manuals. We reserve the right to revoke our approval at any time upon the supplier's failure to meet our then-current criteria.

We may also require that other products, supplies, equipment, inventory, or services you use in connection with the operation of your Business meet our then-current specifications (as we may from time to time modify).

Software and Hardware

You must use our Software System (currently ~~Onverity~~ISN by Porch, one NPS product (currently Broadly), ~~Qvinci,~~ FranConnect, one Microsoft ~~Office 365~~Office365 E1 email account and one Exchange email account, and intranet ~~and email security software~~) and enter into the Software System User and Maintenance Agreement (current version attached as Exhibit J-3). Our affiliate ZorWare is currently the sole supplier of the Software System. If we are no longer able to provide this software, we will endeavor to provide similar software to you through an alternate supplier at a comparable cost. We believe the Software System fees are equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provide comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing for a single franchisee or a small group of franchisees and/or for a limited time do not promote the same level of uniformity in long-term system-wide product quality and service that we, as the franchisor, or our affiliates are able to provide. The Software System fees include a mark-up to offset our (or our affiliate's, as applicable) costs of administering and managing the Software System related services; such mark-up exceeds our (or our affiliate's, as applicable) direct costs of the Software System related services, and we or our affiliate (as applicable) may derive a profit from the Software System fees.

Other than with respect to the Software System, neither we nor our affiliates are currently an approved supplier for any products or services, but we and our affiliates may be approved suppliers for other/additional products and services in the future.

We also require you to use our designated on-site inspection report generation software (currently PCExpress/HomeGauge) in operating the Business, which you license directly from the designated third-party vendor. If you purchase an existing HouseMaster franchised business, you must purchase this license

directly from the third-party vendor or be assigned the license from the selling franchisee, if available. We reserve the right to require you to purchase, license or lease a proprietary inspection report generation software from us or our affiliate.

We may require updates to the required software from time to time and/or require you to use different and/or additional software, including proprietary software, and you may be required to purchase/enter into software agreements/licenses for such software with us or the third-party supplier, as we specify, and you may be required to pay us or the third-party supplier fees for such software.

You must purchase and use computer hardware that meets our specifications and that is compatible with the required software. Specifications may include a particular brand or source and we issue specifications to you and maintain them in the Manuals.

Vehicles

You must purchase the required vehicle branding (signage or wrap) according to our specifications. Although we do not currently require you to lease or purchase a specified vehicle for the operation of your business, we reserve the right to impose such a requirement in the future.

Call Center

~~You may be required to use, at your own cost, a third-party call center provider for rollover customer calls and for answering customer calls outside business hours, including on weekends. We reserve the right to require you to use an approved or designated call center provider, which may be us or our affiliate, and/or to require you to pay the call center fees to us or our affiliate.~~

We reserve the right to require you to use call center services offered by our affiliate for rollover customer calls and customer calls outside business hours, including on weekends, and/or for all customer calls. See Item 6.

Marketing and Office Materials

All advertising and promotional materials, signs and other items we designate must bear the Marks (see Item 13) in the form, color, location and manner we specify. Your advertising and promotion must meet our standards as described in the Manuals or otherwise by us in writing. You must purchase stationary from our approved suppliers. You may prepare and use your own advertising or promotional materials provided that we have approved them in writing prior to use.

Telephone Numbers and Electronic Identities

The telephone numbers and electronic identities you use in connection with the Business must be owned and controlled by us or an approved supplier. We require you to "port" or transfer to an approved call routing and tracking supplier all phone numbers associated with the Business or published in any print or online directory, advertisement, marketing or promotion associated with the Marks and/or the Business.

Purchasing Arrangements and Rebates

We do not provide you with any material benefits based on your purchase of particular products or services, or your use of designated or approved sources.

Our affiliate, ProTradeNet, negotiates and enters into purchase arrangements, which may include discounted pricing, special terms, rebates or other incentives with suppliers for the benefit of our franchisees. We may also negotiate or enter into these types of arrangements directly. ProTradeNet has and may enter into relationships with other buying groups, which may include competitors, for the purpose of improving negotiating strength and purchase volume for the entire group. We or an affiliate (including ProTradeNet) may make available to you the opportunity to participate from time to time in certain discounts, rebates, or other benefits in connection with approved suppliers (collectively, "Rebates"), if you meet certain conditions, such as supplier terms and conditions and attendance at annual meetings. All Rebates not returned to franchisees may be retained by us or our affiliate (including ProTradeNet) and used to cover administrative costs or to promote our system and brands. Although neither we nor ProTradeNet have any contractual obligation to pay you Rebates, in most instances, but subject to change and vendor relationships, ProTradeNet will retain 25% of all Rebates, pay 25% of all Rebates to us and pay 50% of all Rebates to you, the franchisee, based on qualifying purchases. The Rebates received by ProTradeNet from suppliers are generally a percentage of each supplier's annual billings to franchisees with respect to certain products or services provided by the supplier to the franchisees. In ~~2023~~2024, these Rebates ranged from 1% to ~~35~~25% of the suppliers' annual billings to franchisees. Some suppliers may also pay additional fees for advertising, which fees range from $500 to $35,000; for marketing, which fees range from 0.5% to 1% of total qualified purchases by franchisees from the supplier; and for sponsorships, and tradeshow space, which fees range from $500 to $175,000, for the purpose of promoting their product or service to franchisees. All of these amounts and percentages, including the percentages of Rebates retained by ProTradeNet and paid to us and to you and all additional fees, may change in the future at our sole discretion. Rebates are typically paid on net sales for qualified purchases and ProTradeNet may or may not from time to time include purchases made by the MAP Fund in our rebate program. If MAP Fund purchases are included as qualified purchases ProTradeNet will allocate 100% of the rebates from those purchases to the MAP Fund. The agreement you are required to sign with ProTradeNet to participate is included as Exhibit I hereto, and additional terms and conditions, which may change from time to time, are included on the ProTradeNet website, www.protradenet.com. While you are required to enter into the ProTradeNet Agreement, you are not required to purchase any items under the ProTradeNet Program except as otherwise stated in this disclosure document or required by your Franchise Agreement, our Manuals or our policies and procedures. However, certain benefits, Rebates and special pricing will be available to you only if you participate on the terms required by ProTradeNet or each individual supplier.

We may derive revenue as a result of your required purchases. Amounts listed below are based on cash received and cash disbursed. Some Rebates may be received and the portion of any that are disbursed may be held until the next national meeting before being disbursed. Not all suppliers provide Rebates. A complete listing of suppliers providing Rebates and their rates is available from ProTradeNet.

- In the year ended December 31, ~~2023~~2024, ProTradeNet had revenue of $~~41,413~~20,930 from purchases by HouseMaster franchisees. These figures were computed from ProTradeNet's respective internal accounting records for the year ended December 31, ~~2023~~2024.

- In the year ended December 31, 2023, we had revenue of $~~24,137~~129,925, or about ~~.54~~3.52% of our total revenues of $~~4,491,944~~3,691,627, as a result of purchases by HouseMaster franchisees from approved suppliers or under our specifications or as a result of purchases, if any, directly from us. These figures were computed from our internal accounting records for the year ended December 31, ~~2023~~2024.

- We or our affiliates may receive a commission from the brokerage of a capital lease or other equipment finance, should you require financial assistance from third parties.

You must comply with all terms and conditions applicable to these programs to receive the discount or Rebate. Additional information is available by contacting us. These programs may be changed or discontinued at any time. Other than the ProTradeNet program described above, we do not currently participate in any purchasing or distribution cooperatives. We or our affiliate(s) may from time to time negotiate purchase arrangements with suppliers (including price terms to the extent permitted by law) for the items and services described in this Item 8 that you may obtain only from designated sources.

Key Accounts Program

We may, but have no obligation to, offer a Key Accounts or similar program. From time to time we evaluate opportunities for Key Accounts which might be best administered through our parent, an affiliate or a third party, as we determine in our discretion. If we establish a Key Accounts program, you may participate in it subject to compliance with the standards and procedures of that program. We, Neighborly Service Solutions and/or a third party we select, may solicit Key Accounts for the franchisees of certain franchise systems affiliated with Neighborly including us. A "Key Account" is a customer account which may be national or regional and cover multiple customer locations (within and/or outside your Territory) with whom we have entered into arrangements (i) for servicing of multiple locations of such customers and/or (ii) that we determine are designed to benefit the System as a whole by gaining otherwise unavailable business or addressing the concerns of such customers that may require specific terms or provisions of our arrangement with them, including without limitation special insurance, experience, equipment, pricing, payment terms, turnaround requirements, or approvals. A Key Account is generally, but not always, a large organization with multiple locations that need products and services provided by franchisees in our franchise system and/or the franchise systems of our affiliates around the country or in a region or other area. The agreement to provide services may be formal or informal and the account may be administered by us, an affiliate or a designee of ours. In some cases our Key Accounts program provides a central number customers may call for those services. If you elect to participate in our Key Accounts program, you must comply with the terms we specify, which may include provisions that require the payment of management fees or other fees, including sales commissions or similar payments, offering of special products or services at certain times or for certain prices (to the extent allowed by law) and special insurance, indemnity, quality control and other provisions. You may also be required to enter into additional agreements required by a Key Account or our policies and procedures. The Key Accounts administrator may collect payments from Key Account customers and distribute payments to franchisees for work provided but has no obligation, and we have no obligation, to make any payments to you for work to the extent payment in good funds by the Key Accounts customer has not been made to us or the administrator. We and/or the administrator of the Key Accounts program have the right to charge additional amounts, including commissions or other fees or charges, to third parties and/or to Key Account customers on account of work performed on Key Accounts by you or other third-party service providers.

Insurance

Before you begin operating your Business, you must purchase, and maintain at all times during the term of your franchise agreement, at your cost, insurance coverage, from a responsible carrier, with an A.M. Best rating of A-VIII or better, with the coverage amounts, types and other features as we from time to time specify, using the insurance industry form(s) acceptable to us, and such other insurance coverage as required by law and any other agreement related to the Business. We reserve the right to designate a primary or single source for all or any of the insurance coverage for the Business, and we or our affiliates may be that primary or single source. Any person or entity with an insurable interest that we designate (each, an "Additional Insured") must be named an additional insured on all required liability policies. Each insurance policy must contain a waiver of subrogation in favor of the Additional Insureds. Your insurance must apply as primary and non-contributory. Currently, our minimum insurance requirements include (i) commercial general liability insurance, with a minimum liability coverage of $1,000,000 per occurrence (including

Products/Completed Operations, Personal Injury and Advertising Injury) and $2,000,000 aggregate; (ii) auto liability coverage, combined single limit in the amount we specify, up to $2,000,000 but no less than $1,000,000, on each owned, non-owned or hired vehicle used in connection with the Business; (iii) workers' compensation coverage if required by state law, with minimum coverage as required by law (if applicable); (iv) an errors and omissions liability insurance with $500,000 per claim and $1,000,000 in the aggregate bodily injury insurance coverage (for injury resulting from services performed) for all inspections and services performed and including prior acts coverage for all past inspections and coverage extending for at least 3 years following the termination, expiration or Transfer of this Agreement (the "E&O Tail"); (v) cyber liability insurance for financial losses arising from unauthorized access, loss or corruption of data, including but not limited to privacy and data security breaches, misdirected funds, virus transmission, denial of service and loss of income from network security failures, with a limit of liability not less than $500,000 per occurrence and in the aggregate and, if part of a group program, not more than a $5,000,000 overarching group aggregate; and (vi) such other insurance as from time to time required by us, under applicable law and under other agreements applicable to your Business.

In connection with the provision by your Business of home inspection services, you may offer participation in the Referral Liability Protection Program, pursuant to which selected persons or organizations would be designated to be added to the Business's professional liability policy as an additional insured. If you offer the Referral Liability Protection Program to persons or entities that recommend your service such as real estate service providers, including attorneys, mortgage lenders and realtors, you must have an E&O insurance policy that also provides coverage for these parties. It is your responsibility to ensure that your E&O provider approves any communications or marketing programs that you use to promote the Referral Liability Protection Program.

In connection with the provision by your Business of home inspection services, you may offer participation in the Seller Liability Protection Program to home sellers, pursuant to which a home seller could be added to the Business's professional liability insurance policy as an additional insured. This program would cover such home sellers for defense costs up to the Business's limit of liability in excess of the applicable deductible in connection with a claim from the buyer of the property. If you offer the Seller Liability Protection Program to home sellers, you must have an E&O insurance policy that also provides this coverage. It is your responsibility to ensure that your E&O provider offers this coverage and approves any communications or marketing programs that you use to promote this program.

Although the use of independent contractors is not encouraged, if you do use independent contractors for the performance of inspections and ancillary services to customers, you must ensure adequate E&O insurance coverage for their services as identified in the Franchise Agreement. You, Franchisor and HI Training must be named as additional insureds on their insurance policies.

We currently make E&O insurance available to you through a group program. We reserve the right to discontinue this group program at any time upon 30 days' notice. While participation in this program is not currently required, we reserve the right to require you to participate.

With respect to Key Accounts, if the insurance amount required for any Key Account or for Key Account work in general exceeds the amount specified as the maximum amount required by us for any type of insurance, that higher amount required for the Key Account work will apply. Additional insurance requirements are described in the Manuals.

You may satisfy the insurance coverage limits through an umbrella policy that meets all our requirements. If you fail to procure the E&O Tail within 30 days of expiration or termination of the Franchise Agreement, you will be assessed a fine equal to the greater of $10,000 or the cost of the E&O Tail plus a reasonable fee for expenses we incur. ~~If you fail to purchase or maintain any other required~~

~~insurance, we may, but are not obliged to, obtain such insurance for you and keep the same in force and effect, and you must pay us, on demand, all premiums charged for such insurance policies together with a reasonable fee for the expenses we incur in doing so.~~ We also have the right to terminate your Franchise Agreement for cause if you fail to comply with our insurance requirements. You must deliver to us at commencement and thereafter annually or at our request a proper certificate of insurance evidencing the existence of the required insurance coverage. We also may request copies of all insurance policies. We may modify the required minimum limits and types of coverage, by written notice to you. Upon such notification, you must immediately implement the modification of the policy, and provide evidence thereof, in accordance with our request.

Accounting Software and Other Requirements

We recommend that you engage the services of a certified public accountant to assist you with the set-up of your books and records, in using the appropriate chart of accounts that we require and in producing monthly and annual compiled financial statements. If you request, we will provide you with information about companies we are aware of that offer these services to our franchisees. We require that you use an appropriate chart of accounts, comply with our operating procedures and specifications, including internal audit standards, and use our required software. We currently require that you use QuickBooks Online (either directly from our designated vendor, Intuit Limited, or ~~al~~through ~~before the end of 2024, we intend to include QuickBooks Online into the Technology Package~~our affiliate ZorWare as described in Item 6). We may, upon demand, require you to provide us, within the time as we specify, with audited financial statements, using an independent certified public accountant designated by or satisfactory to us, to adopt a fiscal year consistent with ours, to cooperate with our auditors and to comply with such additional requirements as may be reasonably necessary to enable us to meet our obligations under Generally Accepted Accounting Principles and to comply with applicable accounting standards and rules.

None of our officers currently have an ownership interest in any approved supplier.

The cost of items purchased in accordance with our specifications represents approximately 17% to 29% of your total purchases in connection with the establishment of your Business and approximately 3% to 7% of your on-going purchases in connection with operation of your Business.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a.	Site selection and acquisition/lease	2, 5(A) and Schedule A	11
b.	Pre-opening purchase/leases	5(A) – (F); 9(C)	7, 8 & 11
c.	Site development and other pre-opening requirements	5(A) – (F); 9(C)	7, 8 & 11
d.	Initial and ongoing training	6	11
e.	Opening	5(A) – (F); 9(C); 6; Schedule A	11

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
f.	Fees	8; 10(C); Schedule A	5, 6, 7 & 11
g.	Compliance with standards and policies/ Operating Manual	2(A), (B); 3; 5; 6; 8(H), (I); 9;	11
h.	Trademarks and proprietary information	3; 5(G), 5(J), Schedule F	13 & 14
i.	Restrictions on products/services offered	2(A); 3(A) - (C); 5(C), (D), (K), (L) and (M)	8 & 16
j.	Warranty and customer service requirements	5(N)	11
k.	Territorial development and sales quotas	2(A), (B); Schedule A	12
l.	Ongoing product/service purchases	5(A)-(F)	8 & 16
m.	Maintenance/appearance/remodeling requirements	5(A) and (B)	11
n.	Insurance	9(C)	6 & 8
o.	Advertising	7	11
p.	Indemnification	9(B)	6, 9, 13 & 14
q.	Owner's participation/management/ staffing	6	11 & 15
r.	Records and reports	8(H) and (I)	6
s.	Inspections and audits	5(H); 8(J)	6 & 11
t.	Transfer	10	17
u.	Renewal	4(B) and (C)	17
v.	Post-Termination obligations	13	17
w.	Non-competition covenants	9(D); Schedule F	17
x.	Dispute resolution	11	17
y.	Other		
	Guarantee of Franchisee Obligations (Note 1)	14(F); Schedule C	14. 15

Notes:

1. If Franchisee is a corporation or other entity, all persons having a 5% or more ownership interest must personally guarantee the obligations to be performed by the Franchisee under the Franchise Agreement.

ITEM 10
FINANCING

We have no obligation to provide you any financing, but we may agree to finance a portion of the initial franchise fee for qualified prospective franchisees under specified terms and conditions. Our decision to finance the initial franchise fee will be based, in part, on your credit-worthiness, the collateral you have

available to secure the financing and our then-current financing policies. We do not provide any financing in any transaction in which brokers are involved.

We limit the amount that we will finance - currently to an amount less than 50% of the total equity, debt and other financial support of your Business (collectively, "obligations"). You must make a written representation to us, in a form we specify, confirming the dollar amount of your obligations. The representation must remain true through execution of your franchise agreement and we may elect not to approve a transfer, including a transfer to a corporation or other entity wholly owned by you, if you do not either maintain the same investment in your Business or pay any loans payable to us and our Affiliates in full. Subject to the obligation limit, our standard financing is up to 70% of your initial franchise fee, and we may agree, in our sole discretion, to finance up to 80% of your initial franchise fee if you meet certain requirements.

You must qualify to purchase a franchise, meet our credit standards and be otherwise eligible for financing to qualify for the following interest rates. We currently charge an interest rate based on your credit score as follows:

Credit Score	Annual Interest Rate
Under 600	12%
600 - 649	11%
650 - 699	10%
700 or more	9%

If we agree to finance a portion of the initial franchise fee, you must sign a promissory note when you sign the Franchise Agreement. An example of our promissory note is attached as Schedule G to the franchise agreement. You must pay us the down payment when you sign the franchise agreement and pay the balance in monthly installments.

You must make note payments to us by automatic bank draft. Some banks and other financial institutions may charge a fee for electronic transfers. Monthly payments will begin approximately 2 months after you complete our Initial Training Program. The length of the repayment term may be negotiable but will generally follow these guidelines:

Loan Amount	Length of Repayment Term
Less than $45,000	Up to 5 years
$45,001 - $75,000	6 years
$75,001 - $100,000	7 years
$100,001 - $150,000	8 years
Greater than $150,000	9 years

We require a security interest in the franchise. You must sign a security agreement, substantially in the form included in the promissory note attached as Schedule G to the franchise agreement, granting us a security interest in all your assets, including after-acquired property, and we will file a UCC financing statement with the appropriate governmental authority. We have the right to require additional forms of security.

You may prepay the note at any time without penalty. If you default, including if you default under the Franchise Agreement, we may declare the entire remaining amount due. If you do not pay us the entire balance and any accrued, unpaid interest, you may be responsible for the court costs and attorneys' fees we incur in collecting the debt from you. We may terminate your franchise agreement if you do not pay us.

You must waive your rights to certain notices of a collection action in our promissory note, security agreement and guaranty but there are no waivers of defense in our promissory note, security agreement or guaranty. If you are a legal entity, your shareholders, members, partners and/or owners must personally guarantee the debt and agree to pay the entire debt and all collection costs. We have the right to require a spouse's personal guaranty.

The financing described in this Item 10 is provided by us, HouseMaster SPV LLC.

We may sell, assign or discount any promissory note or other obligation arising out of the franchise agreement to a third party. If we sell or assign your promissory note, it will not affect our obligation to provide the services to you that are described in the franchise agreement but the third party may be immune under the law to any defenses to payment you may have against us.

We may periodically agree with third-party lenders to make financing available to our qualified franchisees and we may, in our sole discretion, refer you to a third-party lender for financing. We have no control over whether financing will be offered to you by any third-party lender. The lender is not obligated to provide financing to you or to any other franchisee that the lender finds does not meet its credit requirements and loan criteria. If we refer you to a third-party lender for financing, we may agree to take a short-term promissory note (in a form we provide to you) until your financing is arranged. You must use the proceeds from the lender to pay any promissory note to us.

We do not currently derive income from referrals or placement of financing with any third-party lender. However, we may require payment from you or other persons for the placement of financing in the future. If we charge for placing financing in the future, we expect to use the payments to offset our expenses in doing so.

We do not guarantee your obligations to third parties.

We may, in limited circumstances, agree to finance a portion of any renewal fee for qualified franchisees at a 12% interest rate under specified terms and conditions. Our decision to finance a renewal fee will be based, in part, on your credit-worthiness, the collateral you have available to secure the financing, and our then-current financing policies.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

As noted in Item 1, we have entered into a management agreement with the Manager for the provision of support and services to HouseMaster franchisees. However, we remain responsible for all of the support and services required under the Franchisee Agreement.

Pre-Opening Assistance: Before you open your Business, we or our designee will:

1. Provide you with site selection guidelines and general specifications and standards, including any specific requirements if you intend to operate the Business from your residence (Franchise Agreement, Section 5A).

2. Provide you with the list of approved supplies (which will include written specifications for certain items of equipment, signs, fixtures, opening inventory and supplies in some instances and approved suppliers in other instances). We do not deliver or install any items. (Franchise Agreement, Section 5D).

3. Provide you with either a written or an electronic copy of the Manuals (or electronic access to the Manuals) that detail the specifications and procedures incidental to the operation of the Business (Franchise Agreement, Section 5G).

4. Provide the training programs described below (Franchise Agreement, Sections 6B and C).

5. Provide you with opening support for your Business and any additional support we determine necessary (Franchise Agreement, Sections 6B and C).

Ongoing Assistance. During the operation of your Business, we or our designee will:

1. Maintain the Marketing, Advertising and Promotion Fund (the "MAP Fund") (Franchise Agreement, Section 7A).

2. Provide updates to the lists of approved supplies and approved suppliers and continue to research and develop new products and services (Franchise Agreement, Section 5D).

3. Provide refresher training courses, and regional meetings and conventions as we determine necessary and require you to attend. We may charge you a fee to attend (and for your employees to attend) regional meetings or conventions that we deem necessary. In this event, you must pay all expenses for you and your employees, including training materials, travel and living expenses (Franchise Agreement, Section 6C and E). For more information on the Reunion, see Item 6. As of the date of this Disclosure Document, we may conduct our training programs remotely/virtually. Therefore, you may not incur any travel expenses if your training is done remotely/virtually.

4. Provide ongoing communication and support and updates to the Manuals (Franchise Agreement, Section 5G).

In addition, based on examples from HOUSEMASTER businesses, we may, from time to time, make suggestions to you with regard to your pricing policies. In addition, we have the right to negotiate Key Account arrangements, including pricing, which will bind all HOUSEMASTER businesses providing services to such Key Accounts. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law. We may offer preferred customer plans that offer customers discount prices under certain terms and conditions. Except as described in this disclosure document, you are not required to offer these plans to customers but, if you do elect to participate in our preferred customer plans, you must offer the discount prices set by the plans in accordance with the terms of the plan. (Franchise Agreement, Sections 5M and 5N).

We are not required to provide any other service or assistance to you during your operations.

Marketing

MAP Fund and Local Advertising

We collect a MAP Fee from you for the MAP Fund equal to 2½% of first $125,000 in Gross Sales per year, 2¼% on Gross Sales of $125,001 - $250,000, and 2% on Gross Sales over $250,000. as provided in Item 6. (Franchise Agreement, Section 8.C)

We have established the MAP Fund and have designated the Manager (i.e., Neighborly Company) to administer the MAP Fund. The MAP Fund is not a trust or escrow account, and neither we nor the Manager have any fiduciary obligations with respect to the MAP Fund. If all of the MAP Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the MAP Fund for use in the following years. The Manager may use the MAP Fund for various purposes related to the HouseMaster franchise system, including, but not limited to, (1) broadcast, print, or digital advertising; (2) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, digital, radio, film and television commercials, video, digital ads, direct mail pieces, and other print advertising); (3) any marketing or related research and development; (4) advertising and marketing expenses, including product research and development and services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies; (5) the development, licensing and/or use of any tools and platforms in connection with marketing, advertising and promotional activities; and (6) expenses, administrative costs and overhead we or the Manager may incur in activities related to maintaining, administering, directing, and conducting the MAP Fund and its programs, including compensation to employees or any other individual or entity providing services to the MAP Fund. (Franchise Agreement, Section 7.A)

The Manager determines the use of the monies in the MAP Fund. The Manager is not required to spend any particular amount on marketing, advertising or promotion in the area in which your Business is located. The Manager and the MAP Fund may collaborate with the advertising funds of certain franchise systems affiliated with us. There can be no assurance that the MAP Fund's participation in these collaborations and joint efforts will benefit the franchised businesses using the Marks proportionately or equivalently to the benefits received by the other franchised businesses or the other franchised systems affiliated with us that also participate. The Manager oversees the advertising programs and uses the MAP Fund to create marketing materials and conduct national, regional or local advertising. We will contribute to the MAP Fund amounts equal to your required percentage for each similarly situated company-owned and affiliate-owned HouseMaster businesses. From time to time we may contribute to the MAP Fund some amounts paid to us by outside suppliers. The Manager will prepare an annual unaudited accounting of the MAP Fund and will make it available for your review upon your written request. The Manager has its own in-house marketing and advertising production capabilities, but also may use an outside national, regional, or local agency. Neither we nor the Manager will use any of the advertising funds for the solicitation of franchise sales, but any marketing materials the Manager produces may designate "Franchises Available."

We reserve the right to cause the MAP Fund to be incorporated or operated through another entity separate from us or the Manager at such time as we may deem appropriate, and any such successor entity will have all our rights and duties with respect to the MAP Fund. We or the Manager may use collection agents and institute legal proceedings at the MAP Fund's expense to collect MAP Fund contributions. We may also forgive, waive, settle, and compromise all claims by or against the MAP Fund. If we terminate the MAP Fund, we will refund to you your pro-rata portion of any amounts remaining in the MAP Fund, based on your contributions to the MAP Fund. (Franchise Agreement, Section 7.A)

During the fiscal year ended December 31, ~~2023~~2024, the MAP Fund contributions were primarily allocated toward the following uses:

Type of Expense	Percent of Expenses
Production	~~43~~33%
Administrative Cost	4%
Digital & Other Media	~~50~~60%
Public Relations	3%
Other	0%
Total	100%

The MAP Fund is administered in part by an Advisory Council consisting of our President; our Vice President of Operations; a member of our Marketing department; and certain franchisees elected by their peers. The Advisory Council serves in an advisory capacity and its decisions are subject to our approval. We have the right to create, change, or dissolve the Advisory Council. Other than the advisory input from the Advisory Council, we or the Manager will direct all activities that the MAP Fund finances, with sole control over the creative concepts, graphics, materials, communication media, and endorsements used and their geographic, market, and media placement and allocation.

In addition to your payments of the MAP Fee, you must spend monthly the Minimum Local Marketing Spending in the amount of 5% of monthly Gross Sales; provided that we reserve the right to increase such Minimum Local Marketing Spending amount to up to 10% of monthly Gross Sales depending on the size of your Territory. If you fail to make the required expenditures, we have the right to collect the deficiency and spend it as provided below in this paragraph. We reserve the right to require you to use one or more designated vendors in connection with your local marketing and promotional activities. In addition, we reserve the right to collect (on a monthly or quarterly basis, as we may from time to time designate) the Minimum Local Marketing Spending and in return provide to you local promotional, marketing and advertising materials and related services to promote the Business in the Territory. Should your franchise agreement terminate prior to our providing such local promotional, marketing and advertising materials and related services in the Territory, we reserve the right to contribute the Minimum Local Marketing Spending collected to the MAP Fund. All of your local marketing and promotion (including through social media) must be in media that we approve, conducted in a dignified manner and conform to the standards and requirements that we specify, including compliance with all Mark usage and branding standards. Specifically, you must submit all advertising materials to us at least fourteen (14) days prior to use. If we do not respond within 14 days after you submit the proposed advertising materials to us, the advertising materials will be deemed unapproved. (Franchise Agreement, Section 7.B)

We reserve the right to require advertising or marketing cooperatives and/or local marketing groups ("LMG") to be formed, changed, dissolved or merged, based on specific criteria determined by us for designated marketing areas. We typically determine the local marketing areas based on a combination of designated market area and core-based statistical area data. We have the right to establish how LMGs operate and to administer the LMGs. If an LMG is established in your market, you will be designated to be a member of the LMG. We will determine the amount of member contribution, which will be a percentage of Gross Sales and will not to exceed 3% of Gross Sales. Other franchisees that will be members of the same LMG will contribute on the same basis as you. We may require that some or all of your LMG contribution be paid to us or our affiliate, and we reserve the right to use your LMG contribution on any promotional, marketing and advertising initiatives, including digital and other marketing and brand awareness programs. As of the issuance date of this Franchise Disclosure Document, we may require that

a portion of your LMG contribution (currently, 2% of your Gross Sales) be paid for use towards the Neighborly marketing and brand awareness initiatives, which may include service professional recruitment marketing. Your contribution to the LMG will count towards any required Minimum Local Marketing Spending but any required Minimum Local Marketing Spending will not represent a limit on your LMG contributions. Each company-owned or affiliate-owned HouseMaster® business located within the LMG's market will be a member and will contribute to the LMG on the same terms as franchisees. The LMG will not be required to operate from written governing documents although we may establish written operating guidelines and rules for the LMG. The LMG will not be required to prepare annual or periodic financial statements. All promotional and advertising materials proposed to be used by the LMG must be approved by us prior to use. As of the date of this disclosure document, the LMGs we plan to establish will be local marketing groups rather than advertising cooperatives. (Franchise Agreement, Section 7.D)

Call Center Program

~~We may require you to use, at your own cost, a third-party call center provider for rollover customer calls and for answering customer calls outside business hours, including on weekends. We reserve the right to require you to use an approved or designated call center provider, which may be us or our affiliate and/or to require you to pay the call center fees to us or our affiliate. See also Item 6. (Franchise Agreement, Section 5.E)~~

We reserve the right to require you to use call center services offered by our affiliate for rollover customer calls and customer calls outside business hours, including on weekends, and/or for all customer calls. See also Item 6. (Franchise Agreement, Section 5.E)

Computer System

You must purchase a computer system that meets our standards and requirements (the "Computer System"). You must license the software from us or our designated third party suppliers and pay license and other fees for use of same, as discussed below and in Items 6 and 8. Additionally, you may be required to license additional software from us, an affiliate, or a third party and you also may be required to pay an additional software licensing or user fee in connection with your use of such software. You will be liable for all damages and problems caused by your use of any software or the Computer System. We will have full and complete access to the information and data entered and produced by the Computer System and can use them in any way we deem appropriate. You must maintain a dedicated email account for the Business, separate from any personal or other email account. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software that we may from time to time require, and that may be referenced in the Manuals. Except as provided in the Software System User and Maintenance Agreement (included as Exhibit J-3), we have no contractual obligation to maintain, repair, update, or upgrade the Computer System. You must make sure that you are in compliance with all laws that are applicable to the Computer System or other technology used in the operation of your Business, including all data protection or security laws as well as payment card industry compliance. (Franchise Agreement, Section 5.E)

We will communicate with you via email and the Intranet and you are deemed to have received notice of all information communicated in this manner. Your access to the Intranet and any proprietary software is contingent upon you remaining in good standing with all contractual requirements.

Our computer hardware and software requirements will periodically change and you will be required to update your systems and you may incur additional or higher fees and costs in connection with any such changes or updates. There are no contractual limitations on your obligations to upgrade your

Computer System and pay for those upgrades or changes. We will advise you of any required upgrades, updates or changes.

You must use the following hardware and software in the operation of the Business:

Software

You must license our Software System (currently ~~Onverity~~ISN by Porch, one NPS product (currently Broadly), ~~Qvinci,~~ FranConnect, one Microsoft ~~Office 365~~Office365 E1 email account and one Exchange email account, and intranet ~~and email security software~~), and sign a software license agreement for same in the form prescribed by us or the designated supplier (the current Software System User and Maintenance Agreement is attached as Exhibit J-3). You must pay our designated supplier (currently our affiliate ZorWare) fees for use of the Software System: currently $1,250 enrollment fee ~~and ongoing fees as follows: for Onverity: $225 per month for 1 – 3 office users and 1 field tech user; plus $50 per month for each additional back-office user; plus $75 per month for each additional field user; and $99~~, $104/month fee for the Technology Package~~,~~ and additional fees ($4.50 - $24/month for additional email accounts ~~(Additional Microsoft Office365 ("O365") Exchange email accounts are $4.00 per month, O365 E1 email accounts are $10.00 per month, O365 E3 email accounts are $23.00 per month)~~) apply. (See Items 5 and 6). These fees cover maintenance on the Software System as provided in the Software System User and Maintenance Agreement (attached as Exhibit J-3). You must license ISN by Porch directly from the third-party vendor (Porch); the current fee is $20 per month plus $3 per inspection. The Software System provides customer and prospect tracking, scheduling, dispatching, ~~inspection report writing,~~ point of sale invoicing, customer service history, sales analysis and reporting functions.

Currently, you must participate in an electronic system of reporting Gross Sales from the operation of your Business through our Software System.

~~You must~~We also ~~use the accounting, reporting and other software we from time to time specify and pay the monthly charges applicable to such software usage~~require you to use our designated on-site inspection report generation software (currently PCExpress/HomeGauge) in operating the Business. Currently, ~~we require that~~ you ~~also~~ license ~~QuickBooks Online from our~~such software directly from the designated third-party vendor~~, Intuit Limited,~~ and pay ~~a license~~ fees (current annual cost is $560) directly to the ~~vendor, which fee currently ranges from $63 to $140 depending on the license tier you select. We will advise you which version to purchase. Before~~ third-party vendor. If you are purchasing an existing HouseMaster franchised business, you must purchase this license directly from the third-party vendor or be assigned the license from the selling franchisee, if available. We reserve the right to require you to purchase, license or lease a proprietary inspection report generation software from us or our affiliate.

You have the ~~end of 2024, we intend to include~~option to obtain QuickBooks Online ~~into the Technology Package you are required to license from us. You will then~~directly from the third-party vendor (Intuit) or you can obtain it through our affiliate, Zorware, in which case your use of QuickBooks Online will also be subject to the terms of the Software System User and Maintenance Agreement and you will pay to ZorWare the fee for QuickBooks Online (which will be $30-$200 per month depending on the license tier that you select) ~~to ZorWare and the fee will be included as part of the Technology Package Fee amount~~.

Additionally, we may require you to purchase, license or lease other proprietary software from us, an affiliated entity or a third party designated by us in the future.

In addition, you must also purchase or obtain separately and use the following:

- An operating system that will provide access to the Internet and run the Technology Package and the other required software
- Google Chrome or Firefox internet browser
- Adobe Acrobat or other Portable Document File (PDF) Reader

The cost of this additional software is included in the cost of the Computer System hardware stated below.

Hardware

The current cost of hardware for the Computer System is between $450 and $2,000 per computer, although the cost may increase in the future. You must use a computer with adequate memory, speed and storage to run the software we require you to use (described below). We will periodically assist you in determining the appropriate hardware and operating systems needed to support the required software but we are not obligated to provide or assist you in obtaining computer hardware. You may acquire your computer hardware from any source. You may use any type of computer that meets our requirements and will run the required software.

Currently, for office use, we recommend a PC with a 3.0GHz or higher 10 Core processor; 16 GB RAM; minimum 120 GB SSD hard drive; high speed Internet access capability, 1080P color monitor; 2 monitors; keyboard; mouse; and a laser or ink jet printer.

Currently, you must bring a laptop computer to training with at least a Quad Core 3.0 GHz processor or the equivalent; ~~8~~16 GB RAM; ~~120~~256 GB SSD hard drive; 1080P color monitor; and WI-FI 5 capable.

Currently, you must provide a current model ~~iPad~~Android tablet to each of your technicians for use with ~~customers~~HomeGauge Companion (which is included as part of the HomeGauge license) or otherwise in connection with the operation of the Business. We estimate the current cost of these tablets to be $500 each.

You must pay for all maintenance of your Computer System, internet access, and local area networks, at your own expense. We do not require you to sign any hardware maintenance or support contracts with us or any third party suppliers. In our experience, most of the computer hardware will have a manufacturer's warranty that you can extend at additional cost. We estimate that the annual cost to maintain the Computer System is $100 - $200 for maintenance not covered under manufacturer's warranty. We do not guarantee, warranty, maintain or support any computer hardware in any manner. You should determine for yourself whether or not any third party supplier from whom you purchase any component of your Computer System is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your Computer System, and determine the additional cost for the services.

Other than the Computer System requirements described above, you do not have to buy or use an electronic cash register.

Internet Service Provider

You must have a primary and we recommend a secondary or "back-up" source of internet access. Your primary internet access must be high speed business class internet service with a minimum of 100 megabit per second (Mbps) of available band width per named user. We may modify these requirements in the future. You may use any independent Internet service providers ("ISP") of your choice as long as each allows you to perform all necessary functions. (Franchise Agreement, Section 5.E)

System Website, Intranet and Electronic Communications and Data

We own the domain name www.housemaster.com and use it as our primary website for information about franchised businesses. You must provide information to us promoting your Business to post on the website. You may not separately register any domain name or any social media account containing any of the Marks or establish a website or social media account for the Business without our prior written consent. We reserve the right to pre-approve, establish rules, procedures, and policies relating to any website or social media account you create for the operation of your Business. Our system standards will apply to website advertising. At our option, we may, in the future, establish one or more additional websites to advertise, market, promote and operate HouseMaster businesses and the franchise opportunity, and provide you certain additional website-related services such as a listing for your location, or a web page, and we may charge you a fee for such services (see Item 6). (Franchise Agreement, Section 5.K)

We make no warranties and disclaim any express or implied warranty relating to any software, data, Intranet, website or other related items provided or recommended by us. If we provide you with any software or require the use of any software, Intranet, website or other related items we will not be liable for any costs or expenses, including any special, indirect, or other damages (including lost profits), even if we have been advised of the possibility of damages and even if the software did not function properly or had design problems that may have contributed to any loss.

You must comply with all policies and procedures as described in our Manuals, and execute any required agreements for use of our Intranet or any electronic communication, or data storage/retrieval system, website or software, as we periodically require, including policies that require you to identify yourself in all electronic communications as an independently owned business. We may periodically modify these rules and policies at our discretion. We are not obligated to provide you with an internet or intranet email account or system but we do currently use an on-line system for the communication of information and Internet/electronic mail access. We may discontinue the current system of communication and Internet/electronic mail at any time and you may be required to maintain an account we designate with a provider of our selection and pay the required fees. See Item 6. We are not obligated to monitor or create/maintain any backup of email and information/data related to email. There are no contractual limitations on our right to access, information and data on the electronic communication and Internet/electronic mail systems. You agree you have no right of privacy with respect to such communications and data and we may access these email communications and data. Any access to, monitoring or copies of, data related to electronic communications and emails will be solely for our benefit.

We may use all data provided by you to us for any and all purposes for which we may solely determine, including financial information and assessments or similar data, and may share and disclose the data to/with our affiliates, their franchisees and our franchisees, and all prospective franchisees, without restriction and without compensation, subject to compliance with applicable laws. We will disclose such financial information and data to any other third party only after your name has been omitted unless you consent or as required by judicial process or a governmental investigation, in each case subject to compliance with applicable laws. (Franchise Agreement, Section 5F).

Site Selection

You select the site for the Business with site selection guidelines we provide. You must verify to us that your site complies with our site selection guidelines. We do not select your site. You may operate the Business from your home if your home is located within your Territory and if local zoning permits; however, you have the option to lease office space. We will approve your site so long as it meets our site selection guidelines. The factors we consider in approving your site are whether the site is located within your Territory and whether it meets zoning requirements. We will attempt to approve or disapprove your selected site within 10 business days after you submit the location (together with evidence of its compliance with our site selection guidelines) to us for approval. There are no consequences if you and we can't agree upon the location, except that the franchised business cannot be operational. We do not generally own the premises for a franchised business and lease them to a franchisee. You may not enter into a lease for your proposed site until you have received our prior approval.

You must begin operating your Business on the Scheduled Opening Date identified in Schedule A of the Franchise Agreement (which is to be within 9 months of the date of the Franchise Agreement), although you may not commence operations of your Business until you complete to our satisfaction our training program and have otherwise complied with your pre-opening obligations. (Franchise Agreement, Section 5.A)

Manuals

The "Manuals" means the Brand Guidelines Manual and other manuals that we may create in the future.

We will loan you copies of or provide electronic access to our Manuals, which contain mandatory and suggested specifications, standards and procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques, and management systems described in our Manuals or other written materials relating to the Business. The Manuals will contain both mandatory standards and recommended standards. You must treat the Manuals, and other written materials created for or approved for use in the operation of the Business, and the information contained in them, as confidential. The Manuals will remain our sole property. We may, from time to time, revise the contents of the Manuals and you must comply with each new or changed standard.

The table of contents from our Manuals are contained in Exhibit K. The Brand Guidelines Manual contains a total of 235 pages and the Sales and Marketing Manual contains a total of 116 pages. (Franchise Agreement, Section 5.G)

Training

You must oversee the operation of the Business. Prior to commencement of business, you and your Designated Manager, if one has been designated, must successfully complete, to our satisfaction, our required training and pass a comprehensive test, upon completion of classroom training, that covers the materials included in the Manuals (the "Initial Training Program"). If you or your Designated Manager do not successfully complete training and pass the test, training must be repeated at the next regularly scheduled training session and at your sole expense until you and your Designated Manager pass the test or your franchise agreement may be terminated. If you hire a new Designated Manager, such person must be approved by us, successfully complete training and pass the test. Before opening the Business, you (or, if you are a corporation or partnership, one of your principals), your Designated Manager, and any such additional persons as you or we deem appropriate must attend and complete to our satisfaction the Initial Training Program we or our affiliate offer. (Franchise Agreement, Sections 6B and C)

You are responsible for all expenses you and your employees incur to attend the training, including transportation, meals, accommodations, entertainment, and salary/wages (although this training may be done virtually/remotely). The Initial Training Program consists of two parts: the HouseMaster Marketing and Operations Training, which is four days of training, and the NIBI Technical Training, which is nine days of training. The training program is held five to seven times per year or whenever minimum class sizes are achieved.

We (or our affiliate) will conduct our Initial Training Program as follows:

TRAINING PROGRAM

~~Neighborly Basic Training~~

~~Subject~~	~~Hours of Classroom Training~~	~~Hours of On-the -Job Training~~	~~Location~~
~~Introductions~~	~~.5~~	~~0~~	~~Virtual~~
~~Neighborly Vision & Service Excellence~~	~~1.5~~	~~0~~	~~Virtual~~
~~Leading in Service Excellence~~	~~1.25~~	~~0~~	~~Virtual~~
~~Welcome to the Neighborhood~~	~~1.5~~	~~0~~	~~Virtual~~
~~Financial Fundamentals~~	~~1.25~~	~~0~~	~~Virtual~~
~~Retaining Top Talent~~	~~1~~	~~0~~	~~Virtual~~
~~Design Your Life~~	~~1.5~~	~~0~~	~~Virtual~~
~~Neighbors Like You~~	~~.5~~	~~0~~	~~Virtual~~
~~Total~~	~~9~~	~~0~~	

Marketing and Operations

Subject	Hours of Classroom Training	Hours of On-the -Job Training	Location
WELCOME AND INTRODUCTIONS	0.5	0	Virtual
LEADERSHIP TRAINING Code of Values, HouseMaster Introduction	1.5	0	Virtual
Intro to ProTradeNet	.25	0	Virtual
Workshop: Create Goals, Objectives, Strategy, Tactics	.75	0	Virtual
The HOUSEMASTER Approach and Systems Overview	1	0	Virtual
THE HOUSEMASTER CLOUD: Introduction and Functionality BUILDING CUSTOMER LIFETIME VALUE Buyer Benefits Program, HouseMaster Connects, Home Solutions Warranty	~~1.5~~1	0	Virtual

Subject	Hours of Classroom Training	Hours of On-the -Job Training	Location
Hands-on INSPECTION SERVICES NETWORK (ISN), The Cloud, Recap Generator WORKSHOP: Initial Setup, Email Templates, Generating Reports, Roles & Responsibilities, functions, inspection types and fees, workflows	2	0	Virtual
~~MANAGEMENT SYSTEMS: FranConnect, ISN, Cloud, HomeGauge, Ticksy, Recap Generator~~PREVIOUS DAY REVIEW AND DISCUSSION	~~1~~.5	0	Virtual
~~Review,~~ Branding Overview and MARKETING RESOURCES ~~Intranet Review~~Ground Game, Marketing ~~&~~Funnel, Customer Journey Promotional Materials ~~(review sample materials)~~, Vendors, Supply Ordering	2.5	0	Virtual
How to Prepare for an Office Talk	1	0	Virtual
PREVIOUS DAY REVIEW AND DISCUSSION	.5	0	Virtual
Marketing script practice	0.5	0	Virtual
ANSWERING THE CALL: Phone script	1.5	0	Virtual
FIELD MARKETING, COMMON OBJECTIONS, SETTING YOUR PRICES, RECRUITING AND HIRING FranConnect access and demo	2.25	0	Virtual
~~NEIGHBORS LIKE YOU~~	~~0.25~~		~~Virtual~~
BUSINESS PLANNING AND BUDGETING, Financial Insights Tool (FIT), Chart of Accounts	3		Virtual
~~Compliance~~BUSINESS FINANCE BASICS BUDGETING	~~1~~2.5	0	Virtual
~~BUSINESS FINANCE BASICS BUDGETING~~ 90 DAY MARKETING BLITZ, WRAP UP, CLOSING GRADUATION	~~3~~1	0	Virtual
Total	~~21.5~~22.25	0	

NIBI Inspection Training - Initial Training Program

Training related to residential construction practices and inspection issues is conducted for franchisees by our affiliate HI Training, LLC dba the National Institute of Building Inspectors® (NIBI®). The syllabus for this training currently includes the following topics:

Subject	Hours of Classroom Training	Hours of On-the Job Training	Location
Home Inspection Basics	4	0	Somerville, NJ or other field office at location we designate or Webinar
Central Heating	5	0	Somerville, NJ or other field office at location we designate or Webinar
Framing	4.5	0	Somerville, NJ or other field office at location we designate or Webinar
Foundation	4	0	Somerville, NJ or other field office at location we designate or Webinar
Insulation/Ventilation	2.5	0	Somerville, NJ or other field office at location we designate or Webinar
Interior Electrical	4	0	Somerville, NJ or other field office at location we designate or Webinar
Roof	4	0	Somerville, NJ or other field office at location we designate or Webinar
Central Cooling	4	0	Somerville, NJ or other field office at location we designate or Webinar
Interior Plumbing	5	0	Somerville, NJ or other field office at location we designate or Webinar
Built-In Kitchen Appliances	1	0	Somerville, NJ or other field office at location we designate or Webinar
Exteriors/Elements	5	0	Somerville, NJ or other field office at location we designate or Webinar
Interior Elements	4	0	Somerville, NJ or other field office at location we designate or Webinar
Fireplaces/Stoves	2.5	0	Somerville, NJ or other field office at location we designate or Webinar

Subject	Hours of Classroom Training	Hours of On-the Job Training	Location
Wood Destroying Insects	1.5	0	Somerville, NJ or other field office at location we designate or Webinar
Environmental Concerns	2	0	Somerville, NJ or other field office at location we designate or Webinar
Risk Management	3	0	Somerville, NJ or other field office at location we designate or Webinar
Inspector Safety/ Equipment	2	0	Somerville, NJ or other field office at location we designate or Webinar
Report Writing	6	0	Somerville, NJ or other field office at location we designate or Webinar
Practicum	0	16	Somerville, NJ area or other location we designate
TOTAL:	64	16	

NIBI has a distance-learning program accessible through the NIBI Online Institute, which addresses continuing on-going education needs and serves as a training option for employees of franchisees (where there is adequate local field training) as an alternative to attending in-person classroom sessions of NIBI Technical Training in Somerville, New Jersey or Waco, Texas. This is a full web-based program, including an eleven (11) module introductory home inspection course and continuing educating courses that are accessible from a computer via the Internet at a student's own time and convenience. Although we do not currently charge a fee for this program, we may begin charging a fee for some courses in the future, as noted in Item 6.

All inspectors who conduct inspections on behalf of your Business must be first trained through NIBI Technical Training or an equivalent program that we deem acceptable before beginning to conduct home inspections.

Other Training Matters

Our instructional materials consist of Manuals and, with respect to the NIBI Technical Training Course includes the Course Guidebook (e-course Guide), an industry textbook and PowerPoint and video presentations.

Our instructors have experience relevant to the subjects covered in our Initial Training Program. Our instructors are Nancy Shipley, who has ~~14~~15 years of experience in franchising, with ~~7~~8 years of experience with us and Predecessor; Joe Tangradi, who has over 30 years of experience in franchising and the home inspection industry, with ~~23~~24 years of experience with us and Predecessor; and Joseph Cummins, who has over ~~43~~44 years of experience in the home inspection industry and 44 years with us and Predecessor. Our President has responsibility for our training staff, consisting of assistants, sales and marketing staff, franchise service personnel and officers and personnel from our affiliate companies. These instructors' length of experience in the franchise or home inspection business ranges from less than ~~7~~8 years to over 44 years, with ~~7~~8 to 44 years of that experience with us and Predecessor. See Item 2 for additional information about the experience of our President.

While providing a strong introduction to the home inspection field for franchisees and inspectors, the NIBI Technical Training program is not technically exhaustive and may need to be supplemented by educational programs and self-learning to obtain additional information on construction materials and methods and locally accepted and customary home inspection practices. All third-party training program curriculums must be submitted to HI Training for pre-approval. In some cases, additional educational and training requirements may need to be competed to obtain a home inspector license, certification or registration under applicable law. The HouseMaster technical staff can provide direction and/or assistance for this additional training through HouseMaster programs to the extent that are pertinent and available or can provide guidance on alternate approaches. Inspectors must meet these requirements before beginning to conduct home inspections. In addition to home inspections, some ancillary services, (e.g., septic, radon, termite) that you may choose to offer may also require additional education, licensing and/or certification. For example, in some states, you must be mentored by a same-state licensed inspector prior to receiving your license. In these states, you may be mentored by a willing HouseMaster franchisee in the area. This may require a fee paid directly by you to the mentoring franchisee. If a willing HouseMaster franchisee is not available in your area, a third-party mentor may be arranged again for a fee paid directly by you to the mentor.

You must also attend, every year, at your expense, the annual training or conference event specified by us and currently referred to as "Reunion" (see Item 6 for more detail), and any other training we designate as required. We may also require you to attend and complete a "refresher" training course or advanced training course if we determine that you are not current on all aspects of the System or are otherwise in need of training.

Any training provided by us (or our affiliate) to any of your workers will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers. You are solely responsible for ensuring that your workers receive adequate training. (Franchise Agreement, Section 6.C.)

Franchise Advisory Council

We have an Advisory Council consisting of our President, our Vice President of Operations, a member of our Marketing department, and up to two franchisee representatives from each geographic region we designate, who are elected to terms by the franchisees within such regions. The Advisory Council serves in an advisory capacity and its decisions are subject to our approval. We have the right to create, change or dissolve the Advisory Council. Other than the advisory input from the Advisory Council, we direct all activities that the MAP Fund finances, with sole control over the creative concepts, graphics, materials, communication media, and endorsements used and their geographic, market, and media placement and allocation.

ITEM 12
TERRITORY

You will receive the right to operate the Business at a location within your territory that meets our site selection guidelines (the "Franchise Location"). Your Franchise Agreement will also specify a designated territory that will provide you limited territory protection (the "Territory"). The Franchise Agreement does not grant you any territorial rights beyond the Territory except as described in this item 12.

We estimate that your Territory will have generally approximately 75,000 owner-occupied homes (OOHs). You will maintain rights to your Territory even if the population in your Territory increases. We

rely on the census to determine the number of owner-occupied in a Territory. While we believe the data to be accurate within an acceptable margin of error, there is no way to know the actual number of owner-occupied homes. The actual number of owner-occupied homes may be more or less than 75,000. We may, in our sole discretion, permit you to add Purchased Postal Codes. All Purchased Postal Codes will be included in your defined Territory, and all references to "Territory" include the Purchased Postal Codes; provided that, if any Purchased Postal Code would increase the number of owner-occupied homes in your territory to ~~150,000~~100,000 or more, we will require you to purchase the additional territory that includes such Purchased Postal Code under a separate Franchise Agreement.

If you wish to relocate from your Franchise Location to a new business site, we will authorize you to do so; provided (1) you are not in default of the Franchise Agreement, any other agreements with us, or the lease for the former Franchise Location, (2) you are current on your financial obligations to us and our affiliates and all your third party creditors, (3) you open for business at the new location on the same day you close your former Franchise Location, and (4) the new business site is within your Territory. You may operate from your home if your home is located within your Territory and if local zoning permits or from any existing business premises.

In the limited instance that Google (or another designated vendor we use for search engine optimization purposes to drive online customer marketing) requires a secondary physical location in your Territory (in addition to your Franchise Location) in order to align with the marketing areas identified by Google/the vendor, we and you will agree on how you can establish and operate the secondary location in a manner that meets Google/the vendor's requirements as well as our applicable System standards for a secondary location; provided that this requirement will not apply during the first year of operation of your Business.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we, our affiliates or third parties control, operate or franchise. However, provided you are in full compliance with your Franchise Agreement, we will not operate or grant a franchise for the operation of another HouseMaster franchise with rights to market within your Territory during the term of your Franchise Agreement.

We and our affiliates reserve all other rights not specifically granted to you, including the right, while your Franchise Agreement is in effect, to sell or allow others to sell: any products or services anywhere using different trademarks; the same or similar products and services, competitive with those you will provide, anywhere using different channels of distribution; different products and services anywhere using the Marks; or the same products and services using the same trademarks anywhere inside or outside your Territory. In addition, we may advertise, solicit and enter into Key Accounts, which are national, regional or other accounts we believe will benefit the system as further described in the Franchise Agreement, the Manuals and Item 8, and Key Accounts may involve marketing in your Territory. In addition to allowing others to offer products and services in your Territory generally, in the specific case when a Key Account is involved we may also designate or authorize a corporate employee, another franchisee or any other third party to perform or assist you in performing services within your Territory if you refuse or, in our judgment, are not qualified, interested, able or available to perform services for any customer in the Territory, including any Key Account customer; if you request assistance; or if a customer, orally or in writing, specifically requests services in the territory from a different franchisee or any other third party. If you agree to participate in or service Key Accounts, you must do so on the terms we specify, which terms may include, but may not be limited to, the provision of certain insurance, equipment, products and services, and the offer of services at prices not to exceed the maximum prices specified as well as payment by you of any applicable sales or broker commissions. If others provide services in your Territory, you will not be entitled to any compensation for the sales or services performed. Subject to the rights granted to you in your Franchise Agreement, we may provide in the Manuals for other programs in which we offer

and sell, and/or authorize others to offer and sell, using the Marks or other marks, goods and services in your Territory that are identical or similar to and/or competitive with those provided at your Business. We may also acquire businesses or be acquired by a business offering similar products and services anywhere.

You cannot advertise for or attempt to solicit customers for any products or services, including using Internet, telemarketing or other direct marketing, outside your Territory, except for the following limited activities: (i) you may target market past home inspection customers to maintain the relationship regardless of the customer's location and (ii) you may conduct in-office or virtual marketing and training in the physical office or official virtual location of the board of realtors and Chambers of Commerce even if the physical offices are located outside of your Territory. Further, if you are hosting or attending an event for the purpose of marketing to professionals whose business footprint encompasses multiple offices including those that are in another franchisee's territory you must share the branding of the event and distribute materials of other HouseMaster franchisees who service those territories. You may also be required to contribute to a marketing program or activity with an organization that has locations in your Territory that is being coordinated by another HouseMaster franchisee who owns a territory within the footprint of the organization. You may not otherwise advertise, market or promote your Business or solicit customers outside of your Territory without our prior written consent, which consent we may give, condition or withdraw as we deem appropriate.

In the past, we granted exclusive territories to franchisees in certain areas (referred to as a Limited Area Franchise Territory or a Reciprocal Opportunity Franchise Territory). We are no longer granting Limited Area Franchises or Reciprocal Opportunity Franchise Territories, and there are very few existing franchisees that still have this territory structure. If you are one of these few existing franchisees, when you execute a renewal Franchise Agreement, you will be requested to convert your territory structure and/or may be entitled to retain the Limited Area Franchise Territory.

You may conduct inspections and provide other related services anywhere other than in an existing franchisee's Limited Area or Reciprocal Opportunity Franchise Territory ("Excluded Territories"). You are solely and fully responsible for identifying which areas are Excluded Territories, by, for example, contacting us for this information. For your information, you will be provided a list of Excluded Territories within a 50-mile radius of your Franchise Location at the time your Franchise Agreement is signed. Other franchisees may also conduct inspections and provide related services anywhere.

Our Manuals may also set specific rules for engaging in, and what may constitute, marketing within your Territory and other related matters, including what telephone area codes and exchanges may be used within the Territory (depending on the areas covered by those area codes/exchanges); which publications or media you may advertise in (depending on whether the circulation of the publication/media is wholly or mostly within your Territory); participation in promotional events, tradeshows, continuing education programs, chambers of commerce and industry association meetings; the post office box or mailing address that may be displayed on advertising; which phone numbers may be displayed on your vehicles; how, when and from which customers or accounts you may solicit work (depending on their location and the location and/or duration of the work); requirements for referral of work; enforcement, administration and interpretations of provisions of marketing/territory rules and procedures; and other matters; and we may update and change these rules from time to time.

If you impermissibly conduct an inspection in an Excluded Territory or if you engage in prohibited marketing activities, you must pay us a fine of the greater of $5,000 for each occurrence or 50% of business generated from the infringing activity. The fine is in addition to our right to terminate your franchise.

We do not otherwise limit or restrict your solicitation of customers in your Territory.

Neither we nor any other party are required to pay you as a result of us exercising in your Territory any of our rights described in this Item 12.

Beginning with the second full calendar year of operations, your Business must achieve (a) in each calendar year, annual Gross Sales that are in the top 90% of the annual Gross Sales per franchised business for the HouseMaster franchise system for that calendar year (the "Gross Sales MPS") and (b) a Net Promoter Score (or another customer satisfaction survey score we designate) ("NPS") that is not more than 10 points below the average NPS for the HouseMaster franchise system for each applicable measurement period we set (the "Customer Satisfaction MPS" and collectively with the Gross Sales MPS, the "Minimum Performance Standards"). If you operate multiple HouseMaster businesses, the Minimum Performance Standards will apply separately to each franchised business. We can make changes to the Minimum Performance Standards upon 6 months' prior written notice in accordance with our reasonable business judgement and so long as such revised Minimum Performance Standards are applied to all similarly situated HouseMaster franchised businesses.

If you do not meet the Minimum Performance Standards for any applicable calendar year or measurement period, we will meet with you to identify the reasons for the substandard performance and establish a performance improvement plan ("PIP") for the Business to take specific actions with the goal to improve the overall performance of the Business, including its annual Gross Sales and/or NPS. Your failure to implement or comply with the PIP over the three to six month period we designate will be a default under your Franchise Agreement, subject to a 30-day cure period. During the cure period, you will have the opportunity to advise us of your intent to sell your Business to a third party, in which case we will give you an additional 90 days (from the date of your notice of intent to sell) to transfer the Business in accordance with the transfer requirements of the Franchise Agreement. Failure to timely cure the default or transfer the Business will give us the right to either reduce the size of your Territory or terminate your Franchise Agreement.

Although you do not have a right to do so, we may permit you to establish another HouseMaster Business, if you meet our then-current Expansion Criteria. We have the absolute right to determine whether an existing franchisee meets our Expansion Criteria, which we may modify from time to time. As of the date of this Disclosure Document, the criteria we consider are, among other factors: a franchisee's compliance with the System, operational success (including your existing Franchised Business(es) meeting or exceeding certain performance thresholds), leadership ability and team development, financial stability and ability to expand and potential limits on the number of Businesses any franchisee owns.

We do not generally grant any right of first refusal to obtain additional territory. You may, if qualified, including under our then-current Expansion Criteria, purchase an eighteen (18) month option on additional territory by paying us, at the time you purchase your franchise, a fee of 10% of the initial franchise fee for the territory you wish to buy. You must enter into an Option to Purchase Agreement. At any time during the eighteen (18) month period, you may, if you are in compliance with your franchise agreement, purchase the additional territory by paying us the balance of the initial franchise fee. The 10% deposit will be applied to the purchase price. We do not refund your deposit if you decide not to purchase or do not quality to purchase the additional territory. If we approve you to purchase additional territory, whether or not through the Option to Purchase Agreement, we may require that you sign a general release releasing us from all claims you may have except claims that under state law may not be released.

If you do not qualify for renewal of your Franchise Agreement, we may, in some cases, but are not required to, offer to enter into a franchise agreement with you for a smaller territory and you would then have the option to accept that territory on the terms offered.

We do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, certain of our affiliates described in Item 1, and other portfolio companies that currently are or in the future may be owned by private equity funds managed by our affiliates, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes our current affiliated franchise programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. As noted in Item 1, all of these affiliated franchise brands (with the exception of Mosquito Joe, PDS, and any KKR portfolio companies) have the same principal business address as us, and they generally do not maintain physically separate offices and training facilities from our offices and training facilities (except for Rainbow International, which maintains some separate training space) although each affiliated brand has its own separate meeting space. Most of the affiliated franchisors and the affiliated franchise brands are not direct competitors of our franchise network given the products or services they sell, although some are to a limited extent, as described in Item 1. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers in your territory. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

ITEM 13
TRADEMARKS

We grant you the right to operate a franchise under the name HOUSEMASTER®. You may use our other current or future trade names, trademarks, service marks, symbols, emblems, logos and indicia of origin designated by us ("Marks") to identify your franchise.

We own the following Marks that are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration No./ Serial No.	Registration Date	Trademark (TM) or Service Mark (SM)
HOUSEMASTER	Reg. No. 1,514,093	November 22, 1988	SM
HouseMaster® Home Inspections. Done Right. Guaranteed.™	Reg. No. 5,208,548	May 23, 2017	SM
HOUSEMASTER HOME INSPECTIONS DONE RIGHT (with design)	Reg. No. 3,085,974	April 25, 2006	SM

As noted in Item 1, we became the owner of the above listed Marks in March 2021.

Our Parent, Neighborly Assetco LLC, owns the following Marks, which are registered on the Principal Register of the USPTO, and we license from Parent the right to use and to allow our franchisees to use these Marks under a Trademark License Agreement (the "License Agreement"). The License Agreement grants us a worldwide, non-exclusive, nontransferable license to use and to license others to use the Marks. Parent may terminate the License Agreement due to our material breach, ownership change or for any reason upon 90 days' notice. Upon any termination of the License Agreement, we will be required to cease all use of these Marks and we will require you to do the same.

Mark	Registration No./ Serial No.	Registration Date
NEIGHBORLY	5,365,894	December 26, 2017
NEIGHBORLY (Stylized)	5,365,895	December 26, 2017
(HOUSE LOGO)	5,347,941	November 28, 2017
YOUR HUB FOR HOME SERVICES	7,281,370	January 16, 2024

Required affidavits and renewals for the registrations for these principal trademarks have been filed when due.

Except for the License Agreement noted above, there are no agreements that significantly limit our right to use or license the Marks in any manner material to the System.

In addition to the Federal rights that apply to use of the registered Marks above, we claim common law rights, based on use of the Marks, to all of the Marks. There may be areas, however, in which a third party has prior common law rights to the use of one of the Marks. If you propose to operate a franchise in one of those areas, we may attempt to obtain exclusive use of that Mark, or, in the alternative, we may designate and grant you permission to utilize a different proprietary mark. There may be other instances in which we may elect to use, or require you to use, a different proprietary mark in a market, region or systemwide. In any instance in which we require you to use a different proprietary mark, you must, at your expense, comply with our designation and use, or change your use to the designated mark. You must modify or discontinue the use of a Mark, at your expense, if we direct. If we direct, you must adopt or use one or more additional or substituted Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

A construction company in Mount Pleasant, South Carolina has been operating under the name "HOUSEMASTER" longer than we and our predecessors have been using the name, and may have superior rights to the mark in that area.

In September 1997, our predecessor entered into an agreement with an individual in Colorado Springs, Colorado who had been using the name HOUSEMASTER in offering home remodeling. Under the agreement, this individual can continue to use the mark only in connection with those services and in that area. As of the date of this Franchise Disclosure Document, it appears that the individual is no longer in business. There are no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks.

We are aware of third parties in the home inspection industry that use "Done Right" or "Inspections Done Right" or similar phrases, some of which are purely descriptive, non-trademark uses of the phrases and other third-party uses that could rise to trademark use. We do not believe that such third-party uses materially affect our trademark rights in our federally registered trademarks HOUSEMASTER HOME INSPECTIONS. DONE RIGHT. and HOUSEMASTER HOME INSPECTIONS. DONE RIGHT. GUARANTEED. or your use of our registered trademarks in the state where your franchised business will be located.

We do not have actual knowledge of any infringing uses that could materially affect your use of our Marks other than the common law rights mentioned above. You must notify us immediately when you learn about an infringement of or challenge to your use of the Marks. We will take the action we think appropriate but are not obligated to protect your rights to use the Marks. We have the right to control the defense of any claim using attorneys we choose and you must cooperate in that defense. You may participate in the defense and settlement at your own expense but our decisions will be final and binding. We will indemnify you or reimburse you for your liability and reasonable costs if there is a challenge to your authorized use of the Marks provided you have notified us immediately after you learned of the challenge and cooperate with us in defending the challenge as required.

You must follow our rules when you use the Marks and you may only use the Marks for the operation of your Business in your Territory. You must execute any documents we require to protect the Marks or to maintain their continued validity and enforceability. You may not directly or indirectly contest the validity of the Marks, our (or Parent's as applicable) ownership of the Marks or our right to use or license the Marks, trade secrets, confidential information or business techniques that are part of our business. You cannot use the Marks as part of a corporate or other legal name and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations.

You must modify or discontinue the use of a Mark, at your expense if we direct. If we direct, you must adopt or use one or more additional or substituted Marks.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent.

We own several copyrights that are material to the franchise. Listed below are our copyright registration numbers and dates for some of the proprietary materials that you are licensed to use.

Copyrighted Item	Registration Number	Registration Date	Duration
Addendum for Ancillary Services	TX6011238	July 20, 2004	7/20/2099
Ancillary Services Agreement	TX6011239	July 20, 2004	7/20/2099
Home Inspection Limited Guarantee	TX6011235	July 20, 2004	7/20/2099
Limited Inspection Guarantee	TX6011241	July 20, 2004	7/20/2099

Copyrighted Item	Registration Number	Registration Date	Duration
Home Inspection Order Agreement	TX6011236	July 20, 2004	7/20/2099
Inspection Order Agreement	TX6011240	July 20, 2004	7/20/2099
Inspection Services Order Agreement	TX6011237	July 20, 2004	7/20/2099
Inspection Resource Guide	TX6370415	June 9, 2006	6/9/2101

By law, we are not required to and do not intend to renew these copyrights since they were created after January 1978.

There are no material determinations of the U.S. Copyright Office, USPTO, or court regarding our copyrighted materials.

In addition, you can use the proprietary information in our Manuals and software which are described in Item 11. We have not filed an application for a copyright registration in these items, but we claim a common-law copyright in our Manuals and software and we treat the information in these items as confidential and proprietary. Item 11 describes limitations on the use of the Manuals and software by you and your employees. You must treat these items and the information as confidential. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action to protect or defend use of proprietary information but will respond as we think appropriate and will control any action we decide to bring or defend. We are not required to participate in your defense or indemnify you for use of copyrighted material or patents. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state and there are no agreements that limit our rights to use our copyrights or to allow others to use them.

Confidential information includes all information, data, knowledge, materials, techniques and know-how designated or treated by us as confidential and includes any and all Manuals, computer software or programs, training materials, operational videos, marketing programs, franchise rosters, franchisee lists, customer and prospective customer lists and data, and any other materials designated or treated by us as confidential. You may not, at any time during or after the term of the Franchise Agreement, disclose, copy or use any confidential information except as we specifically authorize.

If we ask, you must have your personnel who receive or will have access to confidential information sign covenants not to divulge the confidential information or use it for their own benefit. If you are a corporation or other business entity, your shareholders, members and/or owners must also abide by these covenants and sign a Guaranty (attached to the Franchise Agreement as Schedule C). If you are an individual, we may require your spouse to sign and abide by a confidentiality agreement. If we ask, your employees with access to your password and log-in name for our Intranet must sign a confidentiality agreement agreeing to not disclose this information.

If you develop any new product, service offering, concept, invention, business venture, technique, process or improvement in the operation or promotion of your Business, you must promptly notify us and provide us with all necessary information free of charge. You acknowledge that we own any such information and you agree to assign ownership of same to us, and you acknowledge that we may provide the information to other franchisees for use in their franchises.

There currently are no effective adverse determinations of the USPTO, United States Copyright Office or any court, nor are there any pending infringements, opposition or cancellation proceedings or material litigation, involving the copyright materials that are relevant to their use by our franchisees.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must directly perform or supervise the operation of the Business unless we consent otherwise. You must obtain and maintain an immigration status that will allow you to live and work in the United States for the initial term of the Franchise Agreement and for the length of any renewal term of the Franchise Agreement. If you do not have or maintain the required status, the Franchise Agreement will immediately expire by its terms with no further notice or opportunity to cure and we will have no liability to you, and no refund of any fees will be made. However, you will remain bound by all post-termination obligations in the Franchise Agreement, including all obligations regarding noncompete, de-identification, confidentiality, and indemnity.

If we agree that you need not personally perform or supervise operation of the Business, an individual who has successfully completed our training program ("manager") must directly supervise the Business, and that individual must be a bona fide manager, as determined by us. If we ask, the manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14.

If you are a corporation or other legal entity, direct, on-site supervision must be done by a designated owner who has successfully completed our training program unless we consent otherwise ("principal owner"). If we ask, the principal owner must sign a written statement to maintain confidentiality of the trade secrets described in Item 14 and to conform to the covenants not to compete described in Item 17. If we agree that a principal owner need not personally perform or supervise the operation of the Business, a manager must directly supervise the Business. The manager need not have an ownership interest in the Business. If you are a corporation or other legal entity, your principal shareholders, members and/or owners must sign a Guaranty agreeing to pay and perform all obligations under the Franchise Agreement (attached to the Franchise Agreement as Schedule C). If you obtain financing from us as provided in Item 10, we have the right to require a spouse's personal guaranty.

While you own the Business, you cannot have an interest or relationship with any competitors. If you own an existing business when you sign the Franchise Agreement, we may (in our sole discretion) allow you to exclude such business from the Business by executing the Excluded Services Addendum attached as Schedule I to the Franchise Agreement. If such existing business is rolled into the Business, you will execute and become bound by the Roll-In Addendum (attached as Schedule H to the Franchise Agreement).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Franchise Agreement

You must offer and sell only the goods and services that conform to our standards and specifications. You must offer the goods and/or services that we designate as required for all franchisees and you may elect to offer other products and/or services only if we approve them in advance.

We may change the authorized services and/or products that we require you and all franchisees to offer by adding additional services and/or products or deleting products and/or services, or both, and there are no limits on our right to make changes. If we make any changes, we will notify you. We have no plans to make significant changes in the future.

You must comply with all applicable laws and regulations and obtain all appropriate governmental approvals for the Business, including obtaining a license if required by your locality. To ensure that the highest degree of quality and service is maintained, you must operate in conformity with the methods, standards and specifications in the Manuals and as we may otherwise require in writing periodically. You must not deviate from our standards and specifications without our prior written consent.

We do not limit or restrict your solicitation of customers in your Territory, although we own all customer information and may use the customer information as we deem appropriate (subject to applicable law), including, without limitation, sharing it with our affiliates for cross-marketing, customer loyalty programs or other purposes. For example, "Your Hub for Home Services" is Neighborly's current cross-branding initiative where we intend to increase cross utilization of Neighborly brands by consumers and drive consumer awareness via getneighborly.com and other marketing programs.

You cannot advertise for or attempt to solicit customers for any products or services, including using Internet, telemarketing or other direct marketing, outside your Territory, except for the following limited activities: (i) you may target market past home inspection customers to maintain the relationship regardless of the customer's location and (ii) you may conduct in-office marketing in the physical office of the board of realtors and Chambers of Commerce even if the physical offices are located outside of your Territory. Further, if you are hosting or attending an event for the purpose of marketing to professionals whose business footprint encompasses multiple offices including those that are in another franchisee's territory you must share the branding of the event and distribute materials of other HouseMaster franchisees who service those territories.

You cannot provide mentoring services for an inspector that is not part of the HouseMaster franchise system, whether within or outside your Territory and whether complimentarily offered or for a fee, without our prior express written consent.

If you have an immediate family member (i.e., spouse, former spouse or offspring) who is engaged in the real estate brokerage business, you cannot provide services to any customers referred by the family member. Also, you must provide written disclosure to customers if you do have a family member in the real estate brokerage business in your territory. This restriction is imposed to avoid a conflict of interest.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements in EXHIBIT A to this disclosure document.

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
a. Length of the franchise term	4(A)	Initial term is 10 years.
b. Renewal or extension of the term	4(B), (C)	Your Franchise Agreement can be renewed for one additional 10-year term by executing the then-current form of franchise agreement and meeting the other requirements for renewal; if you continue to operate after expiration of the

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
		initial or a renewal term, we may, at our sole election, treat the Franchise Agreement as expired or as continued on a month-to month basis until both parties agree to enter into our then-current form of franchise agreement for a renewal term or until one party provides the other with written notice of termination, in which case the interim period will terminate 30 days after receipt of the notice of termination. In the latter case, all of your obligations shall remain in full force and effect during the interim period as if the Franchise Agreement had not expired, except that the License Fee during the interim period will be increased to 10% of Gross Sales for all types of products/services and without any reductions. Once you have renewed your Franchise Agreement, you have no automatic further right of renewal and the provisions about renewal described in this section do not apply. At that point you may enter into a new franchise agreement on the then current terms if you and we agree to a new agreement.
c. Requirements to renew or extend	4(B), (C)	Requirements for renewal are as follows: you cannot be in default of current Franchise Agreement or any related agreement, have satisfied all monetary and other material obligations on a timely basis during the term, are in good standing and have received no more than ~~3~~2 written notices of default during the term of the Franchise Agreement; you have not failed to meet the Minimum Performance Standards for any 2 calendar years (or 2 measurement periods, as applicable) during the term of the Franchise Agreement; you must give us written notice at least 180 days (but not more than 240 days) before the end of the expiring term; you and your guarantors must sign a general release; you must pay us a renewal fee of $2,500 in the event of a five-year term and $3,500 in the event of a ten-year term; you must complete our then current training requirements, and you must sign the

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
		most current version of our franchise agreement, which may have terms, conditions and fees that could be materially different as compared with your original franchise agreement.
d. Termination by you	12(C)	You may terminate the Franchise Agreement as a result of our breach of a material provision of the Franchise Agreement, provided that you give us written notice of the breach and we fail to cure the breach within 30 days after our receipt of your written notice. If we fail to cure the breach, the termination will become effective 60 days after our receipt of your written notice of breach. Provisions regarding termination by the franchisee are subject to state law. You may also terminate for any reasons allowed under the law.
e. Termination by us without Cause	None	We cannot terminate your Franchise Agreement without cause.
f. Termination by us with Cause	12(B)	We can terminate your Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	12(B)(1)	You have 10 days (subject to local state law) to cure if you fail to pay amounts due or fail to submit required reports. You have 30 days to cure all other defaults of the Franchise Agreement except for the non-curable defaults described below.
h. "Cause" defined – non-curable defaults	12(B)(2)	You made material misrepresentations to us in the application for the franchise or other reports or information provided to us; you voluntarily abandon performance of the Franchise Agreement (including by failing to operate the Business for seven or more consecutive days); state or local authority close the Business for safety reasons; you register any domain name containing our Marks or use Confidential Information in unauthorized manner; you or your guarantor become insolvent or make an assignment for the benefit of creditors or other similar arrangements; you or your guarantor are convicted of (or plead no contest to) any

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
		misdemeanor bringing the Marks into disrepute or impairing your reputation or goodwill of the Marks or of the Business; you or your guarantor are convicted of (or plead no contest to) any felony; you intentionally understate or underreport Gross Sales, License Fees, or MAP Fees; any understatement or 3% variance on a subsequent audit within a 2-year period; any transfer or assignment without our consent as provided in the Franchise Agreement; a final judgment is entered against you in our or our affiliates' favor; or any default by you that is the second default of any type within any 12-month consecutive period even if the default(s) were cured.
i. Your obligations on termination/non-renewal	13	Your obligations include complete de-identification of the Business (including all vehicles) and immediate discontinuation of advertising or any other use of the Marks or any other promotional materials furnished by us; return to us all copies of the Manuals, software, customer lists and ongoing customer contracts; assignment to us of all right in the telephone numbers, websites, social media accounts, and domain names for the Business and cancelation or assignment, at our option, of any assumed name rights or equivalent registrations; assignment to us, upon our demand, of your remaining interest in any lease for the Business; and payment of any amounts due to us or to third parties for amounts guaranteed by us; compliance with non-competition covenants (see r., below).
j. Assignment of contract by us	10(G)	We may assign your Franchise Agreement to any 3rd party without prior notice to you and without your consent.
k. "Transfer" by you – defined	10(A)	Includes any sale, lease, pledge, management agreement, contract for deed, option agreement, bequest, gift, any arrangement in which you turn over all or part of the operation of the Business to someone who shares in the losses or profits of the Business other than an employee; any 20% or more change in the direct or indirect ownership of the franchisee

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
		entity; or any change in the general partner of a franchisee that is a partnership entity.
l. Franchisor approval of transfer by Franchisee	10(B)	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for Franchisor approval of transfer	10(B) – (D)	You are not in default; you have paid in full all amounts owed to us, our affiliates, or your suppliers, or upon which we have contingent liability; you have provided all required reports; the new franchisee qualifies; training for new franchisee is arranged; you, owners and guarantors sign release; transfer fee paid; current franchise agreement signed by new franchisee; new franchisee agrees to be bound by all customer obligations of Franchisee, including all warranty work and service plans obligations (also see r, below).
n. Franchisor's right of first refusal to acquire the Business	10(F)	We may buy your franchise at the same price and on the same terms as those of a third-party offer.
o. Franchisor's option to purchase the Business	None	N/A
p. Death or disability of Franchisee	10(E)	Your personal representative must, within 120 days, tender the right of first refusal, apply for our consent to the transfer, pay the transfer fee and satisfy the transfer conditions (provided that no right of first refusal or transfer fee is applicable if the transferee is your spouse or child).
q. Non-competition covenants during the term of the Franchise Agreement	9(D)	Subject to state law, you (including your guarantors and owners, if you are an entity, or your spouse, children, parents, or siblings if you are an individual) cannot be involved in a Competitive Business. A "Competitive Business" is any business that offers or sells any product or service or component thereof that (i) composes a part of our System, (ii) is the same as or similar to any product or service then-offered by our franchisees or (iii) otherwise competes directly or indirectly with our System.
r. Non-competition covenants after the Franchise Agreement is terminated or expires	9(D)	Subject to state law, for 2 years, no Competitive Business in your Territory, within a 25-mile radius of the outer boundary

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
		of your Territory, or inside the territory of another HOUSEMASTER business.
s. Modification of the Franchise Agreement	14(B)	No modification of the Franchise Agreement except by written agreement of both parties.
t. Integration/merger clause	14(B)	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	11	Most disputes must be initially mediated. If a dispute is not resolved through the mediation process described in the Franchise Agreement, most disputes must be settled by litigation, subject to state law. Only if a court invalidates a jury waiver or a class action waiver will the dispute be resolved through arbitration, subject to state law.
v. Choice of venue	14(H)	Unless state law supersedes this provision, venue for mediation, arbitration, and litigation is in McLennan County, Texas.
w. Choice of law	14(G)(1)	Texas law applies unless state law supersedes this provision.

SEE THE ATTACHED STATE ADDENDA (Exhibit N) FOR ADDITIONAL DISCLOSURES.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise business.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The sales figures listed below are average and median data derived from historical operating results

of the HouseMaster franchised businesses indicated for the time periods covered. We obtained these sales figures from information provided to Us by our franchisees for the period from January 1, ~~2023~~2024 to December 31, ~~2023~~2024 (the "~~2023~~2024 Reporting Period"). Franchisees are not required to use generally accepted accounting principles when reporting these figures.

All of the businesses for which sales results are reported below were operated by franchisees. All of the franchised businesses are comparable to the franchised businesses offered by this disclosure document and offered substantially the same services to the public.

As of December 31, ~~2023~~2024, there were ~~242~~235 HouseMaster franchised businesses in operation in the United States. Tables A and B of this Item 19 include data from ~~213~~206 franchised businesses (operated by a total of ~~108~~106 franchisees), which were all in operation and reporting sales for the entire ~~2023~~2024 Reporting Period (the "~~2023~~2024 Reporting Businesses"). Tables A and B exclude data from (a) ~~7~~19 franchised businesses (operated by a total of ~~7~~19 franchisees) that opened during the ~~2023~~2024 Reporting Period and therefore were not in operation for the entire ~~2023~~2024 Reporting Period and (b) ~~22~~10 franchised businesses (operated by a total of ~~21~~9 franchisees), which were in operation during the ~~2023~~2024 Reporting Period but did not report the relevant data to us for the entire ~~2023~~2024 Reporting Period.

~~Twenty~~Twenty-six franchised businesses closed in ~~2023~~2024 and therefore their data is also excluded from this Item 19. Of the ~~20~~26 businesses that closed during the year ~~2023~~2024, no business closed after being open for less than 12 months.

Because HouseMaster franchisees have historically reported data to us aggregated by franchisee (rather than by a franchised business) and a number of HouseMaster franchisees operate multiple HouseMaster franchised businesses, we have separated the data reported in this Item 19 by the number of franchised businesses that the franchisees own – i.e., separately showing average and median data for franchisees that own one franchised business/unit, franchisees that own two franchised businesses/units, franchisees that own three franchised businesses/units, franchisees that own four franchised businesses/units and franchisees that own five to eight franchised businesses.

Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

Written substantiation for these financial performance representations will be made available to a prospective franchisee upon reasonable request.

"Gross Sales" means the total revenues and receipts from whatever source (whether in the form of cash, credit, agreement to pay, barter, trade or other consideration) that arise, directly or indirectly, from the operation of — or in connection with — a HouseMaster business whether under any of the Marks or otherwise. Gross Sales exclude sales taxes collected from customers and paid to the appropriate taxing authority and any other bona fide refunds, rebates or discounts that we authorize in writing. Gross Sales also exclude sales from any Excluded Services (as defined in a mutually executed Excluded Services Addendum (see Schedule I to the Franchise Agreement).

TABLE A - REPORT ON AVERAGE AND MEDIAN GROSS SALES FOR FRANCHISED BUSINESSES FOR THE PERIOD JANUARY 1, ~~2023~~2024 TO DECEMBER 31, ~~2023 (2023~~2024 (2024 REPORTING PERIOD)

# of Franchised Businesses/Units Owned by Each Franchisee	# of Reporting Franchisees[1]	Average Gross Sales	#/ % of Franchisees that Achieved at least the Average[4]	Actual Highest Gross Sales[2]	Actual Lowest Gross Sales[3]	Median Gross Sales
Single-Unit Franchisees Group	~~63~~68	$~~146,553~~137,675	~~19~~20/~~39~~29%	$~~796,226~~832,675	$~~13,860~~3,350	$~~115,745~~96,619
2-Unit Franchisees Group	~~25~~17	$~~228,982~~326,006	~~10~~5/~~40~~29%	$~~985,175~~1,125,333	$~~31,268~~76,497	$~~210,040~~259,603
3-Unit Franchisees Group	~~12~~13	$~~564,726~~548,589	~~4~~5/~~33~~38%	$~~1,765,341~~1,718,594	$~~57,761~~72,222	$~~433,294~~361,865
~~4 Unit Franchisees Group~~	~~1~~	~~$556,965~~	~~1/100%~~	~~$556,965~~	~~$556,965~~	~~$556,965~~
~~5~~4 to 8 Unit Franchisees Group	~~7~~8	$~~547,231~~520,862	~~2~~3/~~29~~38%	$~~1,549,340~~1,590,165	$~~79,841~~70,995	$~~288,297~~286,175

[1]This table shows separately the average and median annual Gross Sales data for the ~~2023~~2024 Reporting Period for (i) ~~63~~68 franchisees operating a single franchised business; (ii) ~~25~~17 franchisees each operating two franchised businesses; (iii) ~~12~~13 franchisees each operating three franchised businesses; and (iv) ~~1~~8 franchisees each operating four ~~franchised businesses and (v) 7 franchisees operating five~~ to eight franchised businesses, operating a total of 65 franchised businesses (collectively, the "Reporting Franchisees")~~, operating a total of 60 franchised businesses~~.

[2] This is the highest actual annual Gross Sales of the applicable group of Reporting Franchisees for the ~~2023~~2024 Reporting Period.

[3] This is the lowest actual annual Gross Sales of the applicable group of Reporting Franchisees for the ~~2023~~2024 Reporting Period.

[4] This is the number and percentage of the Reporting Franchisees in the applicable group that achieved or exceeded the Average Gross Sales for the group for the ~~2023~~2024 Reporting Period.

TABLE B - REPORT ON AVERAGE AND MEDIAN INSPECTION FEE FOR THE PERIOD JANUARY 1, ~~2023~~2024 TO DECEMBER 31, ~~2023 (2023~~2024 (2024 REPORTING PERIOD)

# of Franchised/Businesses/Units Owned by each Franchise	# of Reporting Franchises [1]	Average Inspection Fee	#/ % of Franchisees that Achieved at least the Average Inspection Fee [4]	Actual Highest Inspection Fee [2]	Actual Lowest Inspection Fee [3]	Median Gross Inspection Fee
Single-Unit Franchisees Group	~~63~~68	$~~516~~525	~~29~~25/~~46~~38%	$~~886~~907	$~~302~~121	$~~482~~508
2-Unit Franchisees Group	~~25~~17	$~~568~~638	~~9~~6/~~36~~35%	$~~1,109~~956	$~~378~~473	$~~532~~597
3-Unit Franchisees Group	~~12~~13	$~~572~~579	~~7~~4/~~58~~31%	$~~667~~797	$~~463~~472	$~~524~~512
~~4-Unit Franchisees Group~~	~~1~~	~~$778~~	~~1/100%~~	~~$778~~	~~$778~~	~~$778~~
~~5~~4 or Greater Unit Franchisees Group	~~7~~8	$~~669~~732	~~1~~3/~~14~~38%	$~~1,490~~1,571	$~~444~~448	$~~533~~629

[1]This table shows separately the average and median inspection fee for the ~~2023~~2024 Reporting Period for (i) ~~63~~68 franchisees operating a single franchised business; (ii) ~~25~~17 franchisees each operating two franchised businesses; (iii) ~~12~~13 franchisees each operating three franchised businesses; and (iv) ~~1~~8 franchisees each operating four ~~franchised businesses and (v) 7 franchisees operating five~~ to eight franchised businesses, operating a total of 65 franchised businesses (collectively, the "Reporting Franchisees")~~, operating a total of 60 franchised businesses~~.

[2] This is the highest actual Inspection Fee of the applicable group of Reporting Franchisees for the ~~2023~~2024 Reporting Period.

[3] This is the lowest actual Inspection Fee of the applicable group of Reporting Franchisees for the ~~2023~~2024 Reporting Period.

[4] This is the number and percentage of the Reporting Franchisees in the applicable group that achieved or exceeded the Average Inspection Fee for the group for the ~~2023~~2024 Reporting Period.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Joshua McCormick, 1010 North University Parks Drive, Waco, Texas 76707 (800), 526-3939, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet[1] Summary for Years ~~2021~~2022 to ~~2023~~2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
~~Franchised[2]~~	~~2021~~	~~271~~	~~272~~	~~+1~~
Franchised	2022	272	247	-25
	2023	247	242	-5
~~Affiliate-Owned[3]~~	~~2021~~ 2024	~~6~~ 242	~~0~~ 235	~~-6~~ -7
Affiliate-Owned	2022	0	0	0
	2023	0	0	0
~~Total Outlets~~	~~2021~~ 2024	~~277~~0	~~272~~0	~~-5~~0
Total Outlets	2022	272	247	-25
	2023	247	242	-5
	2024	242	235	-7

[1] Included in "outlets" are all Businesses that have opened an operating location. Neither sale of a new territory to an existing franchisee where a separate operating location will not be opened nor execution of a franchise agreement for a new location where the location is not yet open are included.

~~[2] There was a correction to the number of franchised units due to affiliate-owned units being counted twice, both as a franchise unit and as an affiliate-owned unit.~~

~~[3] The affiliate-owned units were owned by Housemaster's prior president who left the company in 2023.~~

Table No. 2
Transfers[42] of Outlets From Franchisees to New Owners
(Other than the Franchisor)
For Years ~~2021~~2022 to ~~2023~~2024

State	Year	Number of Transfers
~~Arizona~~	~~2021~~	~~1~~
	~~2022~~	~~0~~
	~~2023~~	~~0~~
~~California~~	~~2021~~	~~0~~
California	2022	2

State	Year	Number of Transfers
	2023	3
~~Colorado~~	~~2021~~2024	0
Colorado	2022	0
	2023	1
~~Connecticut~~	~~2021~~2024	1
Florida	2022	0
	~~2023~~	~~0~~
~~Florida~~	~~2021~~	~~0~~
	~~2022~~	~~0~~
	2023	4
~~Georgia~~	~~2021~~	~~2~~
	~~2022~~	~~0~~
	~~2023~~	~~0~~
~~Hawaii~~	~~2021~~2024	1
Illinois	2022	0
	~~2023~~	~~0~~
~~Illinois~~	~~2021~~	~~0~~
	~~2022~~	~~0~~
	2023	7
~~Indiana~~	~~2021~~2024	0
Indiana	2022	0
	2023	1
~~Kansas~~	~~2021~~2024	0
Kansas	2022	0
	2023	1
~~New Jersey~~	~~2021~~2024	0
New Jersey	2022	1
	2023	0
~~New York~~	~~2021~~2024	0
New York	2022	0
	~~2021~~2023	1
~~Ohio~~	~~2021~~2024	1
Ohio	2022	0
	2023	0
~~Tennessee~~	~~2021~~2024	~~1~~0
South Carolina	2022	0
	2023	0
~~Texas~~	~~2021~~2024	~~0~~2
Texas	2022	2

State	Year	Number of Transfers
	2023	1
~~Total U.S.~~	~~2021~~2024	~~7~~0
Total U.S.	**2022**	**5**
	2023	**19**
	2024	**5**

[42] Transfer" means the acquisition of a controlling interest in a franchised outlet, during its term, by a person other than the franchisor or an affiliate. Sale of territory only, not including a franchised outlet, from one franchisee to another franchisee is not included in transfers.

Table No. 3
Status of Franchised Outlets for Years ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of Year	Outlets Opened[5] [3]	Termination[6] [4]	Non-Renewals	Reacquired by Franchisor[7] [5]	Ceased Operation For Other Reason[8] [6]	Outlets at End of Year
~~Alabama~~	~~2021~~	~~4~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~4~~
Alabama	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
~~Alaska~~	~~2021~~2024	~~2~~4	0	~~0~~3	0	0	0	~~2~~1
Alaska	2022	2	0	2	0	0	0	0
	2023	0	0	0	0	0	0	0
~~Arizona~~	~~2021~~2024	~~9~~0	0	0	0	0	~~4~~0	~~5~~0
Arizona	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
~~Arkansas~~	~~2021~~	~~1~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2022~~2024	~~0~~6	0	0	0	0	0	~~0~~6
	~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
~~California~~	~~2021~~	~~36~~	~~1~~	~~0~~	~~2~~	~~0~~	~~0~~	~~35~~
California	2022	35	0	6	0	0	0	29
	2023	29	3	1	0	0	0	31
~~Colorado~~	~~2021~~2024	~~5~~31	~~1~~2	0	0	0	0	~~6~~33
Colorado	2022	6	2	0	0	0	0	8
	2023	8	1	1	1	0	0	7
~~Connecticut~~	~~2021~~2024	~~5~~7	0	0	0	0	0	~~5~~7

State	Year	Outlets at Start of Year	Outlets Opened[5] [3]	Termination[6] [4]	Non-Renewals	Reacquired by Franchisor[7] [5]	Ceased Operation For Other Reason[8][6]	Outlets at End of Year
Connecticut	2022	5	0	0	0	0	1	4
	2023	4	0	0	1	0	0	3
~~Delaware~~	~~2021~~2024	~~1~~3	0	0	0	0	0	~~1~~3
Delaware	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~Florida~~	~~2021~~2024	~~28~~1	0	0	0	0	0	~~28~~1
Florida	2022	28	4	0	1	0	1	30
	2023	30	0	1	0	0	0	29
~~Georgia~~	~~2021~~2024	~~5~~29	~~0~~3	0	~~0~~1	0	0	~~5~~31
Georgia	2022	5	0	1	0	0	0	4
	2023	4	1	0	0	0	0	5
~~Hawaii~~	~~2021~~2024	~~1~~5	~~0~~1	0	~~0~~1	0	0	~~1~~5
Hawaii	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~Idaho~~	~~2021~~2024	~~2~~1	0	0	0	0	0	~~2~~1
Idaho	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
~~Illinois~~	~~2021~~2024	~~10~~1	0	0	0	0	0	~~10~~1
Illinois	2022	10	1	0	0	0	0	11
	2023	11	0	0	0	0	0	11
~~Indiana~~	~~2021~~2024	~~10~~11	0	~~2~~0	~~0~~2	0	0	~~8~~9
Indiana	2022	8	0	1	0	0	1	6
	2023	6	0	0	0	0	0	6
~~Iowa~~	~~2021~~2024	~~2~~6	0	0	~~0~~1	0	0	~~2~~5
Iowa	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
~~Kansas~~	~~2021~~2024	~~1~~2	0	~~0~~1	0	0	0	1
Kansas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~Kentucky~~	~~2021~~2024	~~2~~1	~~0~~1	0	0	0	0	2
Kentucky	2022	2	1	0	0	0	1	2

State	Year	Outlets at Start of Year	Outlets Opened[5] [3]	Termination[6] [4]	Non-Renewals	Reacquired by Franchisor[7] [5]	Ceased Operation For Other Reason[8][6]	Outlets at End of Year
	2023	2	0	0	0	0	0	2
~~Louisiana~~	~~2021~~2024	~~1~~2	0	0	0	0	0	~~1~~2
Louisiana	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
~~Maine~~	~~2021~~2024	~~2~~0	~~0~~1	0	0	0	0	~~2~~1
Maine	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
~~Maryland~~	~~2021~~2024	1	~~2~~0	0	0	0	0	~~3~~1
Maryland	2022	3	1	0	0	0	0	4
	2023	4	0	1	0	0	0	3
~~Massachusetts~~	~~2021~~2024	~~7~~3	0	0	0	0	0	~~7~~3
Massachusetts	2022	7	0	0	1	0	0	6
	2023	6	0	2	0	0	0	4
~~Michigan~~	~~2021~~2024	~~7~~4	0	0	0	0	0	~~7~~4
Michigan	2022	7	0	0	0	0	0	7
	2023	7	0	1	2	0	0	4
~~Minnesota~~	~~2021~~2024	4	~~0~~1	~~0~~1	0	0	0	4
Minnesota	2022	4	0	0	1	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	2	0	2	0	0	3
Mississippi	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
~~Missouri~~	~~2021~~2024	~~4~~0	~~0~~1	0	0	0	~~1~~0	~~3~~1
Missouri	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
~~Nebraska~~	~~2021~~2024	~~1~~3	0	0	0	0	0	~~1~~3
Nebraska	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
~~Nevada~~	~~2021~~2024	~~3~~0	0	0	0	0	0	~~3~~0
Nevada	2022	3	0	0	0	0	0	3
	2023	3	0	1	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened[5] [3]	Termination[6] [4]	Non-Renewals	Reacquired by Franchisor[7] [5]	Ceased Operation For Other Reason[8][6]	Outlets at End of Year
~~New Hampshire~~	~~2021~~2024	2	0	0	0	0	0	2
New Hampshire	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
~~New Jersey~~	~~2021~~2024	~~10~~1	~~6~~0	0	0	0	0	~~16~~1
New Jersey	2022	16	1	0	0	0	0	17
	2023	17	0	0	0	0	0	17
~~New Mexico~~	~~2021~~2024	~~3~~17	0	0	~~2~~0	0	0	~~1~~17
New Mexico	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~New York~~	~~2021~~2024	~~17~~1	0	0	0	0	0	~~17~~1
New York	2022	17	0	1	1	0	4	11
	2023	11	0	0	0	0	0	11
~~North Carolina~~	~~2021~~2024	~~12~~11	0	0	0	0	0	~~12~~11
North Carolina	2022	12	0	0	2	0	0	10
	2023	10	0	0	0	0	0	10
~~Ohio~~	~~2021~~2024	~~14~~10	~~1~~2	0	0	0	0	~~15~~12
Ohio	2022	15	2	0	0	0	0	17
	2023	17	1	0	1	0	2	15
~~Oklahoma~~	~~2021~~2024	~~2~~15	0	~~0~~1	~~0~~1	0	0	~~2~~13
Oklahoma	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
~~Oregon~~	~~2021~~2024	~~2~~3	0	0	0	0	0	~~2~~3
Oregon	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
~~Pennsylvania~~	~~2021~~2024	~~22~~1	0	0	0	0	0	~~22~~1
Pennsylvania	2022	22	0	0	1	0	6	15
	2023	15	1	0	0	0	0	16
~~Rhode Island~~	~~2021~~2024	~~1~~16	~~0~~1	0	~~0~~5	0	0	~~1~~12
Rhode Island	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened[5] [3]	Termination[6] [4]	Non-Renewals	Reacquired by Franchisor[7] [5]	Ceased Operation For Other Reason[8][6]	Outlets at End of Year
~~South Carolina~~	~~2021~~2024	~~6~~1	~~1~~0	0	0	0	0	~~7~~1
South Carolina	2022	7	0	0	0	0	1	6
	2023	6	1	0	0	0	0	7
~~South Dakota~~	~~2021~~2024	~~1~~7	0	0	0	0	~~0~~1	~~1~~6
South Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
~~Tennessee~~	~~2021~~2024	~~3~~1	0	0	0	0	0	~~3~~1
Tennessee	2022	3	0	0	0	0	0	3
	2023	3	4	0	1	0	0	6
~~Texas~~	~~2021~~2024	~~9~~6	0	0	~~0~~1	0	0	~~9~~5
Texas	2022	9	3	0	0	0	3	9
	2023	9	2	0	0	0	0	11
~~Utah~~	~~2021~~2024	~~0~~11	~~0~~3	~~0~~1	0	0	0	~~0~~13
Utah	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
~~Vermont~~	~~2021~~2024	~~1~~2	0	~~0~~1	0	0	0	1
Vermont	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
~~Virginia~~	~~2021~~2024	~~7~~0	~~2~~0	0	~~1~~0	0	0	~~8~~0
Virginia	2022	8	1	0	0	0	1	8
	2023	8	0	0	2	0	0	6
~~Washington~~	~~2021~~2024	~~2~~6	0	~~0~~1	~~0~~1	0	0	~~2~~4
Washington	2022	2	0	0	0	0	1	1
	2023	1	1	0	0	0	0	2
~~Wisconsin~~	~~2021~~2024	~~3~~2	0	0	0	0	0	~~3~~2
Wisconsin	2022	3	1	0	3	0	0	1
	2023	1	0	0	0	0	0	1
~~TOTAL~~	~~2021~~2024	~~271~~1	~~14~~1	~~3~~1	~~6~~0	0	~~4~~0	~~272~~1
TOTAL	**2022**	**272**	**21**	**12**	**12**	**0**	**22**	**247**
	2023	**247**	**15**	**10**	**8**	**0**	**2**	**242**
	2024	**242**	**19**	**10**	**15**	**0**	**1**	**235**

~~5~~3 "Outlets opened" does not include outlets for which a franchise agreement was signed but the outlet was not open as of the end of our last fiscal year.

~~6~~4 "Termination" means the Franchisor's termination of a franchise agreement prior to the end of its term and without paying any money or other compensation to the franchisee. Mutual terminations, where both the Franchisor and franchisee agree to end the franchise relationship are also included in terminations listed above

~~7~~5 For purposes of these tables, a "reacquisition" means Franchisor's acquisition of a franchised outlet during its term in exchange for a payment of money or other compensation. Franchisor's purchase of a territory or a portion of a territory not including an operating outlet is not included in the "reacquisitions" listed above.

~~8~~6"Ceased operations – other reasons" includes abandonment of the franchise outlet after an existing outlet was opened. If no outlet was opened and there was no termination of the franchise agreement, the "abandonment" would not be included in the "ceased operations" column. Also included in this column are outlets that have been sold and/or transferred to an existing franchisee or a franchisee in another state.

Table No. 4
Status of Company-Owned Outlets
For years ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at End of the Year
~~New Jersey~~All states	~~2021~~ 2022	~~6~~0	0	0	0	~~6~~[1]0	0
	~~2022~~2023	0	0	0	0	0	0
	~~2023~~2024	0	0	0	0	0	0
Totals ~~U.S.~~	~~2021~~ 2022	~~6~~0	0	0	0	~~6~~[1]0	0
	~~2022~~2023	0	0	0	0	0	0
	~~2023~~2024	0	0	0	0	0	0

~~[1]These six affiliate-owned outlets are operated by AMC Property Evaluations, Inc., in which Kathleen Kuhn, who was our prior President as of December 31, 2020, has a 50% ownership interest. These outlets are now included in the Table No. 3 unit count for New Jersey and reflect a total of 5 units.~~

Table 5
Projected Openings
as of December 31, ~~2023~~2024

State	Franchise Agreements Signed But ~~Outlet~~Unit Not Open	Projected ~~New~~ Franchised ~~Outlets~~New Units In The Next Fiscal Year	Projected ~~New Company-Owned Outlets In The~~HouseMaster Or Affiliate Owned Openings In Next Fiscal Year
~~Arizona~~	~~0~~		~~0~~
~~California~~Alabama	1	~~0~~1	0
~~Florida~~Arizona	~~1~~0	~~0~~1	0
~~Arizona~~Arkansas	0	1	0
~~California~~	~~0~~	~~2~~	~~0~~
~~Florida~~Colorado	0	1	0
~~Louisiana~~Florida	~~1~~0	~~1~~2	0
~~Maryland~~Georgia	0	~~1~~2	0
~~Massachusetts~~Illinois	0	1	0
~~Minnesota~~Indiana	~~1~~0	~~0~~1	0
~~Missouri~~Louisiana	0	1	0
~~New Hampshire~~Michigan	0	1	0
~~New Mexico~~Minnesota	0	1	0
~~North Carolina~~	~~2~~	~~0~~	~~0~~
~~Ohio~~North Carolina	0	1	0
~~Oklahoma~~Oregon	~~0~~1	~~1~~0	0
~~Oregon~~	~~0~~	~~1~~	~~0~~
~~Texas~~	~~1~~	~~3~~	~~0~~
~~Utah~~	~~0~~	~~1~~	~~0~~
~~Washington~~	~~0~~	~~1~~	~~0~~
~~Wisconsin~~	~~1~~	~~1~~	~~0~~
Total U.S.	**~~8~~2**	**~~19~~14**	**0**

Exhibit E-1 contains (1) the names of current franchisees and the addresses and telephone numbers of their outlets as of December 31, ~~2023~~2024 and (2) the names of franchisees and the addresses and telephone numbers that have purchased their outlets as of December 31, ~~2023~~2024 but have not yet opened.

Exhibit E-2 contains the name, city and state and the current business telephone number (or, if unknown the last known home telephone number) of franchisees who had an outlet terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our most recently completed fiscal year, franchisees transferred, franchisees who left the system for other reasons or who have not communicated with us in the 10 weeks prior to the issuance date of this disclosure document. If you buy this franchise your contact information may be disclosed to other buyers when you leave the franchise system.

During our last three fiscal years some current or former franchisees signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Our franchise Advisory Council is one of the trademark-specific franchisee organizations associated with the franchise system being offered which we have created, sponsored or endorsed. A HouseMaster Franchise Advisory Council was established in 2011 and was created and sponsored by us and has our business address, email address, and phone number listed on the cover page of this disclosure document. There are no other trademark-specific franchisee organizations associated with the franchise that has asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Included as Exhibit C are the following audited combined financial statements of Neighborly Assetco LLC, our direct parent: (a) ~~the~~ audited ~~balance sheet as of March 25, 2021 (Predecessor Period)~~combined financial statements as of and for the year ended December 31, 2022, (b) audited combined financial statements as of and for the year ended December 31, ~~2021 (Successor Period) and March 25, 2021 (Predecessor Period), and for the periods from March 26, 2021 through August 31, 2021 (Predecessor Period) and from September 1, 2021 through December 31, 2021 (Successor Period),~~2023, and (c) audited combined financial statements as of and for the year ended December 31, ~~2022 and (d) audited combined financial statements as of and for the year ended December 31, 2023. Neighborly Assetco LLC was organized on November 13, 2020 and had no significant operations prior to the date of the March 25, 2021 balance sheet.~~2024.

Neighborly Assetco LLC guarantees our performance under the Franchise Agreement. A copy of the Parent guaranty is included in Exhibit D.

As reflected in Item 1, Manager (i.e., Neighborly Company) will be providing required support and services to franchisees under a management agreement with us. Attached in Exhibit C are the audited consolidated financial statements of Manager (a) as of and for the year ended December 31, ~~2023~~2024, (b) as of and for the year ended December 31, ~~2022~~2023, and (c) as of and for the year ended December 31, ~~2021 (Successor Period) and for the period from September 1, 2021 through December 31, 2021 (Successor Period), and the period from January 1, 2021 through August 31, 2021 (Predecessor Period)~~2022. These financial statements are being provided for disclosure purposes only. Manager is not a party to the Franchise Agreement we sign with franchisees nor does it guarantee our obligations under the Franchise Agreement we sign with franchisees.

~~As used in this Item 21, the term "Predecessor Period(s)" refers to the time period(s) before and including August 31, 2021, i.e., the closing date of the KKR Acquisition of Neighborly (as described in Item 1) and the "Successor Period" refers to the time period from and after September 1, 2021 until December 31, 2021 (i.e., the period following the closing of the KKR Acquisition).~~

ITEM 22
CONTRACTS

EXHIBIT A Franchise Agreement and Schedules:

Schedule A.	Data Sheet
Schedule B.	ACH Form
Schedule C.	Personal Guarantee
Schedule D.	Acknowledgement Addendum
Schedule E.	Telephone Number and Internet Agreement
Schedule F.	Confidentiality Agreement
Schedule G.	Promissory Note and Security Agreement

	Schedule H.	Roll-In Addendum
	Schedule I.	Excluded Services Addendum
	Schedule J.	State Addendum
EXHIBIT F	Option to Purchase Agreement	
EXHIBIT G	Renewal Addendum	
EXHIBIT H	General Release [sample]	
EXHIBIT I	ProTradeNet Agreement	
EXHIBIT J-1	HomeGauge License Agreement	
EXHIBIT J-2	Inspection Support Net Agreement	
EXHIBIT J-3	Software System User And Maintenance Agreement	
EXHIBIT L	Assignment and Consent Agreement	
EXHIBIT M	State Addenda and Riders to Franchise Agreement	

ITEM 23
RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

EXHIBIT A

HOUSEMASTER
FRANCHISE AGREEMENT

RECEIPT FOR FRANCHISE AGREEMENT

The undersigned hereby acknowledges and agrees that on the date below, they received a FRANCHISE AGREEMENT for a HOUSEMASTER® franchised business including all applicable exhibits with all information completed in a form ready to execute.

_____	_____
Date	Signature
_____	_____
Date	Signature

HOUSEMASTER® FRANCHISE AGREEMENT

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HOUSEMASTER® FRANCHISE AGREEMENT

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SCHEDULES

Schedule A	Data Sheet
Schedule B	ACH Form
Schedule C	Personal Guarantee
Schedule D	Acknowledgement Addendum
Schedule E	Telephone Number and Internet Agreement
Schedule F	Confidentiality Agreement
Schedule G	Promissory Note and Security Agreement
Schedule H	Roll-In Addendum
Schedule I	Excluded Services Addendum
Schedule J	State Addendum

FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is made as of the Effective Date by and between HOUSEMASTER SPV LLC, a Delaware limited liability company with its principal business located at 1010 North University Parks Drive, Waco, Texas 76707 ("we," "us," or "Franchisor"), and the person or entity (the "Franchisee" or "you") identified as Franchisee on the Data Sheet attached as Schedule A (together with addenda attached thereto, the "Data Sheet"). If the ~~f~~Franchisee is a corporation, partnership, limited liability company or other legal entity, the provisions of this Agreement also apply to its owners.

RECITALS

A. We have developed a system for establishing and operating businesses identified by the Marks (as defined below) and engaged in the operation of a building inspection and related services business (each, a "HOUSEMASTER Business").

B. We own the HOUSEMASTER service mark and other marks, as well as other Intellectual Property (as defined below) used in connection with the operation of a HOUSEMASTER Business.

C. You desire to develop and operate a HOUSEMASTER Business, and we have agreed to grant you a franchise to operate a HOUSEMASTER Business subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the promises and consideration below, you and we agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions (other terms are defined in the body of this Agreement):

A. "Business" means the HOUSEMASTER Business you develop and operate pursuant to this Agreement.

B. "Brand Guidelines Manual" means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for operating HOUSEMASTER Businesses, all of which we may change from time to time. The term "Brand Guidelines Manual" includes all means of communicating such information, regardless of format.

C. "Confidential Information" means any proprietary and non-public information, data, Intellectual Property, materials and ~~know-how owned by us~~know-how relating to the development or operation of HOUSEMASTER Businesses, whether contained in the Brand Guidelines Manual or otherwise, including, but not limited to: (1) training programs and materials; (2) databases of Customers and potential customers, including Customer Information; (3) sales and marketing programs and techniques for HOUSEMASTER Businesses; (4) knowledge of operating systems of HOUSEMASTER Businesses; and (5) computer systems, technology and software programs.

D. "Customer" means any person or entity (1) included on any marketing, customer or business referral lists you develop or use, including any such lists provided by us to you; (2) who has purchased or purchases products or services from you during the term (even if you have

solicited the person and/or established a relationship independent of us and without our assistance) or whom you have solicited to purchase any products or services; (3) for whom you provide products or services on our behalf or at our direction; and (4) if any of the foregoing is an entity, all employees of such entity.

E. "Customer Information" means any contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, and all other information about any Customer, including any personal information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular individual or household.

F. "Effective Date" means the date designated as Effective Date on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement.

G. "Franchise Location" is the premises that are located within the Territory, that meet our site selection guidelines and criteria and from which you will operate your Business.

H. "Gross Sales" include the total revenues and receipts from whatever source (whether in the form of cash, credit, agreement to pay, barter, trade or other consideration) that arise, directly or indirectly, from the operation of or in connection with your Business whether under any of the Marks or otherwise. Gross Sales exclude sales taxes collected from Customers and paid to the appropriate taxing authority and any other bona fide refunds, rebates or discounts that we authorize in writing. Gross Sales also exclude sales from any Excluded Services (as defined in a mutually executed Excluded Services Addendum (attached as Schedule I hereto)).

I. "Intellectual Property" means patents, rights to inventions, copyright and related rights, the Marks, business names, domain names, social media accounts and identifiers (and all related content and programming, and related security codes and passwords), rights in goodwill and the right to sue for passing off, rights in designs, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how), and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection that subsist or will subsist now or in the future in any part of the world relating to the HOUSEMASTER Business and the System, owned by us and acquired by us from time to time.

J. "Internet" means all communications between computers and television, telephone, facsimile and any other communication or communication capable devices and another such device or machine, including the World Wide Web, proprietary online services, social media platforms, blogs, E-mail, news groups and electronic bulletin boards and forums.

K. "Key Accounts" means national, regional or other customers of HOUSEMASTER Businesses located within and/or outside the Territory with whom we have entered or plan to enter into contracts, programs or other arrangements (i) for servicing of multiple locations of such customers and/or (ii) that we determine are designed to benefit the System as a whole by gaining otherwise unavailable business or addressing the concerns of such customers that may require specific terms or provisions of our arrangement with them, including without limitation special insurance, experience, equipment, pricing, payment terms, turnaround requirements, or approvals.

L. "Marks" means the "HOUSEMASTER" service mark and logo, the "neighborly" service mark and logo, and such other trade names, trademarks, service marks, trade dress, logos, social media indicators, social media handles, and commercial symbols as we may from time to time expressly authorize or direct you, in writing, to use in connection with the operation of the Business.

M. "Principal Owner" means any person or entity who, now or hereafter, directly or indirectly, owns a 5% or greater interest in the franchisee when the franchisee is a corporation, limited liability company, partnership, or other entity. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 5% interest in the franchisee, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement. In addition, if the franchisee is a partnership entity, then each person or entity who, now or hereafter is or becomes a general partner is a Principal Owner, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one Principal Owner. Your Principal Owner(s) are identified in the Data Sheet in Schedule A to this Agreement. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

N. "System" means our operating systems, marketing systems, business techniques, and methods, processes, policies and procedures for ~~providing~~selling and performing building inspection and related services to residential and commercial customers; and performing related services and selling related products; including items of trade dress and sales, leadership and management training for the development and operation of HOUSEMASTER Businesses, including all training materials; all as the same may exist today or as the same may change from time to time, as specified in the Brand Guidelines Manual or as otherwise reasonably directed by us from time to time.

O. "Territory" means the area designated on the Data Sheet. If the Territory is not designated at the time you and we sign this Agreement, we will notify you of the Territory within 30 days of the Effective Date. To the extent any portion of the Territory includes an area designated as an Indian Reserve, a governmental territory or other territory that may have separate or additional laws, regulations or other requirements for performing work in such territory, Franchisee is granted such territory only to the extent and for so long as Franchisee is qualified under such separate or additional requirements to perform work in such territory; knowledge of and compliance with such requirements being the sole responsibility of Franchisee.

GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. Rights Granted. Subject to the terms and conditions of this Agreement, we hereby grant you the right and license to engage in and conduct, in the Territory and, to the extent expressly permitted by the terms of this Agreement, outside the Territory, during the term of this Agreement, a HOUSEMASTER Business identified by the Marks.

You hereby accept said license and undertake the obligation to operate your Business faithfully, honestly and diligently, using the System and in compliance with this Agreement and our standards and requirements. You may not subfranchise, sublicense, assign or transfer your rights under this Agreement, except as specifically provided in this Agreement. You undertake the obligation to develop and service Customers throughout the Territory.

B. Rights to Territory. During the term of this Agreement and provided that you are in compliance with the terms and conditions of this Agreement, we will not (i) modify the Territory without your written permission, subject to your compliance with the Minimum Performance Standards set forth in Section 5.R, or (ii) subject to our reservation of rights set forth in Section 2.C, establish either a company- or affiliate-owned or franchised HOUSEMASTER Business geographically located within the Territory.

You may perform services outside of your Territory but only in accordance with the terms and conditions we establish from time to time as set forth in the Brand Guidelines Manual and provided further that (x) you may not perform services, compete for business, advertise or promote your Business or solicit customers in another HOUSEMASTER franchisee's territory that we have designated as either a "Limited Area" or "Reciprocal Opportunity Franchise Territory" (collectively such area or territory, the "Excluded Territory") and (y) you may not advertise, market or promote your Business or solicit customers outside the Territory except in the following two limited circumstances ("Limited Outside-the-Territory Marketing Activities"): (i) you may target market past home inspection customers to maintain the relationship regardless of the customer's location and (ii) you may conduct in-office or virtual marketing and training in the physical office or official virtual location of the board of realtors and Chambers of Commerce even if the physical offices are located outside of your Territory (collectively, the foregoing limitations on the ability to service customers outside of the Territory as set forth in clause (x) and (y) are referred to as the "Territory Restrictions"). You are solely and fully responsible for identifying which areas are Excluded Territories. As of the date of this Agreement, for your information, you will be provided a list of Excluded Territories within a fifty (50) mile radius of your Territory, which list will be identified on the Data Sheet. You acknowledge and understand that other HouseMaster franchisees may similarly service customers in your Territory and may engage in Limited Outside-the-Territory Marketing Activities.

Each violation by you of a Territory Restriction will result in a fine of ~~the greater of~~up to $5,000 per occurrence ~~or~~plus 50% of revenue generated from such violation, due upon demand. This penalty is in addition to, not in lieu of, our right to terminate this Agreement for such violation.

C. Our Reservation of Rights. Except as expressly limited by Section 2.B, we and our affiliates may engage in any activity whatsoever on any terms and conditions we deem advisable whenever and wherever we or they desire. We and our affiliates retain all rights whatsoever not expressly granted herein, including, but not limited to:

(i) the right to establish and operate, and to grant to others the right to establish and operate similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory (A) under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate or (B) under the Marks, but if inside the Territory, then only pursuant to programs set forth in the Brand Guidelines Manual, pursuant to Limited Outside-the-Territory Marketing Activities and subject to the Territory Restrictions;

(ii) the right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those provided at the Franchise Location hereunder, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including internet or similar electronic media) both inside and outside the Territory and on any terms and conditions we deem appropriate;

(iii) the right to establish and operate, and to grant to others the right to establish and operate businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions we deem appropriate;

(iv) the right to establish and operate, and to grant others the right to establish and operate a HOUSEMASTER Business geographically located anywhere outside the Territory under any terms and conditions we deem appropriate, which will have the right to service customers located in your Territory, regardless of such other HOUSEMASTER Business's proximity to the Franchise Location or their actual or threatened impact on sales at the Franchise Location;

(v) (a) the right, directly or through an authorized third party (including, another franchisee), to advertise, solicit, enter into contracts with and service Key Accounts in any area, including in the Territory, upon such terms as we negotiate from time to time; or (b) further, if (i) you refuse or, in our sole judgment, are not qualified, interested or available to perform services or otherwise cannot or do not perform services for any customer located within the Territory, including a Key Account, (ii) you request assistance in the performance of services to a customer, or (iii) a customer, orally or in writing, specifically requests services within the Territory from a different franchisee or another third party, we have the right to authorize another franchisee (or designate or authorize a corporate employee or any other third party) to perform services for or sell products to the applicable customers inside the Territory. You agree that you will not be entitled to any compensation for sales or services performed inside the Territory by someone other than you as contemplated under this paragraph;

(vi) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at the Business, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

(vii) the right to be acquired (in whole or in part and regardless of the form of transaction), by a business providing products and services similar to those provided at the Business, or by another business, even if such business operates, franchises and/or licenses a business(es) that competes with you in the Territory.

TRADEMARK STANDARDS AND REQUIREMENTS

3. We hereby grant you the right to use the Marks in connection with the operation of the Business hereunder, subject to the following terms and conditions:

A. Mark Ownership. The Marks are our and/or our affiliates' valuable property, and we and/or our affiliate(s) are the sole and exclusive owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the Business and of the business conducted that is associated with or attributable to the Marks. Your use of the Marks will inure to our benefit. You may not, during or after the term of this Agreement, engage, directly or indirectly, in any conduct that would infringe upon, harm, contest or otherwise interfere with our or our affiliates' rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media. You agree that you will not grant or attempt to grant a security

interest in, or otherwise encumber, the Marks or record any such security interest or encumbrance against any application or registration regarding the Marks in the United States Patent and Trademark Office or elsewhere.

B. Use of Marks. You may not use, or permit the use of, any trademarks, trade names, logos, service marks or any other names or marks in connection with the Business except those we authorize or direct in writing. You may use the Marks only in the form and manner we prescribe in writing and only in connection with the products and services that we specify and that meet our standards and requirements with respect to quality, production, installation and sale. You must strictly comply with all trademark, trade name and service mark notice marking requirements and other brand usage guidelines that we may provide from time to time.

C. Business Identification. You must use the name HOUSEMASTER and the city, county or region we designate for you as the trade name of the Business (e.g., HOUSEMASTER of Waco), and you must obtain and maintain corresponding fictitious or assumed name registration as required under applicable laws in the jurisdiction in which your Business is located and provide us with evidence of the same prior to opening for business. You may not use the words "HOUSEMASTER" or any other Mark as part of the name of your corporation, partnership, limited liability company or other business entity. You may not use any other mark or words to identify the Business without our prior written consent. You may not change your legal entity name, trade name, or fictitious or assumed name without our prior written consent. You may use the Marks on various materials associated with the Business, such as business cards, stationery and checks; provided that you (i) accurately depict the Marks on the materials as we direct, (ii) use the Marks in accordance with all of our trademark usage and branding standards, (iii) include a statement on the materials indicating that the Business is independently owned and operated by you, (iv) do not use the Marks in connection with any other trademarks, trade names, logos, service marks or any other names or marks unless we specifically approve in writing prior to such use, and (v) make available to us, upon our request, a copy of any materials depicting the Marks. You must put Customers on notice (by language in your contracts) identifying you as a HOUSEMASTER franchisee in a format we deem acceptable, including an acknowledgment that you independently own and operate the Business.

D. Litigation. If any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of or the validity of the Marks, we will control all litigation and other proceedings and we have the right to determine whether suit or other proceeding will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you become aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses incurred in connection with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement, in which case you must pay us for our costs and expenses including our attorney's fees.

Provided that you are using the Marks in compliance with the terms of this Agreement, we will defend, at our own expense, any action against you brought by a third party alleging that any of the Marks infringes any U.S. trademark of a third party, and we will pay those costs and damages finally awarded against you in any such action that are specifically attributable to such claim or those costs and damages agreed to in a monetary settlement of such action. The foregoing obligations are conditioned on you: (i) notifying us promptly in writing of such action; (ii) giving us sole control of the defense thereof and any related settlement negotiations; and (iii) cooperating and, at our request and expense, assisting in such defense.

E. Changes. Unless we direct you so in writing, you may not make any changes or substitutions to the Marks. We reserve the right to change the Marks at any time and you must comply with any such changes within the time frames we specify.

F. Creative Works. All ideas, business ventures, concepts, inventions, techniques, or materials concerning a HOUSEMASTER Business, whether or not protectable Intellectual Property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be solely and exclusively our property, part of the System, and "works made-for-hire," as the phrase is defined in the Copyright Act of 1976 (17 U.S.C. 101 et seq.), for us. To the extent any item does not qualify as a "work made-for-hire" for us, by operation of law or otherwise, you agree to assign and hereby irrevocably assign, for no additional consideration, ownership of that item, and all related rights to that item, to us, our successors and assigns, including without limitation, the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world and agree to take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item. Notwithstanding anything to the contrary, neither the expiration nor the termination of this Agreement shall affect our ownership of the items herein or alter any of our rights or privileges hereunder.

TERM AND RENEWAL

4. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement commences on the Effective Date and expires on the 10-year anniversary of the Effective Date, unless terminated earlier as provided herein.

B. Renewal Term and Conditions of Renewal. You may renew your license for one renewal term of 10 years; provided that: (i) you have given us written notice of your request to renew at least 180 days but not more than 240 days prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees; (iii) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and other material obligations on a timely basis during the term, are in good standing ~~and~~, have received no more than ~~3~~2 written notices of default during the term of this Agreement, and have not failed to meet the Minimum Performance Standards for any two calendar years (or two measurement periods, as applicable) during the term; (iv) you comply with our then-current training requirements; (v) you and your guarantors execute a general release of claims in a form we prescribe; and (vi) you pay a renewal fee of (A) $2,500 in the event you are entitled to renew for a five-year term or (B) $3,500 in the event you are entitled to renew for a ten-year term.

C. Interim Period. If this Agreement expires without you properly exercising your renewal right and you continue to accept the benefits of this Agreement thereafter, then, at our option, we may treat this Agreement either as (i) expired as of the date of expiration, with you then illegally operating a franchise in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Period") until both parties agree to enter into our then-current form of franchise agreement for a renewal term or until one party provides the other with written notice of termination, in which case the Interim Period will terminate 30 days after receipt of the notice of termination. In the latter case, all of your obligations shall remain in full force and effect during

the Interim Period as if this Agreement had not expired, except that the License Fee during the Interim Period will be increased to 10% of Gross Sales for all types of products/services and without any reductions. All obligations and restrictions imposed on you upon expiration of this Agreement shall take effect upon termination of the Interim Period.

OPERATIONS STANDARDS AND REQUIREMENTS

5. You must implement and abide by our requirements and standards directed to enhancing substantial System uniformity. The following provisions control with respect to operation of your Business:

A. Franchise Location. You are responsible for finding and purchasing or leasing a site that meets our site selection guidelines and standards and is located in the Territory. We will approve your site as long as it meets our site selection guidelines and we will attempt to provide our approval or disapproval within 10 business days after you submit the location information (together with evidence of compliance with our site selection guidelines) to us. ~~We make no guarantees concerning the success of the Franchise Location or Territory.~~ In addition, your Franchise Location must meet the following conditions:

(i) You must begin operating your Business by the scheduled opening date (the "Scheduled Opening Date") set forth in the Data Sheet, although you may not commence operations of your Business until you have satisfactorily completed our training program and complied with your other pre-opening obligations. We are not responsible or liable for any of your pre-opening obligations, losses or expenses, including those you might incur for your failure to comply with these obligations or your failure to open by a particular date. We have no responsibility for any lease; it is your sole responsibility to evaluate, negotiate and enter into a lease or a purchase agreement for the Franchise Location premises. However, you may not enter into a lease or a purchase agreement for the Franchise Location until you have received our prior approval.

(ii) You must construct and equip your Franchise Location in accordance with our current approved specifications and standards as set forth in the Brand Guidelines Manual, including any specific requirements if you intend to operate your Business from your residence. You must maintain and periodically refresh the building, equipment, vehicles, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) used in the operation of your Business in accordance with our requirements established periodically and any periodic evaluations of the premises by our representatives.

From time to time as we require, you must effect items of modernization and/or replacement of the premises, trade dress, vehicles, equipment and grounds as may be necessary for your Business to conform to the standards for similarly situated new HOUSEMASTER Businesses.

Each Transfer of any interest in this Agreement or your Business under Section 10 and each renewal under Section 4 are expressly conditioned upon your compliance with our then-current modernization or replacement requirements.

(iii) If you need to relocate your Franchise Location for reasons other than your breach of your lease, we will grant you authority to relocate to another site within the Territory that meets our site selection guidelines and standards; provided that you are not in default under this Agreement or any other agreement with us and you are current on all

of your financial obligations to us, our affiliates and third parties. You still must continue to operate the Business at all times during any such relocation.

(iv) In the limited instance that Google (or another designated vendor we use for search engine optimization purposes to drive online customer marketing) requires a secondary physical location in your Territory (in addition to your Franchise Location) in order to align with the marketing areas identified by Google/the vendor, we and you will agree on how you can establish and operate the secondary location in a manner that meets Google/the vendor's requirements as well as our applicable System standards for a secondary location; provided that this requirement will not apply during the first year of operation of the Business.

B. Vehicle Acquisition and Maintenance. You must acquire and maintain, at your sole expense, one or more vehicles as specified by us for use in the Business. Each vehicle shall be equipped, outfitted, insured and maintained in accordance with our specifications and standards. You must maintain the interior, exterior and mechanical parts of all required vehicles in good repair and condition and regularly service and maintain the vehicles to keep them clean and in good working order.

C. Authorized Services and Products. You can only offer and sell authorized services and products from your Business and you must refrain from selling any other services or products. You must use in the operation of your Business and in the offer and sale of authorized services and products of your Business only those techniques, procedures and supplies we specify in writing. You acknowledge and agree that we may change any of our requirements periodically and you agree to conform to any such changes. All Customer service materials, techniques, and promotional items of all descriptions and types must meet our standards of uniformity and quality.

D. Approved Supplies and Suppliers. We reserve the right to require that you only use approved products, services, inventory, equipment, signs, advertising materials, and other items (collectively "approved products and supplies") in the Business. We may introduce new products and supplies and change previously approved products and supplies from time to time and you agree to promptly comply with our new or changed requirements. Although we do not do so for every item, we have the right to approve the supplier of approved products and supplies. You acknowledge and agree that certain approved products and supplies may only be available from one approved supplier source, and we or our affiliates may be that source. You will pay the then-current price in effect for any approved products and supplies you purchase from us or our affiliates. All products, materials, services, and other items and supplies used in the operation of the Business must conform to the specifications and standards we establish from time to time. We may furnish to you from time to time lists of approved products and supplies and/or approved suppliers, which lists we may amend from time to time. We or our affiliate may make available to you the opportunity to participate from time to time in certain discounts, rebates or other benefits in connection with your purchases from approved suppliers.

WE AND OUR AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS WE APPROVE AND WE EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

E. Computer System; Call Center Program.

(i) You must purchase a computer system (including all future updates, supplements and modifications) and other technology that meets our standards and requirements (the "Computer System"). The Computer System will be used to develop a database of Customers and prospective customers and other related Customer Information, schedule appointments, generate proposals, maintain communications over the Internet, and produce your accounting records. You agree that, without our prior written consent, you may not input, provide or otherwise use any Confidential Information in connection with any Computer System that leverages artificial intelligence or machine learning models, including but not limited to any publicly-available generative AI tools (e.g., ChatGPT). The foregoing restriction includes inputting, providing or otherwise using any Confidential Information to train, develop or modify any such models.

(ii) As of the date of this Agreement, you are required to license from us the software identified on the Data Sheet (the "Technology Package") and pay us the software fees identified in Section 8.D and the Data Sheet. During the term of this Agreement, you may be required to license additional and/or different software from us, our affiliate, or a third party and you also may be required to sign software license agreements and pay an additional software licensing or user fee(s) in connection with your use of the software. All right, title and interest in and to the software will remain with the licensor of the software. You will be liable for all damages (under this Agreement, any other software license agreement you execute and under applicable law) and problems caused by your use of any software on the Computer System. You acknowledge and agree that we will have full and complete access to the information and data entered into ~~and~~or produced by the Computer System, including, without limitation, email communications and related data, and we can use the same in any way we deem appropriate, including in connection with the development, training, or modification of artificial intelligence / machine learning models, subject to applicable law. You must have Internet access with a form of high speed connection as we may require and you must maintain a dedicated email account for the Business, separate from any personal or other email account. You must purchase any upgrades, updates, enhancements and/or replacements to the Computer System and/or related hardware and software or other technology as we may from time to time require. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System ~~or other technology used in the operation of your Business~~, including all data protection, privacy and security laws as well as payment card industry (PCI) compliance.

(iii) As to any malfunctioning of the Computer System or any website as further described in Section 5.K, neither we nor any affiliate will be liable to you for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if you have advised us that such damages are possible as a result of any breach or malfunction.

(iv) In addition, ~~you must us~~we may require, at your own cost, a third-party call center provider for rollover customer calls and for answering customer calls outside business hours, including on weekends. We reserve the right to require you to use an approved or designated call center provider, which may be us or our affiliate, and/or to require you to pay the call center fees to us or our affiliate.

F. Customer Information. ~~We~~You agree that we own all Customer Information and may use the Customer Information as we deem appropriate (subject to applicable law), including disclosing it to vendors, developing, training or modifying artificial intelligence / machine learning models, or sharing it with our affiliates for cross-marketing or other purposes. You may only use Customer Information for the purpose of operating the Business to the extent permitted under this Agreement, including the Brand Guidelines Manual, during the term hereof and subject to such restrictions as we may from time to time impose and in compliance with all data privacy, security and other applicable laws. Without limiting the foregoing, you agree to comply with applicable law in connection with your collection, storage, disclosures and your use and our use of such Customer Information, ~~including, if required under applicable law, obtaining consents from Customers to our and our affiliates' use of the Customer Information. You must~~ complying with all laws and regulations relating to data protection, privacy and security, including data breach response requirements ("Privacy Laws"), as well as data privacy and security policies, procedures and other requirements we may periodically establish. ~~You~~Some laws require you to obtain consent to collect, store, disclose, and use (collectively "process") personal information. You are responsible for obtaining appropriate Customer consent, as well as all necessary rights in the Customer Information, to ensure you and we may process Customer Information as outlined in this Agreement, including but not limited to as set forth in Section 5(E). You must notify us immediately of any suspected data breach at or in connection with the Business or the business operated at the Business. You must fully cooperate with us and our counsel in determining the most effective way to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You are responsible for any financial losses you incur or remedial actions that you must take as a result of breach of security or unauthorized access to Customer Information in your control or possession.

If any federal or state Privacy Law, including the California Consumer Privacy Act ~~("CCPA")~~, as revised by the California Consumer Privacy Rights Act ~~("CPRA")~~, Cal. Civ. Code § 1798.100, et seq. (collectively, "CCPA"), and any related regulations, applies to the operation of the Business, whenever and to the extent you operate as a "Service Provider" or "Contractor" under the CCPA, a data processor, or in a similar capacity under any federal or state Privacy Law, you represent and warrant that:

(1) Except for the purpose of operating the Business in accordance with this Agreement, including the Brand Guidelines Manual, you will not retain, use, combine or disclose any Customer Information;

(2) You will not sell, share, make available or otherwise disclose any Customer Information to any third party for valuable consideration or for the purpose of performing cross-context behavioral advertising, targeted advertising, or profiling, as those terms are defined under applicable Privacy Laws;

(3) You will not retain, use, or disclose Customer Information outside of the direct business relationship between you and us;

(4) You will delete any Customer Information upon our request unless you can prove that such request is subject to an exception under applicable law;

(5) If you receive a Customer Information data request (e.g. a request to delete Customer Information) directly from a consumer (e.g., a California resident under the CCPA, or a resident of another jurisdiction under other applicable Privacy Law), you shall inform us of that request within one business day and cooperate with us to ensure that the consumer receives an appropriate and

timely acknowledgement and response. ~~As an example, currently under the CCPA, an acknowledgement is typically required within 10 business days and a final response is required within 45 calendar days;~~

(6) You will implement reasonable security procedures and practices appropriate to the Customer Information you collect, retain, use or disclose, in order to protect it from unauthorized or illegal access, including following minimum requirements that may be set forth in the Operations Manual;

(7) You will cooperate with us to the extent necessary to assist us with conducting required data protection assessments or other similar assessments under applicable Privacy Laws, responding to Customer Information data requests, responding to requests or inquiries from government authorities, or if we seek to ensure that you have collected, retained, used, or disclosed Customer Information consistent with Privacy Laws and this Agreement, including but not limited to providing us with requested compliance documents, or allowing us or our designee to assess, audit, or test your privacy and security controls at least annually;

(8) You will cooperate with us to stop or remediate any unauthorized use of Customer Information, including verifying that you no longer retain or process personal information that a consumer has asked you or us to delete under applicable Privacy Laws; and

(9) You will notify us immediately if you determine you cannot meet your obligations under Privacy Laws or this Agreement regarding your collection, retention, use, or disclosure of Customer Information.

You certify that you understand the restrictions in Paragraphs (1) – (9) of this section and will comply with them. You also acknowledge and agree that we may modify these restrictions from time to time by written notice to you, by issuing updates to our standards and policies pertaining to Privacy Laws, including by adding other similar restrictions that may be required under other state or federal Privacy Laws, and you agree to comply with the same. You also agree to execute any addenda that we may determine are required to conform this Agreement to new or changed Privacy Laws.

To the extent that you engage another person to collect, use, sell, share, store, disclose, analyze, delete, modify, or to otherwise perform any processing of Customer Information for the purpose of operating the Business (a "Subprocessor"), you will notify us of such engagement, which shall be governed by a written contract that includes the same restrictions as in Paragraphs (1) – (9) of this section and imposes reasonable confidentiality obligations and privacy and security controls on the Subprocessor.

G. Operating Procedures; Brand Guidelines Manual. We will loan you a copy of our Brand Guidelines Manual. We will make it available to you online or in such other manner and format as we approve. You acknowledge that the Brand Guidelines Manual is at all times our Intellectual Property and owned exclusively by us. You must, at all times, treat the Brand Guidelines Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information secret and confidential. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in the Brand Guidelines Manual or other written materials relating to the Business provided from time to time by us. We will revise the Brand Guidelines Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions and in the best interest of the HOUSEMASTER Businesses and the System. We

will notify you of any such updates or revisions and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the Brand Guidelines Manual is kept current and up to date, and in the event of any dispute as to the contents of said Brand Guidelines Manual, the terms of the master copy of the Brand Guidelines Manual that we maintain are controlling.

The Brand Guidelines Manual will contain both mandatory standards and recommended standards. Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Brand Guidelines Manual or other written materials. The Brand Guidelines Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and the Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

H. Confidential Information. You may not, during the term of this Agreement or thereafter, communicate, divulge or use any Confidential Information for the benefit of any other person or entity, except that you may communicate Confidential Information to such employees as must have access to it in order to operate the Business. All Confidential Information, including, without limitation, methods, procedures, suggested pricing, specifications, processes, materials, techniques, Customer Information and other data, may not be used for any purpose other than operating the Business hereunder. In the interest of protecting our System, we may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from your owners (if franchisee is an entity), your spouse, your manager and other key employees. You must provide executed copies of these agreements to us upon our request. A copy of the current Confidentiality Agreement form to be used with your owners (if franchisee is an entity) or your spouse, as applicable, is included as Schedule F. Notwithstanding anything to the contrary herein, as between you and us, you agree that all Confidential Information, including all Intellectual Property rights therein, belong to us.

I. Evaluations. We ~~or~~and our authorized representative have the right to visit and inspect your Business at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain your compliance with the provisions of this Agreement, and to inspect and evaluate your services, supplies or products and other aspects of your Business. Any failure of an inspection is a default under this Agreement. Further, if we determine that any condition in the Business presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Business until the situation is remedied to our satisfaction. Any evaluation or inspection we conduct is not intended to exercise control over your day-to-day operation of your Business or to assume any responsibility for your obligations under this Agreement.

J. Compliance with Laws; Licenses and Permits. You must, at your expense and at all times, maintain and conduct your Business operations in compliance with all applicable federal, state and local laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your Business, including but not limited to obtaining and maintaining required authorizations from federal and state transportation authorities and public utility commissions. Without limiting the foregoing, if you or any of your Principal Owners is not a U.S. national, you represent that you and/or such Principal Owner(s) have an

immigration status that allows you and/or such Principal Owner(s) to live and work in the United States, and you hereby promise that you and/or such Principal Owner(s) will maintain such status during the term of this Agreement.

You acknowledge that you are an independent business and responsible for control and management of your Business, including, but not limited to, the hiring and discharging of your employees, tax withholdings, and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring or discharging of employees, tax withholdings or setting or paying of wages or related matters.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your Business or names us as a party.

K. Participation in Internet Websites or Other Online Communications. We may require you, at your expense, to participate in our HOUSEMASTER website on the Internet, our intranet or extranet system or other online communications as we may from time to time prescribe. We have the right to determine the content and use of our website and intranet or extranet system and establish the rules under which franchisees may or must participate. We will post your Business contact information on our website. You may not separately register any domain name containing any of the Marks or operate a website or social media account for your Business. We reserve the right to pre-approve, establish rules, procedures and policies relating to any website and social media account that you create or use for the operation of your Business. We may immediately terminate this Agreement if you register any domain name or social media account containing any of the Marks. We retain all rights relating to our website, intranet system and social media accounts and may alter or terminate our website, extranet system or intranet system, or any social media accounts. Your general conduct on our website, social media accounts, intranet or extranet system or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website, social media accounts, extranet system or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website, social media accounts, and intranet or extranet system, or otherwise use the Marks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates. You acknowledge and agree that you do not have any right to use the Marks or other Intellectual Property of the System on any website or any social media platform except as expressly approved by us in writing.

Unless we direct otherwise, simultaneously herewith, you agree to execute the Telephone Number and Internet Agreement (attached hereto as Schedule E), pursuant to which you assign to us ownership of all Telephone Listings and Internet Listings (each term as defined in Schedule E).

L. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations set forth in this Agreement.

M. Suggested Pricing Policies. Based on examples from HOUSEMASTER Businesses, we may, from time to time, make suggestions to you with regard to your pricing policies. In addition, we have the right to negotiate Key Account arrangements, including pricing which will bind all HOUSEMASTER Businesses providing services to such Key Accounts. Although you

generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

N. Key Accounts. We reserve the right to establish and administer a Key Accounts program. If such a program is established, you may participate in it. If you elect to participate, you must comply with all Key Accounts standards and procedures set forth in the Brand Guidelines Manual and/or as we may otherwise communicate to you, as well as the specific terms of our arrangement with each applicable Key Account, which terms may include, without limitation, the provision of certain insurance and other products and services, special pricing, payment terms, turnaround on services, etc.

O. Customer Service; Service Warranties. You must honor our warranty/guarantee policies for services you provide to Customers, as described in the Brand Guidelines Manual. You are solely responsible for the quality and results of the services and products you sell and provide to Customers, maintaining a continuing responsibility with respect to such services and products beyond the termination or expiration of this Agreement. You must render and must cause each of your employees to render prompt, competent and courteous service to Customers and you shall offer and honor such service warranties/guarantees as we direct. You must also honor the national discount programs we may specify from time to time.

You must respond to any dissatisfied Customers within 24 hours after the complaint is received or as otherwise set forth in the Brand Guidelines Manual. If you are unable to equitably resolve the Customer's complaint within 3 days after the initial contact, you must contact us for assistance in handling the complaint. In no event shall our assistance be construed to make us liable to you or to a Customer in connection with such complaint. You are solely responsible for satisfactorily and timely resolving all warranty claims, Customer disputes, and online Customer reviews. Should you fail to do so, you must reimburse the cost of any such services to us or any third party that we authorize to perform the services or you must reimburse us for any refund or other payment we may make to a Customer (as applicable). We may at any time contact Customers concerning the quality of services you provide, the level of Customer satisfaction, or other aspects of the Business that we deem relevant.

P. ~~P.~~ Ethical Business Conduct. You agree to adhere to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct and good faith in all business dealings with Customers, vendors, your employees, our corporate employees, and all other ~~HOUSEMASTER~~HOUSEMASTER franchisees. You must not engage in deceptive, misleading or unethical practices or conduct that may have a negative impact on the reputation and goodwill associated with the Marks.

Q. ~~Q.~~ Crisis Situations. In the interest of protecting the ~~HOUSEMASTER~~HOUSEMASTER brand, Marks and the System, we have the sole and absolute right to determine a response, including what steps will be taken and what communications will be made, in instances of a Crisis, and you agree to comply with and implement our directions in response to a Crisis. "Crisis" means an event or development that negatively impacts the ~~HOUSEMASTER~~HOUSEMASTER brand or System in such a way that we determine may cause substantial harm or injury to the Marks, System or the reputation or image of the ~~HOUSEMASTER~~HOUSEMASTER brand.

R. Minimum Performance Standards. Beginning with the second full calendar year of operating the Business, the Business must achieve (a) in each calendar year, annual Gross Sales

that are in the top 90% of the annual Gross Sales per franchised business for the HOUSEMASTER franchise system for that calendar year (the "Gross Sales MPS") and (b) a Net Promoter Score (or another customer satisfaction survey score we designate) ("NPS") that is not more than 10 points below the average NPS for the HOUSEMASTER franchise system for each applicable measurement period we set (the "Customer Satisfaction MPS" and collectively with the Gross Sales MPS, the "Minimum Performance Standards"). If you operate multiple HOUSEMASTER businesses, the Minimum Performance Standards will apply separately to each franchised business. You agree we can make changes to the Minimum Performance Standards upon 6 months' prior written notice in accordance with our Reasonable Business Judgement (as defined in Section 14.G.3) and so long as such revised Minimum Performance Standards are applied to all similarly situated HOUSEMASTER franchised businesses.

If you do not meet the Gross Sales MPS (i.e., the Business' annual Gross Sales are in the bottom 10% of the HOUSEMASTER franchised businesses for that calendar year) for any applicable calendar year or the Customer Satisfaction MPS for any applicable measurement period, we will meet with you to identify the reasons for the substandard performance and establish a performance improvement plan ("PIP") for the Business to take specific actions with the goal to improve the overall performance of the Business, including its annual Gross Sales and/or NPS. Your failure to implement or comply with the PIP over the three to six month period we designate will be a default under this Agreement, subject to a 30-day cure period. During the cure period, you will have the opportunity to advise us of your intent to sell the Business to a third party, in which case we will give you an additional 90 days (from the date of your notice of intent to sell) to transfer the Business in accordance with the transfer requirements of Section 10 of this Agreement. Failure to timely cure the default or transfer the Business as provided herein will give us the right to either reduce the size of your Territory or terminate this Agreement.

PERSONNEL AND SUPERVISION STANDARDS

6. The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision of the Business; Guarantors. You, or your Principal Owner(s) (as identified on the Data Sheet) if you are a business entity, must devote full-time attention to your Business, which at all times must be under your, or your Principal Owner(s)'s direct and active supervision and management. If you are a business entity, (i) all your owners must sign a Confidentiality Agreement; (ii) you must designate one or more Principal Owners; and (iii) all persons and entities that, as of the date of this Agreement hold, or during the term of this Agreement become holders of, 5% or more of your ownership interests must personally guarantee your performance hereunder to us by executing the personal guarantee attached hereto as Schedule C. If two (2) or more persons are the Franchisee or guarantors, their obligations and liability to us shall be joint and several.

B. Training. You must comply with all of the training requirements we prescribe for the Business. You, or your Principal Owners and your manager if you are a legal entity, must attend and complete to our satisfaction our initial training program, which includes an initial technical training program, the National Institute of Building Inspectors training program (the "NIBI training program") offered by our affiliate. You must pay all costs and expenses, including hotel and transportation costs, you incur in attending our initial training program (including the NIBI training program). If it becomes necessary to re-train a certain individual, we reserve the right to charge you a training fee. You also must pay all costs and expenses for any additional personnel who attend our initial training program (including the NIBI training program). The

training requirements may vary depending on your experience and other factors specific to the Business. If you are given notice of default that relates, in whole or in part, to your failure to meet any operational standards, we may require that, as a condition of curing the default, you and your manager, at your expense, comply with the additional training requirements we prescribe. Under no circumstances may you permit management of the Business' operations on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

The NIBI training program may not meet all of the educational requirements necessary to obtain a home inspector license or certification as may be required by local law. You must supplement the NIBI training program independently, through self-learning or other educational programs that provide additional information on construction materials and methods, as well as information on locally accepted and customary home inspection practices. You are solely responsible for having the Franchised Business comply with all applicable laws and regulations, including by obtaining and maintaining all required licenses and permits.

C. Ongoing Training. We may require you and other key employees of the Business to attend ongoing training at our training facility or other locations we designate. If you request training in addition to the initial training program identified above, we reserve the right to charge you a training fee, plus you must pay your costs and expenses in connection with such training. Any training provided by us to any of your workers will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers. You are solely responsible for ensuring that your workers receive adequate training.

D. Staffing. You must employ a sufficient number of competent and trained employees to ensure efficient service to Customers. It is your responsibility to make sure that no employee or subcontractor enters a Customer's home if such person has not passed the required background checks. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us.

E. Attendance at Annual Convention and Meetings. You must attend, at your expense, any annual franchise convention we may hold or sponsor and any meetings relating to new services or products, new operational procedures or programs, training, business management, sales or sales promotion, or similar topics, including any system-wide teleconferences or web-conferences, as more particularly set forth in the Brand Guidelines Manual. We reserve the right to charge you a fee to attend any such franchise conventions, meetings, programs or other trainings, and we may collect such a fee from you whether you attend or not. If you do not attend or participate in the annual franchise convention, you will be charged a non-attendance fee (currently, $~~1,000~~2,000, which amount may be adjusted annually to reflect increases in the national consumer price index). If you are not able to attend a meeting or convention, you must give us prior notice and must have a substitute person acceptable to us attend such meeting or convention. Nothing in this Agreement is intended to require us to hold any annual conventions or other meetings.

MARKETING

7. You agree to actively promote your Business, to abide by all of our marketing and advertising requirements and to comply with the following provisions:

A. MAP Fund. We have established and manage a Marketing, Advertising and Promotion Fund for HOUSEMASTER Businesses (the "MAP Fund"). All MAP Fees (as defined in Section 8.D) you pay to us hereunder will be placed in the MAP Fund. On behalf of our company and affiliate-owned HOUSEMASTER Businesses, we will pay the same MAP ~~Fund f~~Fee as similarly situated franchised HOUSEMASTER Businesses. The MAP Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to it. We have the right to make disbursements from the MAP Fund for expenses incurred in connection with the cost of formulating, developing, implementing and administering marketing, advertising, public relations and promotional campaigns. The disbursements may include payments to us for the expense of administering the MAP Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the administration and operation of the MAP Fund or otherwise providing services with respect to the MAP Fund. We have the right to determine the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each HOUSEMASTER Business or in each advertising market. We, as the administrator of the MAP Fund, may collaborate with the administrators of advertising funds of certain other franchise systems affiliated with us. You acknowledge that there can be no assurance that the MAP Fund's participation in these collaborations and joint efforts will benefit HOUSEMASTER Businesses proportionately or equivalently to the benefits received by any other franchised businesses of the other participating affiliated franchise systems.

The MAP Fund will be accounted for separately and will not be used to defray any of our general operating expenses, except for such expenses, administrative costs and overhead relating to MAP Fund business, including compensation of employees and others providing services to the MAP Fund, and other expenses that we incur in activities related to maintaining, administering, directing and conducting the MAP Fund programs, including, without limitation, conducting market research and public relations activities; preparing advertising promotion and marketing materials; and collecting and accounting for MAP Fund contributions and expenses. If requested, we will provide you an annual unaudited statement of the financial condition of the MAP Fund.

We assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the MAP Fund or related to our maintenance, direction or administration of the MAP Fund, including with respect to the efficiency or effectiveness, if any, of the MAP Fund in enhancing the Marks, brand or System or advancing the business interests of a franchisee or franchisees in general.

We have the right, but not the obligation, to cause the MAP Fund to be incorporated or operated through an entity separate from us at such time as we deem appropriate, and any such successor entity shall have all our rights and duties under this Section 7.A. We may use collection agents and institute legal proceedings at the MAP Fund's expense to collect MAP Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the MAP Fund. If we terminate the MAP Fund, we will refund to you your pro-rata portion of any amounts remaining in the MAP Fund, based on your contributions to the MAP Fund.

B. Required Local Expenditures. You must use your best efforts to promote and advertise the Business and participate in any local marketing and promotional programs we establish from time to time. In addition to the payment of the MAP Fee, you must spend the minimum amount set forth in the Data Sheet on approved local marketing and promotion in the Territory each month ("Minimum Local Marketing Amounts"). Upon our request, you must provide us with itemized documentation and proof of such expenditures. If you fail to make the required expenditures, we have the right to collect the deficiency and spend it as provided below in

this paragraph. We reserve the right to require you to use one or more designated vendors in connection with your local marketing and promotional activities. In addition, we reserve the right to collect (on a monthly or quarterly basis, as we may from time to time designate) the Minimum Local Marketing Amounts and in return provide to you local promotional, marketing and advertising materials and related services to promote the Business in the Territory. Should this Agreement terminate prior to our providing such local promotional, marketing and advertising materials and related services in the Territory, we reserve the right to contribute the Minimum Local Marketing Amounts collected to the MAP Fund.

C. Approved Materials. You must use only such marketing materials (including any print, radio, television, electronic, on-line or other media forms that may become available in the future) as we furnish, approve in writing or make available, and the materials must be used only in the manner we prescribe and in compliance with all trademark usage and branding standards. Furthermore, any promotional activities you conduct for the Business are subject to our approval. You must submit all advertising and promotional materials to us for approval prior to your use. If we do not respond within 14 days of your submission, the materials will be deemed not approved. We will not unreasonably withhold approval of any materials or media and activities; provided that they are current, in good condition, in good taste and accurately depict the Marks. Notwithstanding our approval, it is solely your responsibility to conduct your promotional activities in accordance with all applicable laws.

D. Local Marketing Groups. We have the right to designate local advertising markets and advertising cooperatives and/or local marketing groups for such markets (collectively, each such cooperative or group, a "LMG"), and if designated, you must participate in the LMG and its programs in your designated local advertising market. If established, you must contribute to the LMG the amount we designate, but such contribution amount shall not exceed 3% of your Gross Sales. We may require that some or all of your LMG contribution be paid to us or our affiliate, and we reserve the right to use your LMG contribution on any promotional, marketing and advertising initiatives, including digital and other marketing and brand awareness programs. As of the date of this Agreement, we may require that a portion of your LMG contribution (currently, 2% of your Gross Sales) be paid for use towards the Neighborly marketing and brand awareness initiatives, which may include service professional recruitment marketing. If established, each HOUSEMASTER Business, including those operated by us or our affiliates within a designated local advertising area, will be a member of the LMG. You must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Your contribution to the LMG will count towards the Minimum Local Marketing Amounts, but the Minimum Local Marketing Amounts do not represent a limit on your LMG contribution. We have the right to establish how the LMGs operate and we have the right to require LMGs to be formed, changed, dissolved or merged.

FEES, REPORTING AND AUDIT RIGHTS

8. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. Upon signing of this Agreement, you must pay to us an initial franchise fee as set forth in the Data Sheet (the "Initial Franchise Fee"), which is earned upon receipt and is non-refundable. Any financing of the Initial Franchise Fee is only available if we offer you financing under the terms of the Promissory Note and Security Agreement included as Schedule G.

B. License Fees. From and after the Effective Date, you must pay to us, monthly in the manner specified in Section 8.D, a fee (the "License Fee") in the amount equal to the greater of (i) the applicable percentage of Gross Sales set forth on the Data Sheet or (ii) the applicable Minimum License Fee (if any) set forth on the Data Sheet. The License Fee calculation may differ based on the type of service or product from which the Gross Sales are generated, as specified on the Data Sheet. The Minimum License Fee shall be calculated in the manner set forth on the Data Sheet.

C. MAP Fees. You must pay to us each month, in the manner specified in Section 8.D, a MAP Fund fee (the "MAP Fees") in an amount equal to the greater of (i) the applicable percentage of Gross Sales set forth in the Data Sheet or (ii) the applicable Minimum MAP Fee, if any, set forth on the Data Sheet. The MAP Fee calculation may differ based on the type of service or product from which the Gross Sales were generated. The Minimum MAP Fee shall be calculated in the manner set forth on the Data Sheet.

D. Technology Fee. You must pay to us each month, in the manner specified in Section 8.D, a Technology Fee, currently in the amount set forth in the Data Sheet, in exchange for receiving from us access to the Technology Package. We may increase the Technology Fee by providing you 60 days' prior notice. If you fail to pay the Technology Fee within 30 days of its due date, we may charge you a late fee equal to $25 per month or the maximum allowed under the law, whichever is less. Additionally, we reserve the right to suspend your access to any or all software within the Technology Package if you fail to timely pay the Technology Fee.

E. Manner of Payment; Electronic Transfer of Funds. All payments of the License Fees, MAP Fees, and Technology Fees are due to us by the 20th day of each month for the prior month's Gross Sales, together with a monthly report of Gross Sales. You must sign an electronic ACH Form, attached as Schedule B, to authorize and direct your bank or financial institution to allow us or our affiliate to initiate a transfer of funds electronically directly to our or our affiliate's account and to charge to your account all amounts due to us or any affiliate. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section.

F. Late Payments. A late payment fee of $10.00 per day (the "Late Payment Fee") plus interest at the highest applicable legal rate for open account business credit in the state of your domicile, not to exceed 12.0% per annum, will accrue on all late payments from the due date until all sums are paid, with the exception of late payments of the Technology Fee, which are separately addressed in Section 8.D. If a check is returned or an ACH draft is refused by your financial institution due to insufficient funds in your account, you must pay us an insufficient funds fee of $50. In addition, if you fail to timely provide any Gross Sales report to us, in addition to any other rights available to us, we may withdraw the applicable Minimum License Fee and the Minimum MAP Fee (as applicable) from your account, and once the applicable Gross Sales report becomes available to us, you will be required to immediately pay us any additional amounts owed as shown in the calculation of the License Fees and the MAP Fees in such Gross Sales report. You acknowledge and agree that this Section 8.F does not constitute our agreement to accept payments or reports after they are due or a commitment by us to extend credit to you or to otherwise finance your operation of the Business. Further, you acknowledge and agree that your failure to pay all amounts and provide all reports when due will constitute grounds for termination of this Agreement, notwithstanding the provisions of this Section 8.F. You will not, on grounds of the alleged nonperformance by us of any of our obligations under this Agreement, withhold payment

of any License Fees, MAP Fees or any other amounts due to us and you will not, on such grounds, discontinue providing services to Customers ~~of the Business~~ in accordance with this Agreement.

G. Application of Fees. Notwithstanding any designation by you, we have the right to apply any payments received from you to any past due indebtedness to us or any affiliate in such amounts and in such order as we determine.

H. Financial Planning and Management. You must compile and keep books and records that accurately reflect the operations and condition of your Business, including detailed daily sales, cost of sales, and other relevant records and information, maintained in an electronic media format and using the methods of bookkeeping and accounting as we periodically may prescribe. You must also retain check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, state, federal, personal or other income tax records and returns covering or related to the Business, payroll records, cash disbursement journals and general ledgers. You must submit to us such reports, statement of profit and loss, balance sheet, tax returns, books and records as we may require, including those identified in Section 8.I below, all on the forms and according to reporting formats, methodologies and time schedules that we establish from time to time. You must preserve the books, records and reports for the longer of (i) five years from creation or (ii) such period as required under applicable laws. You must allow us electronic and manual access to any and all records relating to your Business.

I. Reports. Simultaneously with each payment of License Fees and MAP Fees hereunder, you must submit to us a report of the corresponding Gross Sales and gross receipts of the Business, and a computation of the corresponding License Fees and MAP Fees with respect to the preceding month. Gross Sales must be entered into the software and reported for the month in which they are earned; you may not postpone the reporting of any Gross Sales for any reason. In addition, within 15 days after the end of each month, you must submit to us the following information for the preceding month: (i) copies of your most recent balance sheet and statement of profit and loss, including a summary of your costs for labor, rent and other material cost items; and (ii) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year. All reports shall be provided in the form and content as we periodically prescribe. You must certify in writing all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees. You further agree and acknowledge that, subject to compliance with applicable law, we may use any information, data or other materials related to your Business for any reason that we deem appropriate and you shall provide the same to us promptly upon our request. Without limiting the foregoing, we may disclose the Business' financial information and operating performance ratings, assessments or similar data to our other franchisees, our affiliates and their franchisees, and prospective franchisees through the use of newsletters, bulletins, award ceremonies, and otherwise as we deem necessary or advisable.

J. Audits. We ~~or~~and our authorized representative have the right at all times (i) during the business day to enter the premises where ~~your~~the books and records ~~relative to~~of the Business are kept and to evaluate, copy and audit such books and records, including, but not limited to, any and all financial statements, reports, state, federal, personal income tax records or other income tax records covering or related to the Business, sales tax records, payroll records, databases, and other related records, (ii) to remotely access and evaluate, copy and audit your electronic records located on the Computer System, and (iii) to evaluate remotely or on the Business premises

your compliance with your obligations regarding Customer Information. In addition, if, in our reasonable business judgment, we believe that you have failed to comply with your reporting and/or record keeping obligations hereunder, we have the right to also access and evaluate, copy and audit books and records related to any other business in which you have an ownership or management interest. We also have the right to request information from you and your suppliers, vendors, and Customers. You must fully cooperate with us in connection with our exercise of our audit rights. If ~~any such~~ you fail to timely make available to us requested documents in connection with an audit, we may charge you $500 per missing document (up to $2,500 per audit), and if we must reschedule an audit due to your failure to cooperate, you must reimburse us for the cost of the audit (including, without limitation, professional fees, travel, and room and board expenses directly related thereto, collectively "Audit Cost"). If any evaluation or audit reveals an understatement of 2% or more of your Gross Sales or you do not provide any requested information within 30 days from the date of our initial request, you must pay for the ~~cost of the audit (including, without limitation, professional fees, travel, and room and board expenses directly related thereto)~~Audit Cost, in addition to the amount owed (if any) plus interest and late fees as provided in Section 8.F. In addition to any other rights we may have in such an event, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary and ~~any~~you must reimburse us for the Audit Cost of any such further audits and evaluations conducted within two years thereafter ~~will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto~~. Furthermore, if you intentionally understate or underreport Gross Sales at any time, or if a subsequent audit or evaluation conducted within the two-year period reveals any understatement of your Gross Sales of 3% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately. To verify the information that you supply, we have the right to reconstruct your Gross ~~s~~Sales through any reasonable method of analyzing and reconstructing Gross ~~s~~Sales, and you agree to accept any such reconstruction of Gross ~~s~~Sales unless you provide evidence in a form satisfactory to us of your Gross ~~s~~Sales within a period of 14 days from the date of notice of understatement or variance. If you dispute any audit findings, you must do so in writing and in accordance with the Brand Guidelines Manual within 30 days of the notice of understatement or variance, or you will waive the right to challenge the audit findings. For avoidance of doubt, no provision of this Section 8.J shall be deemed to supersede or waive the 10-day cure period for failure-to-pay defaults set forth in Section 12.B.1.

YOUR OTHER OBLIGATIONS; NONCOMPETITION COVENANTS

9. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to (i) pay promptly when due all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your Business; (ii) promptly discharge and remove all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Business; and (iii) timely pay all accounts and discharge other indebtedness of every kind incurred by you in the conduct of the Business. If you default in making any such payment, we are authorized, but not required, to pay and discharge the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

You also will pay all federal, state and local taxes, other than taxes assessed on our income, that may be imposed on us as the result of our receipt or accrual of the Initial Franchise Fee, the License Fees, the MAP Fees, or other fees referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you shall

pay us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

B. Indemnification. You waive any and all Claims (as defined below) against us for damages to property or injuries to persons arising in any way out of this Agreement, your servicing of Customers under this Agreement or any other contracts, your actions or omissions, or the operation of your Business. Except to the extent otherwise provided in Section 3.D., you agree, at your sole expense, to defend, fully protect, indemnify and hold harmless, us, our affiliates, our parent companies, our sister companies and our owners, directors, officers, members, managers, employees, attorneys, successors and assigns (collectively, "Franchisor Parties"), as well as our customers and the owners of each and every property you service, from any and all Claims. "Claims" as used herein means any and all claims, demands, damages, assessments, violations, interest, causes of action, lawsuits, liens, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Business (regardless of cause or any concurrent, superseding or contributing fault, liability or negligence of us, our affiliates, our parent companies, and our customers and the owners of any property you service), your actions or omissions, or any breach by you or your failure to comply with any of the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you agree to reimburse us for our costs and attorneys' fees immediately upon our request.

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, you will, at your sole expense, defend, fully protect, indemnify and hold harmless, Franchisor Parties, from any and all Claims arising in any manner, directly or indirectly, out of or in connection with or incidental to the actions or omissions of your employees or independent contractors or allegations that we are the joint employer of your employees.

C. Insurance. Before you begin operating your Business you must purchase, and maintain at all times during the term of this Agreement, at your sole cost, insurance coverage, from a responsible carrier, with an A.M. Best rating of A-VIII or better, with the coverage amounts, types and other features as we from time to time specify, using the insurance industry form(s) acceptable to us, and such other insurance coverage as required by law and any other agreement related to the Business. We reserve the right to designate a primary or single source for all or any of the insurance coverage for the Business, and we or our affiliates may be that primary or single source. Any person or entity with an insurable interest that we designate (each, an "Additional Insured") must be named an additional insured on all required liability policies. Each insurance policy must contain a waiver of subrogation in favor of the Additional Insureds. Your insurance must apply as primary and non-contributory. Currently, our minimum insurance requirements include (i) commercial general liability insurance, with a minimum liability coverage of $1,000,000 per occurrence (including Personal Injury and Advertising Injury) and $2,000,000 aggregate; (ii) auto liability coverage, combined single limit in the amount we specify, up to $2,000,000 but no less than $1,000,000, on each owned, non-owned or hired vehicle used in connection with the Business; (iii) workers' compensation coverage if required by state law, with minimum coverage as required by law (if applicable); (iv) an errors and omissions liability insurance with $500,000 per claim and $1,000,000 in the aggregate bodily injury insurance coverage (for injury resulting from services performed) for all inspections and services performed and including prior acts coverage for all past inspections and coverage extending for at least 3 years following the termination, expiration or Transfer of this Agreement (the "E&O Tail"); (v) cyber liability

insurance for financial losses arising from unauthorized access, loss or corruption of data, including but not limited to privacy and data security breaches, misdirected funds, virus transmission, denial of service and loss of income from network security failures, with a limit of liability not less than $500,000 per occurrence and in the aggregate and, if part of a group program, not more than a $5,000,000 overarching group aggregate; and (vi) such other insurance as from time to time required by us, under applicable law and under other agreements applicable to your Business. With respect to Key Accounts, if the insurance amount required for any Key Account or for Key Account work in general exceeds the amount specified as the ~~maximum~~ amount required by us for any type of insurance, that higher amount required for the Key Account work will apply. If you engage any independent contractors to perform other services for customers of the Business, such independent contractors must have in force at the time of performing such services errors and omissions insurance and bodily injury insurance (for injury resulting from errors and omissions) for all inspections and services performed with a limit of liability of not less than $500,000 for each occurrence and $1,000,000 in the aggregate, which policy must name you and us as additional insureds under the policy. Additional insurance requirements are set forth in the Brand Guidelines Manual. If you fail to purchase the E&O Tail within 30 days after expiration, termination or Transfer of your franchise agreement, we may charge you a fine in an amount equal to the greater of $10,000 or the cost of extended reported period insurance plus our expenses.

The commercial general liability policy must name Franchisor and any and all parents, subsidiaries, directors, officers, employees, and agents as their interest may appear as Additional Insureds. The policy must also include a waiver of subrogation against all parties named as Additional Insureds. The auto liability policy must name Franchisor and any and all parents, subsidiaries, directors, officers, employees, and agents as their interest may appear as Additional Insureds. The policy must also include a waiver of subrogation against all parties named as Additional Insureds. The workers' compensation policy must include a waiver of subrogation against Franchisor and any and all parents, affiliates, subsidiaries, directors, officers, employees, and agents.

Additional Insured status for Franchisor and any and all parents, subsidiaries, directors, officers, agents, employees or any other party required to be named as additional insureds under this Agreement will extend to the full limits of liability maintained by you even if those limits of liability are in excess of those required in this Agreement. Your insurance will be primary and any insurance carried by Franchisor is strictly excess and secondary and will not contribute with your insurance. The requirements of this Agreement as to insurance limits and acceptability of insurers and insurance to be maintained by you are not intended to and will not in any manner limit or qualify the liabilities and obligations assumed by you under this Agreement.

~~You may satisfy the insurance coverage limits through an umbrella policy that meets all the requirements of this Section. If you fail to purchase or maintain required insurance, we may, but are not obliged to, obtain such insurance for you and keep the same in force and effect, and you must pay us, on demand, all premiums charged for such insurance policies together with a reasonable fee for the expenses we incur in doing so. We also have the right to terminate this Agreement for cause if you fail to comply with this Section.~~

You must deliver to us at least 5 days prior to commencement and thereafter annually or at our request a proper certificate of insurance, insurance policy endorsements and other evidence of compliance showing the existence of the insurance coverage and your compliance with this Section. Your certificate of insurance will provide proof of the following: (i) Franchisor and all other affiliated parties are included as an Additional Insured where required; (ii) waiver of subrogation included in favor of Franchisor and all other affiliated parties; (iii) your insurance is primary, and

all insurance maintained by Franchisor is excess and secondary and shall not contribute with your insurance; and (iv) ~~all~~no insurance ~~will not~~may be cancelled or substantially changed without thirty (30) days' prior written notice by certified mail to Franchisor. If you change your insurance provider, you must immediately deliver the proper certificate of insurance to us. We also may request copies of all insurance policies. Any review we conduct of your insurance coverage does not limit your obligation to comply with this Section. We may modify the required minimum limits and types of coverage, by written notice to you. Upon such notification, you must immediately implement the modification of the policy, and provide evidence thereof, in accordance with our request. You may satisfy the insurance coverage limits through an umbrella policy that meets all the requirements of this Section. We have the right to terminate this Agreement for cause if you fail to comply with this Section.

You acknowledge that these minimum insurance requirements do not constitute advice or a representation by us that such coverages are necessary or adequate to protect you from losses in connection with the Business. Nothing in this Agreement restricts you from obtaining insurance with higher policy limits and/or additional coverage.

D. Noncompetition Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not have received or had access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants and agree that the following noncompetition covenants are reasonable and necessary to protect the System's legitimate business interests, including its Confidential Information, Intellectual Property, and customer goodwill:

1. Unless otherwise specified, the term "you" as used in this Section 9.D means and includes, collectively and individually, (a) if you are an entity, the entity, all guarantors and all shareholders, members, partners, as the case may be, and other holders of any ownership interest in the entity (collectively, "Owners"), as well as any spouse, children, parents and siblings of any guarantor and Owner, or (b) if you are an individual, the individual and the individual's spouse, children, parents and siblings. We may require you to obtain from your guarantors and Owners, and/or from your spouse, children, parents and siblings or any spouse, children, parents, and siblings of any Owner or guarantor, as applicable, a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Section 9.D.

2. You promise that during the term of this Agreement, and during any Interim Period (if applicable), you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Business (as defined below).

3. You promise that you will not, for a period of two years after the expiration or termination of this Agreement, or after the expiration or termination of any Interim Period (as applicable), regardless of the cause of termination, or within two years of the sale or Transfer of the Business or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, advertise, promote in any media including social media platforms, or consult with or have any interest in a Competitive Business (as defined below) that is located:

a. In the Territory;

b. Within a 25-mile radius of the outer boundary of the Territory; or

c. Inside the territory of another HOUSEMASTER Business, whether franchised or owned by us or our affiliates.

For purposes of this Agreement, a "Competitive Business" is any business that offers or sells any product or service or component thereof that (i) composes a part of our System, (ii) is the same as or similar to any product or service then-offered by our franchisees or (iii) otherwise competes directly or indirectly with our System.

4. You agree that the length of time in paragraph 3 above will be tolled for any period during which you are in breach of the non-compete covenants or any other period during which we seek to enforce this Agreement.

5. In addition, you agree that during the term of this Agreement and for one year thereafter, you will not, without our prior written consent, directly or indirectly, for yourself or on behalf of any other person, divert, or attempt to divert, any business or customer of the Business or any other HOUSEMASTER Business away from the System.

6. The parties agree that each of the foregoing covenants in this Section 9.D will be construed as independent of any other covenant or provision of this Agreement. To the extent anyone successfully contests the validity or enforceability of any part of this Section 9.D in its present form predicated upon the area of coverage, this provision will not be deemed invalid or unenforceable, but will instead be deemed modified, so as to be valid and enforceable, to provide coverage for the maximum scope that any court of competent jurisdiction or arbitrator will deem reasonable and necessary to protect our legitimate interests.

TRANSFER OF FRANCHISE

10. You agree that the following provisions govern any Transfer or proposed Transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Business. Consequently, neither your interest in this Agreement nor in the Business may be directly or indirectly Transferred to or assumed by any other person or entity (at times referred to as the "Assignee"), in whole or in part, unless (i) you have first tendered to us the right of first refusal to acquire this Agreement in accordance with Section 10.F, and we do not exercise such right; (ii) our prior written consent is obtained; (iii) the Transfer fee provided for in Section 10.C is paid; and (iv) the Transfer conditions described in Section 10.D are satisfied. Any direct or indirect sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the Business to a person or entity who shares in the losses or profits of the Business (including merger, combination, or reorganization or as a result of death, disability, divorce, insolvency, or bankruptcy) in a manner other than as an employee will be considered a Transfer for purposes of this Agreement. A Transfer also includes the following which triggers the Transfer conditions set forth in this Section 10:

1. For purposes of this ~~subsection~~Section 10.A, a transfer, pledge or seizure, or change in the control of any 20% direct or indirect ownership interest in you or in any

Principal Owner, whether accomplished in a single transaction or a series of related or unrelated transactions; or

2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity.

You may not place in any communication media or any form of advertising, any information relating to the sale of the Business or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to a Transfer; provided we determine that all of the conditions described in this Section 10 have been satisfied. Application for our consent to a Transfer and tender of the right of first refusal provided for in Section 10.F must be made by submission on our form of application for consent to Transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other Transfer agreement) and other required information. The application must indicate whether you or an owner will retain an interest in the property to be Transferred. No interest may be retained or created without our prior written consent and only upon conditions acceptable to us. Any agreement used in connection with a Transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed Transfer and must submit promptly to us the application for consent to Transfer. Any attempted Transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will provide us with the right to elect either to default and terminate this Agreement or to collect from you and the guarantors a Transfer fee equal to two times the Transfer fee provided for in Section 10.C as damages.

C. Transfer Fee. You must pay to us a Transfer fee in the amount equal to ~~$10,000 *plus*~~the greater of (i) 5% of the ~~positive difference (if any) between (i) the total gross~~ purchase price of the Business ~~in the~~(or portion thereof) or other interest that is being Transferred ~~and~~or (ii) $~~500,000~~7,500. We will reduce the Transfer fee to $500 for a Transfer to an immediate family member (i.e., a spouse or a child; for avoidance of doubt, a sibling is not considered an immediate family member for this purpose). The Transfer fee is nonrefundable. You will not be required to pay a Transfer fee if you are an individual and wish to Transfer this Agreement to a newly formed legal entity wholly owned by you and established solely for purposes of the convenience of ownership and the operation of the Business; provided that you must become a guarantor of the Business as required under Section 6.A.

D. Conditions of Transfer. We condition our consent to any proposed Transfer, whether to an individual, a corporation, a partnership or any other entity, upon the following:

1. Assignee Requirements. The Assignee must meet all of our then-current requirements for our HOUSEMASTER franchise program we are offering at the time of the proposed Transfer, sign our then-current form of franchise agreement, obtain all required permits and licenses to operate the Business, and its owners must become guarantors of the Business as required under Section 6.A.

2. Payment of Amounts Owed. All amounts owed by you to us, or any of our affiliates or your suppliers, or upon which we or our affiliates have any contingent liability, must be paid in full.

3. Reports. You must have provided all required reports to us.

4. Guarantee. In the case of an installment sale for which we have consented to you or any owner retaining an interest or other financial interest in this Agreement or the Business, you or such owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

5. Assumption of Obligations. The Assignee must assume and agree to be bound by all of your Customer obligations, including all warranty work and service plans obligations.

6. General Release. You and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Business or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Training. The assignee must, at your or assignee's expense, comply with our training requirements.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Business and its operations as we deem reasonably necessary or appropriate for assignee and/or us to evaluate the Business and the proposed Transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Business and proposed Transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Business and proposed Transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

9. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our Transfer policies. You acknowledge and agree that following any Transfer hereunder, you and your owners will continue to be subject to the noncompetition covenant under Section 9.D.3.

E. Involuntary Transfers.

1. Death, Disability or Incapacity. You will promptly notify us in the event of a death, disability or incapacity of Franchisee (or, if Franchisee is a legal entity of Franchisee's Principal Owner). In such event, if the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as the Franchisee or the Principal Owner of the Franchisee entity, such person or entity must tender the right of first refusal provided for in Section 10.F, apply for our consent under Section 10.B, pay the applicable Transfer fee under Section 10.C, and satisfy the Transfer conditions under Section 10.D, as in any other case of a proposed Transfer, all within 120 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Business still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent, disabled, or incapacitated person is the spouse or child of such person, no Transfer fee will be payable to us and we will not have a right of first refusal as set forth in Section 10.F.

2. Insolvency or Bankruptcy. In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law,

if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in ~~subsection~~Section 10.F, and if we do not exercise such right, must apply for and obtain our consent to the Transfer, pay the Transfer fee provided for in ~~subsection~~Section 10.C, and satisfy the Transfer conditions described in ~~subsection~~Section 10.D. In addition, you or the Assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

3. Divorce. You will promptly notify us of any divorce proceedings that may result in a Transfer and tender the right of first refusal provided for in ~~subsection~~Section 10.F. If we do not exercise such right, you must apply for and obtain our consent to the Transfer, pay the Transfer fee provided for in ~~subsection~~Section 10.C, and satisfy the Transfer conditions described in ~~subsection~~Section 10.D.

F. Right of First Refusal. If you propose to Transfer this Agreement or your interest herein or in the Business, in whole or in part, to any third party, as contemplated by Section 10.A, you must first deliver a statement to us offering to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures and any other assets or leasehold interests used in the operation of the ~~b~~Business (subject to this Section 10). If the proposed Transfer involves an offer from a third party, then you must obtain from the third-party offeror and deliver to us a statement, in writing, signed by the offeror and by you, of the binding terms of the offer.

If the Transfer does not involve an offer from a third party, then the purchase price for our purchase of assets described above will be established by a qualified appraiser selected by the parties. The price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of ~~a~~the Business and the appraiser will designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc.), but shall not include the value of any goodwill of the ~~b~~Business, as the goodwill of the ~~b~~Business is attributable to the Marks and the System. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Franchise Location is located will appoint one upon petition of either party. You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested. We and you will each pay one-half of the appraiser's fees and expenses.

We then have 10 days from our receipt of the statement setting forth the third-party offer or the appraiser's report, as applicable (and all other information requested by us) to accept the offer by delivering written notice of acceptance to you. We will have an additional 45 days to complete the purchase if we elect to exercise our right of first refusal. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however (and regardless of whether the following are inconsistent with the price and terms set forth in the statement) (1) we have the right to substitute equivalent cash for any noncash consideration included in the offer, (2) we will prepare the transaction documents for the Transfer, which will be on terms customary for this type of transaction (including representations and warranties, covenants, conditions, and indemnification), and (3) our purchase may be limited to any assets related to the Business.

If we fail to accept the offer within the 10-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us; provided such Transfer is in accordance with this Section 10, including obtaining our consent under Section 10.B. You may effect no other sale or assignment of you, this Agreement or the Business without first offering the same to us in accordance with this Section 10.F.

G. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement without prior notice to you and without your consent.

DISPUTE RESOLUTION

11. The following provisions apply with respect to dispute resolution:

A. Mediation. Before any party may bring an action in court ~~or~~ against the other, or commence an arbitration proceeding (except as noted in Section 11.B below), the parties must first meet to mediate the dispute. The mediation will be held in McLennan County, Texas. Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association (the "AAA") in accordance with its then-current rules for mediation of commercial disputes unless the parties agree otherwise in writing. The mediator will be appointed in accordance with the rules and regulations of the AAA unless the parties agree on a mediator in writing within 10 days after either party gives written notice of mediation. The mediation hearing will be held within 20 days after the mediator has been appointed. Each party will bear its own costs and expenses for the mediation and will be responsible to pay 50% of the mediator's costs and expenses.

B. Exceptions to Mediation. Notwithstanding Section 11.A or any other provision of this Agreement, the parties agree that the following claims will not be subject to mediation and may be brought in any court of competent jurisdiction, subject to Sections 14.G.1 and 14.H:

1. any action for temporary, preliminary or permanent injunctive relief, ex parte seizure, specific performance, writ of attachment, or other equitable relief necessary to enjoin any harm or threat of harm to such party's tangible or intangible property, including trademarks, service marks and other Intellectual Property, confidential and/or trade secret information, or noncompetition covenants. You specifically acknowledge that your breach or threatened breach of any of your obligations under this Agreement, including but not limited to Sections 3 (Trademark Standards and Requirements), 5.C (Authorized Services and Products), 5.E (Computer System; Call Center Program), 5.F. (Customer Information), 5.H (Confidential Information), 5.K (Participation in Internet Websites), 9.D (Noncompetition Covenants), 10.A (Transfers), or 13.A (Reversion of Rights; Discontinuation of Trademark Use), will cause irreparable harm to our tangible and/or intangible property and goodwill. You understand that irreparable harm is an injury for which monetary damages are not an adequate remedy. Therefore, upon any such breach or threatened breach by you, in addition to any other rights or remedies that may be available to us at law, equity or otherwise, you acknowledge that we will be entitled to equitable relief, including an injunction, restraining order or specific performance, without any requirement to prove irreparable harm. In addition, you hereby waive any right to request that a bond be issued as security (except for a nominal bond not to exceed $100);

2. any action in ejectment or for possession of any interest in real or personal property; and

3. any action related solely to the collection of moneys owed to us or our affiliates under this Agreement (including, without limitation License Fees, MAP Fees, and Minimum License Fees), or any other agreement related to the franchise granted under this Agreement, including, without limitation, any promissory note or a guarantee executed hereunder. "Moneys owed" also includes attorneys' fees incurred in the collection of moneys owed, including through the judicial process.

C. Litigation. Except as provided in Section 11.D., any dispute between you and us or any of our or your affiliates, including without limitation, your owners and guarantors, arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your Business (collectively, "Dispute") not resolved through mediation under Section 11.A must be submitted to litigation pursuant to Section 14.H.

D. Arbitration. If a court of competent jurisdiction determines that Section 14.I (Jury Waiver) and/or Section 14.J (No Class or Consolidated Actions) is invalid or unenforceable with respect to the Dispute, then and only then, notwithstanding any other provision of this Agreement to the contrary, the Dispute must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the AAA pursuant to its then-current commercial arbitration rules and procedures. The arbitration must take place in McLennan County, Texas. The arbitration must be conducted by a single arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five years of significant experience in franchise law. The court shall decide the gateway issue of arbitrability. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. If this limitation on joinder of or class action certification of claims within arbitration is held to be unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. A judgment may be entered upon the arbitration award in any court of competent jurisdiction. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) except as provided in Section 14.K., assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. Each party will bear its own costs and expenses for the arbitration and will be responsible to pay 50% of the arbitrator's fees and costs (including arbitrator's and AAA's fees and costs); provided that the prevailing party will be entitled to reimbursement of its fees and costs under Section 11.E.

E. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, the parties' relationship or the Business will be entitled to recover its reasonable attorneys' fees and costs (including arbitrator's and AAA's fees and costs).

DEFAULT AND TERMINATION

12. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes (i) making any false report to us; (ii) intentionally understating or underreporting or failing to pay when due any amounts required to be paid to us or any of our affiliates; (iii) conviction of you or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Marks or the Business, or any felony; (iv) filing of tax or other liens that may affect this Agreement; or (v) the filing of voluntary or involuntary bankruptcy by or against you or any guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this Section 12.B: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. If any of the following defaults occur, you will have no right to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: (i) any material misrepresentation or omission in your franchise application or other reports or information provided to us; (ii) your voluntary abandonment of this Agreement (which includes your failure to operate the Business for seven or more consecutive days); (iii) the closing of the Business by any state or local authorities for public safety reasons; (iv) your registration of any domain name or social media account containing our Marks; (v) any unauthorized use of the Confidential Information; (vi) insolvency of you or guarantor, you or a guarantor making an assignment or entering into any similar arrangement for the benefit of creditors; (vii) conviction of you or any guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Marks or the Business, or any felony; (viii) intentionally understating or underreporting Gross Sales, License Fees or MAP Fees or any understatement or 2% variance on a subsequent audit within a 2-year period; (ix) a violation of the non-competition covenant under Section 9.D and/or Schedule F; (x) any actual or attempted unauthorized Transfer in violation of Section 10; (xi) a final judgment against you in our or our affiliates' favor is issued by a court or an arbitrator of competent jurisdiction; or (xii) any default by you that is the second default of any type within any 12-month consecutive period even if the default(s) were cured.

3. Immediate Termination After No More than 24 Hours to Cure. If a default under this Agreement occurs that materially impairs the goodwill associated with any of the Marks, violates any health or safety law or regulation, violates any System standard as to cleanliness, health and safety, or if the operation of your Business presents a health or safety hazard to the public or to ~~e~~Customers or employees: (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) if the default is not timely cured, this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement; provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach

within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Section will not release or modify your post-term obligations under Section 13 of this Agreement.

POST-TERM OBLIGATIONS

13. Upon the expiration or termination of this Agreement, or the expiration or termination of any Interim Period:

A. Reversion of Rights; Discontinuation of Trademark Use and Use of Intellectual Property. All of your rights to the use of the Marks and Intellectual Property and all other rights and licenses granted herein and the right and license to conduct business under the Marks will revert to us immediately upon expiration or termination of this Agreement without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Business (although we will not assume any past due obligations).

You must immediately comply with the post-term noncompetition obligations under Section 9.D, cease all use and display of the Marks, all other Intellectual Property associated with the System and of any proprietary material (including the Brand Guidelines Manual) and of all or any portion of promotional materials furnished or approved by us, assign and transfer all right, title and interest in the telephone numbers, domain names, and social media or digital marketing accounts used at any time for the Business and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You are solely responsible for removing and ceasing use of the Marks on any social media or digital marketing accounts that you setup for the Business and providing us with written confirmation of the same. You must immediately pay all sums due to us, our affiliates or designees and to third parties, such debts being accelerated automatically without further notice to you. You must immediately deliver to us, at your expense, all copies of the Brand Guidelines Manual, Customer lists and ongoing Customer contracts then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of Section 5.H. You must promptly, at your expense, remove or obliterate all HOUSEMASTER Business signage, displays or other materials in your possession that bear any of the Marks or names or material confusingly similar to the Marks, including all such signage and displays on any vehicles, and so alter the appearance of the Business premises as to differentiate the Business unmistakably from duly licensed HOUSEMASTER Businesses identified by the Marks ~~and you must provide us with written confirmation of the same~~. You must cease any and all advertising and use of any identifying materials generated during the term of the franchise, including, but not limited to, terminating all business listings in electronic and print format, cancelation of all websites, domain names, social media accounts, and telephone numbers (if not assigned to us) used at any time in connection with the Business. You must provide sufficient proof to Franchisor that you have complied with the post-termination obligations. If you fail to immediately de-identify your Business, you must pay all expenses we incur to de-identify your Business.

Upon expiration or termination of this Agreement (or the expiration or termination of any Interim Period), any continued use of the Marks by you or the Business or use of any other Intellectual Property associated with the System: (i) will constitute willful and knowing infringement, dilution of our trademark rights and unfair competition; (ii) will constitute the false designation of origin, source, or sponsorship and false or misleading descriptions and

representations in violation of Section 43 of the Lanham Act, 15 U.S.C. § 1125(a), and (iii) may constitute trafficking in a counterfeit mark, among other causes of action.

In the event of expiration or termination of this Agreement (or the expiration or termination of any Interim Period), you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement, including your indemnification obligations under Section 9.B.

B. Claims. You and your owners and guarantors may not assert any claim or cause of action against us or our affiliates arising out of or relating to this Agreement or your Business after the shortest period of (i) the applicable statute of limitations, (ii) two years and one day following the effective date of expiration or earlier termination of this Agreement or (iii) two years and one day from the accrual of any such claim or cause of action; provided that where the two-year-and-one-day limitation of time in clause (ii) or clause (iii) is prohibited or invalid by or under any applicable law, then and in that event only, no suit or action may be commented or maintained unless commenced within the applicable statute of limitations.

GENERAL PROVISIONS

14. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each party that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each party agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration/Amendments. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed a bar or an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Brand Guidelines Manual and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto constitutes the entire agreement between the parties concerning the franchise for the Business and supersedes any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Disclosure Document we furnished to you. You must pay us our then-current processing fee (currently $300) if we make any modifications to this Agreement upon your request.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, in electronic form via email to an authorized email address or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by a reputable overnight service, and addressed as follows:

1. If intended for us, addressed to HOUSEMASTER SPV LLC, 1010 North University Parks Drive, Waco, Texas 76707: Attn: President, with a copy to the General Counsel at Dwyer Franchising, LLC, 1010 North University Parks Drive, Waco, Texas 76707;

2. If intended for you, addressed to you at the address set forth on the Data Sheet; or,

in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this Section.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents or other authorized officer.

E. References. If the franchisee is two or more individuals, the individuals are jointly and severally liable hereunder, and references to you in this Agreement include all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Successors/Assigns. Subject to the terms of Section 10 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and permitted assigns of the parties.

G. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. The parties agree that the execution of this Agreement and the acceptance of its terms occurred in the state of Texas. The parties further agree that the performance of material obligations arising under the Agreement, including but not limited to, your payment of monies due hereunder and the satisfaction of certain of our training requirements, shall occur in the state of Texas. Accordingly, subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 11, this Agreement, the parties' rights under this Agreement, and the relationship between the parties under this Agreement are governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Texas (excluding any conflicts of laws principles).

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement~~, although this right does not modify the requirements of Section 5.A(ii) and other express limitations set forth in this Agreement~~.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "Reasonable Business Judgment" (as defined

below) in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of "Reasonable Business Judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving Customer service and satisfaction, improving product and service quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

H. Venue. Any dispute between you and us or any of our or your affiliates, including without limitation, your owners and guarantors, arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your Business, including disputes not resolved through mediation, must be brought in the state or federal district court located in McLennan County, Texas. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts and specifically waive any objection to the jurisdiction and venue of such courts. The parties specifically waive the right to remove any action brought in the state court of McLennan County, Texas to a federal district court. The provisions of this Section will survive the termination of this Agreement. The parties are aware of and acknowledge the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

I. **Jury Waiver. ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT AND CLAIMS ARISING OUT OF THE PARTIES' RELATIONSHIP.**

J. **No Class or Consolidated Actions. ALL CLAIMS, CONTROVERSIES AND DISPUTES MAY ONLY BE BROUGHT BY THE FRANCHISEE ON AN INDIVIDUAL BASIS AND MAY NOT BE COMBINED OR CONSOLIDATED WITH ANY CLAIM, CONTROVERSY OR DISPUTE FOR OR ON BEHALF OF ANY OTHER FRANCHISEE OR BE PURSUED AS PART OF A CLASS ACTION**.

K. Waiver of Punitive and Consequential Damages. Except with respect to indemnification obligations hereunder with respect to ~~third party~~third-party claims and except for damages under the Lanham Act, you and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any consequential, indirect, special, punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained. Notwithstanding anything herein to the contrary, each party waives, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other.

L. WAIVER OF CONSUMER RIGHTS. YOU WAIVE ANY RIGHTS YOU MAY HAVE UNDER THE TEXAS DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT, SECTION 17.41, ET SEQ., BUSINESS AND COMMERCE CODE, AND UNDER ANY OTHER SIMILAR LAW OF TEXAS OR ANY OTHER JURISDICTION THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER AN ADEQUATE

OPPORTUNITY TO REVIEW THIS PROVISION INCLUDING THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF YOUR OWN SELECTION, YOU VOLUNTARILY CONSENT TO THIS WAIVER.

M. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

N. Construction. The parties mutually agree that any ambiguities in this Agreement shall not be construed or interpreted more strictly against the drafting party.

O. Force Majeure. A party's failure of performance of this Agreement according to its terms will not be deemed a breach of this Agreement to the extent such failure was caused by events beyond ~~a~~the party's control and which could not be avoided by the exercise of due care, including, but not limited to, terrorism, strikes (except those caused by employees or agents), war, riots, civil disorder, and acts of government except as may be specifically provided for elsewhere in this Agreement. Nothing in this provision shall excuse a party from any obligations, or deprive any party of rights, that survive termination of this Agreement, including but not limited to those obligations and rights set forth in Sections 9.B and 9.D.

P. Adaptations and Variances. You acknowledge that complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the standards, specifications, and requirements for any franchised business based on conditions we deem important to the operation of such business and/or the System, as more particularly set forth in the Brand Guidelines Manual. We are not required to grant you a like or other variation. You acknowledge that the obligations and rights of the parties to other agreements may differ materially from your rights and obligations under this Agreement.

Q. Notice of Potential Profit. You acknowledge that we and/or our affiliates may from time to time make a profit on our sales of goods or services to you for use in your Business. Further, we and/or our affiliates may from time to time receive rebates and/or other consideration from suppliers and/or manufacturers in respect of sales of goods or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said rebates, profits and/or consideration and we may use same as we deem appropriate.

R. Anti-Terrorism Provision. You and each of your ~~o~~Owners represent and warrant to us that: (i) neither you nor any ~~o~~Owner is named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control currently located at www.treas.gov/offices/ enforcement/ofac/; (ii) you and each ~~o~~Owner will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the U.S. Patriot Act (currently located at www.epic.org/privacy/ terrorism/hr3162.html), U.S. Executive Order 13244 (currently located at www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html) or any similar laws; and (iii) you and each Owner shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

S. Franchisor's Affiliates. You agree that except for any affiliate that guarantees our performance hereunder pursuant to a guarantee included in our Franchise Disclosure Document, no other past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of HouseMaster SPV LLC will have any liability for: (i) any obligations or liabilities of HouseMaster SPV LLC relating to or arising from this Agreement; (ii) any claim against HouseMaster SPV LLC based on, in respect of, or by reason of the relationship between you and HouseMaster SPV LLC; or (iii) any claim against HouseMaster SPV LLC based on any alleged unlawful act or omission of HouseMaster SPV LLC.

EACH PERSON SIGNING THIS AGREEMENT REPRESENTS AND WARRANTS THAT HE OR SHE IS AUTHORIZED TO BIND THE RESPECTIVE PARTY TO THIS AGREEMENT. THIS AGREEMENT IS NOT BINDING OR ENFORCEABLE UNTIL WE SIGN IT.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the dates written below.

FRANCHISEE:

_____
_____, individually

Date: _____

FRANCHISOR:

HOUSEMASTER SPV LLC
A Delaware Limited Liability Company

BY: _____
Joshua McCormick, President

Date: _____

Schedule A to the Franchise Agreement

Data Sheet

1. Franchisee: _____

_____

_____

_____

Email: _____

Telephone: _____

Cell Phone: _____

2. Owners. You represent and warrant to us that the following persons are the only ~~o~~Owners of Franchisee:

Name	Home Address	Percentage of Ownership	Principal Owner (Y/N)

The foregoing Principal Owners will be devoting their full time to the Business with _____ being identified as the Managing Principal Owner. The Managing Principal Owner is a Principal Owner for all purposes under this Agreement, except that the Managing Principal Owner shall have primary responsibility for the management of the Business and shall have the authority to make all decisions on behalf of the Franchisee and the Managing Principal Owner's decisions will bind the Franchisee.

Within 10 days from the date of any and every change in the identity and/or ownership holdings of any ~~o~~Owner of Franchisee (any such change being subject to the limitations and requirements of this Agreement, including Section 10) or a change in the identity of the Managing Principal Owner you must update this Data Sheet accordingly and provide us a copy of the updated Data Sheet.

3. Territory. _____

_____

_____

Excluded Territories. _____

_____

4. Initial Franchise Fee: $_____[1]

5. License Fees: The references to months are calculated from the Effective Date.

Total Year-to-Date Gross Sales generated by Franchisee during current calendar year:		**Monthly Percentage License Fee payable (as a percentage of previous month's Gross Sales)**
$0 - $~~125,000~~200,000	…	7½% of month's Gross Sales
$~~125,001~~200,001 - $~~250,000~~325,000	…	7% of month's Gross Sales
$~~250,001~~325,001 - $~~500,000~~575,000	…	6½% of month's Gross Sales
$~~500,001~~575,001 - $~~1,000,000~~1,075,000	…	6% of month's Gross Sales
$~~1,000,001~~1,075,001 - $~~1,500,000~~1,575,000	…	5½% of month's Gross Sales
$~~1,500,001~~1,575,001 and over	…	5% of month's Gross Sales

For example purposes only and not as any indication of Gross Sales levels Franchisee should expect to achieve, should Franchisee generate Gross Sales of $~~350,000~~500,000 during a calendar year, the monthly License Fee payable by Franchisee during that year shall equal:

- 7½% of the first $~~125,000~~200,000 in Gross Sales;
- 7% of the Gross Sales between $~~125,001~~200,001 - $~~250,000~~325,000; and
- 6½ % of the final Gross Sales between $~~250,001~~325,001 - $~~350,000~~500,000 in Gross Sales.

Notwithstanding the foregoing, if the total Gross Sales in a calendar year exceed $700,000, then during the immediately following calendar year, the License Fees will be calculated as follows:

Total Year-to-Date Gross Sales generated by Franchisee during the calendar year:		**Monthly Percentage License Fee payable (as a percentage of previous month's Gross Sales)**
$0 to $1,000,000	…	6% of month's Gross Sales
$1,000,001 - $1,500,000	…	5½% of month's Gross Sales
$1,500,001 and over	…	5% of month's Gross Sales

Should Franchisee cross one of the Gross Sales thresholds defined above during a calendar month, the monthly License Fee payable by Franchisee for that month shall equal the sum of the amount of Gross Sales left in the first applicable threshold multiplied by the applicable percentage PLUS the amount of Gross Sales in the next applicable threshold multiplied by the applicable percentage. In other words, Franchisee MUST pay the applicable License Fee percentage on the full amount of each Gross Sales threshold before Franchisee can use the reduced License Fee percentage in the next applicable threshold.

For example purposes only and not an any indication of Gross Sales levels Franchisee should expect to achieve, should Franchisee have year-to-date Gross Sales through May 31st of $~~100,000~~175,000 and Franchisee generates $50,000 in Gross Sales for the month of June which brings Franchisee's year-to-date Gross Sales to $~~150,000~~225,000, the monthly License Fee payable by Franchisee for the month of June shall equal the sum of $25,000 times 7½% plus $25,000 times 7%, or a total of $3,625.

[1] Initial Franchise Fee equal to $42,500 for Territory with population of approximately 75,000 owner-occupied homes, based on the census, plus $0.57 per owner-occupied home over 75,000 (up to ~~120,000~~100,000), minus applicable discounts.

Minimum License Fees (monthly fees):

Months 0 to 9	None
~~Months 10 to 15~~	~~Four Hundred Fifty Dollars ($450.00) per month~~
Months ~~16~~10 to ~~27:~~15	Five Hundred Fifty Dollars ($550.00) per month
Months ~~28 and thereafter~~16 to 27:	Six Hundred Fifty Dollars ($650.00) per month
Months 28 and thereafter:	Seven Hundred Fifty Dollars ($750.00) per month

Roll-in Discount:

If you roll-in a business pursuant to the Roll-in Addendum, you will receive a credit towards your License Fee for each of your first two years of operating the Franchised Business in the amount equal to the average annual Gross Sales of your roll-in business over the last five years (or the period during which you operated the roll-in business, if less than five years), multiplied by the standard license fee percentage noted above. This credit will be pro-rated and applied on a monthly basis for each of the first two years of the Franchised Business's operation.

6. **MAP Fees:** The ~~references to months~~MAP Fees are calculated ~~from the Effective Date.~~based on year-to-date Gross Sales of the Business, as follows:

Total Year-to-Date Gross Sales Generated by Franchisee During current calendar year		**Monthly MAP Fees payable (as a percentage of previous month's Gross Sales)**
$0 - $125,000	…	2½% of month's Gross Sales
$125,001 - $250,000	…	2¼% of month's Gross Sales
Over $250,000	…	2% of month's Gross Sales

Notwithstanding the foregoing, if the total Gross Sales in a calendar year exceed $700,000, then during the immediately following calendar year, the MAP Fees will be 2% of the monthly Gross Sales.

7. **Technology Package**: Currently includes access to ~~intranet and licenses to~~ISN by Porch, FranConnect, one Microsoft Office365 E1 email account and one Exchange email account, Broadly (social media/review generation software)~~,~~ and ~~Vade Secure (email security service)~~intranet.

Technology Fees: $~~99~~104 per month (subject to an increase of up to 30% annually in addition to any increase due to additional/different software being included and direct price increases from third-party vendors).

8. **Minimum Local Marketing Amounts:** _____

Monthly minimum local marketing requirement: 5% of Gross Sales, subject to our right to increase the rate to up to 10% of Gross Sales per month.

9. **Scheduled Opening Date:** You must open your HOUSEMASTER Business within nine months from signing this Agreement.

10. **Starter Tool Kit**: $475. You must purchase a starter tool kit that includes various tools and equipment as described in our Operations Manual. You may purchase the starter tool kit from our designated supplier or any other suppliers that meet our specifications

11. **Effective Date:** _____

< SIGNATURES APPEAR ON THE NEXT PAGE >

FRANCHISEE:

_____
_____, individually

Date: _____

FRANCHISOR:

HOUSEMASTER SPV LLC
A Delaware Limited Liability Company

BY: _____
Joshua McCormick, President

Date: _____

Schedule B to the Franchise Agreement

ACH FORM

ACH Origination services will not be considered until this application is

FILLED OUT COMPLETELY

Date of Application:	Business Phone:
Franchise ID #:	Cell Phone:
Franchise Business Owner Name:	
Name of DBA:	
Contact Person:	Title:
Business Address:	
SPECIAL DRAFTING INSTRUCTIONS:	

Please complete blanks below with your banking information using the sample as a reference only, or attach a sample voided check that displays the required information.

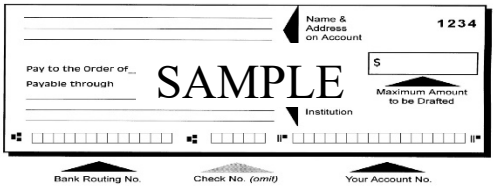
We recommend attaching an image of a cancelled check, banking statement that clearly shows the routing and accounting number to ensure accuracy.

Name of Financial Institution:

Name and Address on Account:

Bank Routing No.:

Account No:



I hereby authorize HOUSEMASTER SPV LLC ("Franchisor"), its affiliates, including Neighborly Assetco LLC, and the financial institution named above to initiate entries, including debit and credit entries, to my checking/savings account identified above periodically, including weekly, monthly, annually or as necessary, on a day specified from time to time by Franchisor to pay all fees, charges and any other amounts owed (including, License Fees, MAP fees, late fees, interest charges, note payments, software fees and any other amounts owed) pursuant to the terms of the Franchise Agreement and all related agreements entered into with Franchisor and/or its affiliates, with License Fees and MAP fees to be in accordance with the monthly sales analysis submitted by me; and, if necessary, to initiate adjustments for any transactions credited in error. These debits are related to the operation of the franchised business and the amount of each debit will vary, including from week to week, to a maximum amount (if any) as set forth in the Franchise Agreement. The credits are the amounts due to the franchised business that Franchisor receives from third parties for services performed by the franchised business net of Franchisor's deductions for audit and any related administrative fees and/or credit entries to correct any debit entries that may have been made in error. This authority will remain in effect until I notify you in writing to cancel it in such time as to afford the financial institution a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the financial institution or up to 60 days after deposit, whichever occurs first.

_____ _____

Date Signature of Franchisee

Schedule C to the Franchise Agreement

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Franchise Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the provisions in Section 9, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of the Franchise Agreement.

Each of the undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, each of the undersigned consents and agrees that: (~~1~~i) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (~~2~~ii) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or any amendment or extension of the Franchise Agreement, with or without notice to the undersigned. It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.

FRANCHISEE: _____

PERSONAL GUARANTORS:

_____

_____, Individually
Name
Address
City, State
Telephone

Schedule D to the Franchise Agreement

THIS SCHEDULE D DOES NOT APPLY TO CANDIDATES LOCATED IN, OR FRANCHISED BUSINESSES TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI.

ACKNOWLEDGMENT ADDENDUM TO HOUSEMASTER FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a HOUSEMASTER franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following statements carefully and confirm their accuracy or advise us of their inaccuracy.

Acknowledgments and Representations. I, the undersigned, hereby acknowledge and represent to HOUSEMASTER SPV LLC, as follows:

1. I have received a copy of HOUSEMASTER SPV LLC Franchise Disclosure Document (and all exhibits and attachments) (the "Disclosure Document") at least fourteen calendar days prior to signing the HOUSEMASTER® Franchise Agreement (the "Franchise Agreement").
   Please select one: ☐ **I Agree** ☐ **I Disagree**
   If you disagree, please comment:_____

2. I have reviewed carefully the Disclosure Document and Franchise Agreement.
   Please select one: ☐ **I Agree** ☐ **I Disagree**
   If you disagree, please comment:_____

3. I understand all the information contained in both the Disclosure Document and Franchise Agreement.
   Please select one: ☐ **I Agree** ☐ **I Disagree**
   If you disagree, please comment:_____

4. No oral, written or visual claim or representation was made to me that contradicted the disclosures in the Disclosure Document.
   Please select one: ☐ **I Agree** ☐ **I Disagree**
   If you disagree, please comment:_____

5. Other than as expressly stated in Item 19 of the Disclosure Document, no employee or other person speaking on behalf of HOUSEMASTER SPV LLC has made any oral, written or visual claim, statement, promise or representation to me that stated, suggested, predicted or projected sales,

revenues, expenses, earnings, income or profit levels at any HOUSEMASTER business, or the likelihood of success at my franchised business.
Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:_____
_____
_____

6. No employee or other person speaking on behalf of HOUSEMASTER SPV LLC has made any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document.
Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:_____
_____
_____

7. I acknowledge and agree that except for the right granted to me to operate a HOUSEMASTER Business within the Territory during the Franchise Agreement term so long as I am in compliance with the Franchise Agreement. HOUSEMASTER SPV LLC and its affiliates reserve all other rights to the Marks and the System and they may engage in any activity whatsoever, whenever and wherever they desire, as set forth in the Franchise Agreement.
Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:_____
_____
_____

8. The Franchise Agreement together with the addenda and appendices thereto constitutes the entire agreement between me and HOUSEMASTER SPV LLC concerning the franchise for the HOUSEMASTER Business and supersedes any and all prior negotiations, understandings, representations, and agreements, which means that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding. However, nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations HouseMaster SPV LLC made in the Disclosure Document it furnished to me.
Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment:_____
_____
_____

9. I acknowledge and agree that in entering into the Franchise Agreement I have not relied on and am not relying on any representations, warranties or other statements whatsoever, whether written or oral other than those included in the Franchise Agreement and the Disclosure Document (including any exhibits, addenda, amendments and attachments) and that I will not have any right or remedy rising out of any representation, warranty or other statement not expressly set out in the Franchise Agreement and the Disclosure Document (including any exhibits, addenda, amendments and attachments). I am entering into the Franchise Agreement as a result of my own independent investigation of the franchised business and not as a result of any representations about HOUSEMASTER system made by HOUSEMASTER SPV LLV's shareholders, officers, members, managers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in the Franchise Agreement or in any disclosure document given to me pursuant to applicable law. I UNDERSTAND THAT I SHOULD NOT SIGN THE FRANCHISE AGREEMENT IF I BELIEVE HOUSEMASTER SPV LLC OR ANY OF ITS

REPRESENTATIVES HAVE PROMISED ME SOMETHING THAT IS NOT PART OF THE FRANCHISE AGREEMENT, ANY ATTACHED EXHIBIT, SCHEDULE OR ADDENDUM OR THE FRANCHISE DISCLOSURE DOCUMENT.

Please select one: ☐ **I Agree** ☐ **I Disagree**

If you disagree, please comment:_____

_____

_____

10 I understand that the success or failure of my HOUSEMASTER Business will depend in large part upon my skills and experience, my business acumen, my location, the local market for products and services under the HOUSEMASTER trademarks, interest rates, the economy, inflation, taxes, the number of employees I hire and their compensation, the extent to which I follow established systems, policies and guidelines, the cost of capital and the extent to which I finance the business operations, my contractual arrangements with suppliers, landlord and professional advisors, competition and other economic and business factors. Further, I understand that the economic and business factors that exist at the time I open my HOUSEMASTER Business may change.

Please select one: ☐ **I Agree** ☐ **I Disagree**

If you disagree, please comment:_____

_____

_____

11. I understand that I am bound by the non-compete covenants (both in-term and post-term) and that an injunction is an appropriate remedy to protect the interest of the HOUSEMASTER system if I violate the covenant(s). Further, I understand that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement.

Please select one: ☐ **I Agree** ☐ **I Disagree**

If you disagree, please comment:_____

_____

_____

12. I understand that any training, support, guidance or tools HOUSEMASTER SPV LLC provides to me as part of the franchise are for the sole purpose of protecting the HOUSEMASTER brand and Marks and the Intellectual Property associated with the System and to assist me in the operation of my business and not for the purpose of controlling or in any way intended to exercise or exert control over my decisions or day-to-day operations of my business, including my sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of my employees and all other employment and employee related matters.

Please select one: ☐ **I Agree** ☐ **I Disagree**

If you disagree, please comment:_____

_____

_____

13. ~~On~~The individuals identified on the receipt pages of my Disclosure Document ~~I identified~~ _____

_____

_____

as the franchise sellers ~~involved in this~~are the only franchise ~~sales process (these are~~sellers (i.e., the company representatives who offered me my franchise)~~. The~~ involved in this franchise ~~sellers identified above are the only franchise sellers involved with this transaction~~sales process.

Please select one: ☐ **I Agree** ☐ **I Disagree**

If you disagree, ~~please comment~~identify any additional franchise sellers involved in this franchise sales process: _____

_____

_____

_____

14. I have been advised to seek professional assistance, to have legal, financial and/or other professional advisors review the documents, and to consult with other franchise owners regarding the risks associated with the purchase of the franchise.
Please select one: ☐ **I Agree** ☐ **I Disagree**
If you disagree, please comment: _____

_____

_____

IF MORE SPACE IS NEEDED TO RESPOND TO ANY REPRESENTATION, CONTINUE ON A SEPARATE SHEET AND ATTACH.

I UNDERSTAND THAT MY ANSWERS ARE IMPORTANT AND THAT HOUSEMASTER SPV LLC WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, I REPRESENT THAT I HAVE CONSIDERED EACH REPRESENTATION CAREFULLY AND RESPONDED FULLY AND TRUTHFULLY.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under any applicable law that prohibits releases, estoppels or waivers of liability under such law. Should one or more clauses of this Addendum be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Addendum shall be valid and in full force and effect. **Do not sign** this Acknowledgement if you are a resident of Maryland or the franchise is to be operated in Maryland.

FRANCHISEE:

_____
____, individually

_____
Date

Schedule E to the Franchise Agreement

TELEPHONE NUMBER AND INTERNET AGREEMENT

_____
(Name of Telephone Company)

_____
(Address)

_____
(City, State, Zip)

This TELEPHONE NUMBER AND INTERNET AGREEMENT, ASSIGNMENT AND POWER OF ATTORNEY ("Assignment") is made pursuant to the terms of the Franchise Agreement dated _____ ("Agreement") by and between HOUSEMASTER SPV LLC ("Franchisor") and _____ ("Franchisee"), authorizing Franchisee to use Franchisor's Marks and System in the operation of a business providing building inspection and related services to residential and commercial customers (the "Franchised Business") in and for the Territory. Capitalized terms used herein without a definition shall have the meaning assigned to them in the Agreement.

For value received, Franchisee hereby irrevocably assigns to Franchisor all telephone listings and numbers at any time used by Franchisee in any printed or internet telephone directory in connection with the operation of the Franchised Business in the Territory, whether now-existing or adopted by Franchisee in the future, (collectively "Telephone Listings") and all email addresses, domain names, social media accounts and comparable electronic identities that use the Marks or any portion of them at any time used by Franchisee in connection with any Internet directory, website or similar item in connection with the operation of the Franchised Business, whether now-existing or adopted by Franchisee in the future, (collectively "Internet Listings") (collectively referred to herein as "Listings"). From time to time upon Franchisor's request, Franchisee agrees to promptly provide a complete list of all Listings to Franchisor (in such format and level of detail as required by Franchisor).

Franchisee shall have the right to use the Listings only in connection with advertising and promoting the Franchised Business in the Territory. Franchisee agrees to pay all amounts pertaining to the use of the Listings incurred by it when due. Upon expiration or termination of the Agreement for any reason, Franchisee's right of use of the Listings shall terminate. In the event of termination or expiration of the Agreement, Franchisee agrees to pay all amounts owed in connection with the Listings, including all sums owed under existing contracts for telephone directory advertising and to immediately at Franchisor's request, (i) take any other action as may be necessary to transfer the Listings and numbers to Franchisor or Franchisor's designated agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor, on any or all of the Listings; (iii) disconnect the Listings; and/or (iv) cooperate with Franchisor or its designated agent in the removal or relisting of any telephone directory or directory assistance listing, Internet directory, website, social media account or advertising, whether published or online.

Franchisee agrees that Franchisor may require that all telephone numbers and telephone and internet equipment and service must be owned or provided by Franchisor or a supplier approved by Franchisor and that Franchisor has the right to require Franchisee to "port" or transfer to Franchisor or an approved call routing and tracking vendor all phone numbers associated with the Franchised Business or published in any print or online directory, advertisement, marketing or promotion associated with the Marks.

Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by this Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Assignment. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the foregoing powers, including full power of substitution and execution or completion of any documents required or requested by any telephone or other company to transfer such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, cancellation or termination of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power of attorney is created to secure performance of a duty to Franchisor and is for consideration.

_____
(Signature)

_____
Date

Schedule F to the Franchise Agreement

CONFIDENTIALITY AGREEMENT

This **CONFIDENTIALITY AGREEMENT** is entered into by the undersigned, _____ ("you"), for the benefit of **HOUSEMASTER SPV LLC**, a Delaware Limited Liability Company having a principal place of business at 1010 North University Parks Drive, Waco, Texas 76707 ("Franchisor"); and _____ ("Franchisee");

WHEREAS, you are associated with Franchisee as a spouse or owner of Franchisee;

WHEREAS, Franchisor intends to enter into a Franchise Agreement (the "Franchise Agreement") pursuant to which Franchisor will grant Franchisee (or a legal entity owned and/or controlled by Franchisee) a license to use Franchisor's trademarks, services marks, logos and other indicia of origin (the "Marks") and Franchisor's methods of operation (the "System") in connection with the operation of a business providing building inspection and related services to residential and commercial customers (the "Franchise") in and for a specified geographical area described in the Franchise Agreement. (Capitalized terms used herein without a definition shall have the same meaning as assigned to them in the Franchise Agreement); and

WHEREAS, Franchisor has undertaken, at considerable effort and expense, to create the System which will be revealed to Franchisee pursuant to the Franchise Agreement and you either will be involved in the operation of the franchise, or, if a spouse of Franchisee, may not intend to hold an ownership interest in the Franchise or be actively involved in the operation of the Franchise but through your relationship with Franchisee, will be exposed to and learn many procedures, techniques and other matters that are identified and treated by Franchisor as confidential, proprietary or trade secret, including, without limitation, information regarding the operational, sales, and marketing methods and techniques of Franchisor, which are beyond your skills and experience ("Confidential Information"); and

WHEREAS, you agree that you will receive material benefit from Franchisor entering into the Franchise Agreement with Franchisee. In exchange for that good consideration, you agree to execute and be bound by this Agreement, including the noncompetition covenant set forth herein.

NOW, THEREFORE, you hereby agree as follows:

1. Acknowledgement of Confidentiality Obligation. You acknowledge that through your association or relationship with Franchisee, you will receive valuable Confidential Information that provides a competitive advantage in the development of the Franchise. You acknowledge and agree that the Confidential Information and any Brand Guidelines Manual are confidential and proprietary in nature and contain trade secrets belonging to Franchisor and that all such tangible evidence of Confidential Information is a property right of great value to Franchisor. You hereby agree to be bound by the provisions of the Franchise Agreement related to confidentiality and protection of trade secrets, including but not limited to Section 5.H of the Franchise Agreement, to the same extent as if a party to the Franchise Agreement.

2. Non-Use. You agree not to (a) use Confidential Information without prior written approval from Franchisor or as otherwise permitted by the Franchise Agreement, or (b) do or perform any other act injurious to the goodwill associated with the Marks and the System.

3. Non-Disclosure. Without prior written approval from Franchisor, you agree not to disclose, communicate or divulge any Confidential Information for your benefit or for the benefit of any other third party, including, without limitation, a competitor of the Franchise and/or Franchisor.

4. Exclusions. Confidential Information does not include and this Agreement does not apply to information that you can establish by reliable documentary evidence (a) was previously known by you, (b) is or becomes part of the public domain other than through your wrongful act, (c) is otherwise lawfully in your hands by a means other than breach of this Agreement or (to your knowledge) third party's breach of its confidentiality obligation to Franchisor, or (d) is sought pursuant to a subpoena or written discovery ("Process"); provided that Franchisor shall be immediately notified of the receipt of the Process, whereupon Franchisor has the right to request that Franchisee and/or you delete the Confidential Information from the scope thereof, and if Franchisee or you refuse, then Franchisor may seek any and all available remedies, including, without limitation, commencing proceedings to enjoin the disclosure of Confidential Information or intervening impending proceedings to seek the entry of protective orders or other appropriate relief. Nothing in this Agreement shall be construed to interfere with a party's obligations to comply with lawful court orders; however, no disclosure of Confidential Information by a party pursuant thereto shall be deemed to place the Confidential Information in the public domain or to relieve the party from the future performance of all its confidentiality obligations under this Agreement, absent express orders of the court to the contrary.

5. Covenant Not to Compete. Except as otherwise approved in writing by Franchisor, you may not, directly or indirectly, through, on behalf of, or in conjunction with, any other person, partnership, or legal entity, own, maintain, operate, or engage or participate in, inure benefit to, or have any financial interest, either as an officer, agent, employee, principal, partner, director, shareholder or any other individual or representative capacity, in any corporation, partnership or other legal entity that engages in any business that is the same as or similar to the Franchise, or is otherwise in competition with the business of Franchisor or Franchisor's franchisees, that engages in the distribution of similar products, services and/or equipment and that is located (a) anywhere, while the Franchise Agreement is in effect or (b) (i) within the territory specified on the Data Sheet to the Franchise Agreement, (ii) within a 25-mile radius of the outer boundary of such territory, or (iii) inside the territory of another HOUSEMASTER business, in each case during a period of two (2) years commencing with the earlier of the termination of the Franchise Agreement or the date on which you cease to be associated with Franchisee (or the individual who is the principal of a legal entity identified as Franchisee) whether because of a termination of an employment arrangement or marriage or otherwise, which period shall be extended by any period of non-compliance. You further agree that upon Franchisor's request you shall make his/her personal and business records available for inspection by Franchisor to determine your compliance with this provision.

6. Customer Non-Solicitation Covenant. In addition, you agree that during the term of the Franchise Agreement and for a period of one year commencing with the earlier of the termination of the Franchise Agreement or the date on which you cease to be associated with Franchisee (or the individual who is the principal of a legal entity identified as Franchisee) whether because of a termination of an employment arrangement or marriage or otherwise, you will not, without our prior written consent, directly or indirectly, for yourself or on behalf of any other person, divert, or attempt to divert, any business or customer of the Business or any other HOUSEMASTER Business to any competitor by direct or indirect inducement.

7. Scope of Covenants. The parties agree that each of the foregoing covenants in Section 5 and Section 6 will be construed as independent of any other covenant or provision of this Agreement. To the extent anyone successfully contests the validity or enforceability of any part of Section 5 or Section 6 in its present form predicated upon the scope of coverage, this provision will not be deemed invalid or unenforceable, but will instead be deemed modified, so as to be valid and enforceable, to provide coverage

for the maximum scope that any court of competent jurisdiction or arbitrator will deem reasonable and necessary to protect Franchisor's legitimate interests.

8. Choice of Law and Jurisdiction. This Agreement shall be governed by the internal laws of the State of Texas, without regard to conflicts of laws provisions. You agree that any litigation or legal action to enforce or relating to this Agreement shall be filed in Waco, McLennan County, Texas. You hereby consent to the jurisdiction of such Courts and further agree to waive any rights or objections to the jurisdiction or venue of any such actions when filed in such Courts.

9. Legal Fees and Costs. Any unauthorized disclosure following execution of this Agreement may be cause for suit for injunctive relief and damages. If you breach this Agreement, you shall pay reasonable attorney's fees and other costs incurred by Franchisor and/or Franchisee in enforcing the provisions of this Agreement. If any legal proceeding is commenced to enforce or interpret any provision of this Agreement, the prevailing party will be entitled to recover reasonable attorney's fees and all costs and disbursements allowed by law.

10. Defend Trade Secrets Act of 2016 Disclosure. 18 U.S.C. § 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, the Parties to this Agreement have the right to disclose in confidence trade secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The Parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

11. Entire Agreement. This Agreement sets forth the entire understanding among you, Franchisor and Franchisee with respect to its subject matter and cannot be changed except by written instrument signed by you, Franchisor and Franchisee. There are no representations of any kind except as contained herein. This Agreement will be binding upon and inure to the benefit of the parties, their legal representatives, successors, and assigns.

Signed on this _____ day of _____, 20__.

_____

_____, title

_____

Date

Schedule G to the Franchise Agreement

PROMISSORY NOTE AND SECURITY AGREEMENT

DATE: _____

DEBTOR: _____

DEBTOR'S MAILING ADDRESS: _____

SECURED PARTY: HOUSEMASTER SPV LLC
a Delaware Limited Liability Company, or its successors or assigns

SECURED PARTY'S MAILING ADDRESS: 1010 North University Parks Drive, Waco, Texas 76707

PRINCIPAL: _____ AND 00/100 DOLLARS ($____.__)

INTEREST: _____ percent (____%) per annum on unmatured, unpaid PRINCIPAL beginning thirty (30) days before the due date of the first payment and the maximum legal rate of interest on matured, unpaid amounts from the date of maturity.

TERMS OF PAYMENT:

The principal and interest of this note shall be payable in monthly installments of _____ **AND** 00/100 **DOLLARS ($_____)** each, beginning on _____ and continuing on the first day of each month thereafter until _____, on which date the entire principal balance, any accrued, unpaid interest and all other amounts payable under this document are due in full. By execution of the ACH Form attached to the Franchise Agreement entered into by and between DEBTOR and SECURED PARTY (the "Franchise Agreement"), DEBTOR authorizes SECURED PARTY and the financial institution named thereon to make the foregoing payments from DEBTOR'S account until DEBTOR cancels such automatic draft in accordance with the terms of the Authorization or this note is paid in full.

DEBTOR promises to pay PRINCIPAL and INTEREST according to the above TERMS OF PAYMENT to the order of SECURED PARTY. This note may be prepaid in any amount at any time before maturity without penalty. Installments shall continue to be payable regularly after any partial payment unless and until this note has been fully paid. INTEREST shall be calculated on the unpaid PRINCIPAL to the date of any payment or prepayment, with that payment or prepayment being credited first to pay the accrued INTEREST and then to reduce the PRINCIPAL.

If DEBTOR defaults in the payment of any indebtedness or the performance of any obligations under this document or any document collateral to it, including, without limitation, the Franchise Agreement, or DEBTOR sells, assigns or transfers the Franchise Agreement or any interest therein or in the franchise granted thereunder to a third party, SECURED PARTY may declare the entire unpaid PRINCIPAL, earned INTEREST and any other amounts payable under this document immediately due. DEBTOR and each surety, endorser and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate, notices of acceleration, protests and notices of protest to the extent permitted by law.

If this document or any document collateral to it, including, without limitation, the Franchise Agreement, is given to an attorney for collection or enforcement, is collected or enforced after suit is brought for that purpose or is collected or enforced through probate, bankruptcy or other judicial proceeding, DEBTOR shall pay SECURED PARTY all costs of collection and enforcement (including, without limitation, reasonable attorney's fees and court costs) in addition to amounts due. Reasonable attorney's fees shall be ten percent (10%) of all amounts due unless plead otherwise.

Interest on any indebtedness under this document or any document collateral to it shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged or received under law. Any interest in excess of that maximum amount shall be credited on the principal of the indebtedness or, if that has been paid, refunded. Any such excess resulting from any acceleration or prepayment shall be canceled automatically or, if already paid, credited on the unpaid principal of the indebtedness or, if the principal of the indebtedness has been paid, refunded. This provision overrides other provisions in this and all other instruments related hereto.

If any installment of this note is not paid within thirty (30) days of its due date, a late charge in the amount of TEN AND NO/100 DOLLARS ($10.00) per payment per day will be paid by DEBTOR upon demand as compensation for any expense or inconvenience incurred in collecting that delinquent installment. DEBTOR is not hereby authorized to be delinquent in paying any installment. Any demand for a late charge shall not affect any other remedies available.

If any draft or check is returned by DEBTOR'S financial institution for insufficient funds or any other reason, SECURED PARTY is entitled to reimbursement from DEBTOR in the amount of TWENTY FIVE AND 00/100 DOLLARS ($25.00) per draft or check. Any demand for reimbursement shall not in any manner affect any other remedies available.

COLLATERAL:

All right, title and interest of DEBTOR to all fixtures, furniture, leasehold improvements, furnishings, materials, supplies, equipment, goods, machinery, general intangibles, money, accounts, inventory, chattel paper, documents, instruments, commercial tort claims, deposit accounts, investment property, letter-of-credit rights, letters of credit and other personal property of any kind whatsoever, whether now or hereafter existing, arising, acquired or used by DEBTOR in any manner in connection with the HOUSEMASTER franchise operated by DEBTOR under the Franchise Agreement or any other business which has provided or is providing building inspection and related services to residential and commercial customers, and other related services and products; and all replacements, betterments, substitutions, renewals, additions, products and proceeds thereto or therefrom.

GRANT OF SECURITY INTEREST:

DEBTOR grants SECURED PARTY a security interest in the COLLATERAL to secure the payment of all indebtedness owed and the performance of all obligations performable by DEBTOR to or for SECURED PARTY (including, without limitation, all indebtedness and obligations under this document or any document collateral to it).

SECURED PARTY's sole duty with respect to the custody, safekeeping and physical preservation of COLLATERAL in its possession or under its control will be to use reasonable care in the custody and preservation of such COLLATERAL. DEBTOR agrees that SECURED PARTY will be deemed to have used reasonable care in the custody and preservation of COLLATERAL if SECURED PARTY deals with such COLLATERAL in the same manner as SECURED PARTY deals with similar property for its own account and, to the extent permitted by applicable law. SECURED PARTY need not take any steps to

preserve rights against any other person or entity. Neither SECURED PARTY nor any of its directors, officers, managers, members, employees or agents will be liable for failure to demand, collect or realize upon the COLLATERAL or will be under any obligation to sell or otherwise dispose of any COLLATERAL.

DEBTOR confirms that value has been given, that DEBTOR has rights in the COLLATERAL, and that DEBTOR and SECURED PARTY have not agreed to postpone the time for attachment of the security interest to any of the COLLATERAL. In respect of COLLATERAL which is acquired after the execution date of this Promissory Note and Security Agreement, the time for attachment will be the time when DEBTOR acquires such COLLATERAL.

SECURED PARTY may (and DEBTOR hereby authorizes SECURED PARTY to) execute and file such financing statements and other documents as SECURED PARTY may at any time deem appropriate to perfect the foregoing security interest. Without limiting the generality of the foregoing, DEBTOR authorizes SECURED PARTY to file financing statements designating the collateral as "all personal property" or "all assets" of DEBTOR, and authorizes, ratifies and approves any financing statement filed by SECURED PARTY on or prior to the date of this document.

DEBTOR'S WARRANTIES AND COVENANTS:

DEBTOR warrants, represents, and covenants that: 1) No financing statement covering the COLLATERAL is filed in any public office; 2) DEBTOR is validly existing and in good standing under the laws of the state of its jurisdiction of organization, and the execution and delivery of this document by DEBTOR and the performance of its obligations hereunder have been duly authorized by all necessary action in accordance with applicable laws; 3) DEBTOR owns the COLLATERAL, free and clear of all liens other than liens in favor of SECURED PARTY, and has the authority to grant this security interest; 4) none of the COLLATERAL is or will be affixed to real estate, an accession to any goods, commingled with other goods, or a fixture, accession or part of a product or mass with other goods; 5) all information about DEBTOR'S financial condition provided to SECURED PARTY was accurate when submitted, as will be any information subsequently provided; 6) DEBTOR will defend the COLLATERAL against all claims and demands adverse to SECURED PARTY'S interest in it; 7) the COLLATERAL will remain in DEBTOR'S possession or control at all times; 8) DEBTOR will maintain the COLLATERAL in good condition and protect it against misuse, abuse, waste and deterioration except for ordinary wear and tear resulting from its intended use; 9) DEBTOR will insure the COLLATERAL in accordance with SECURED PARTY'S reasonable requirements regarding choice of carrier, casualties insured against and amount of coverage; 10) insurance policies will be written in favor of DEBTOR and SECURED PARTY according to their respective interests or according to SECURED PARTY'S other requirements; 11) all insurance policies shall provide that the SECURED PARTY will receive at least ten (10) days' notice before cancellation, and the policies or certificates evidencing them will be provided to SECURED PARTY when issued; 12) DEBTOR assumes all risk of loss or damage to the COLLATERAL to the extent of any deficiency in insured coverage; 13) DEBTOR irrevocably appoints SECURED PARTY as DEBTOR'S attorney-in-fact to collect on DEBTOR'S behalf any returned unearned premiums and proceeds of any insurance on the COLLATERAL and to endorse any draft or check deriving from the policies and made payable to DEBTOR; 14) DEBTOR will pay all expenses incurred by SECURED PARTY in negotiating, obtaining, preserving, perfecting, defending and enforcing this document, any document collateral to it or the COLLATERAL (expenses for which DEBTOR is liable include, without limitation, taxes, assessments, reasonable attorney's fees and other legal expenses, these expenses will bear interest from the dates of payments at the highest legal rate of interest, and DEBTOR will pay SECURED PARTY this interest on demand at a time and place reasonably specified by SECURED PARTY); 15) DEBTOR will sign any papers that SECURED PARTY considers necessary to obtain, maintain and perfect this security interest or to comply with any relevant law, including, without limitation, such documents as may be required to have

the security interest granted hereunder properly noted on a certificate of title; 16) DEBTOR will immediately notify SECURED PARTY of any material change in the COLLATERAL, of any change in DEBTOR'S name, address or location, of any change in any matter warranted or represented in this document or any document collateral to it, of any change that may affect the security interest in the COLLATERAL, or perfection thereof, and of any event of default; 17) without SECURED PARTY'S prior written consent, DEBTOR will not sell, transfer or encumber any of the COLLATERAL other than sales of inventory in the ordinary course of business; 18) DEBTOR will maintain accurate books and records covering the COLLATERAL; and 19) DEBTOR will furnish SECURED PARTY any requested information related to the COLLATERAL and DEBTOR will allow SECURED PARTY, at any time and place, to inspect the COLLATERAL and all records describing or related to the COLLATERAL.

RIGHTS AND REMEDIES OF SECURED PARTY:

Regardless of whether or not DEBTOR is in default hereunder, SECURED PARTY may: 1) release any COLLATERAL in SECURED PARTY'S possession to any debtor, temporarily or otherwise; 2) take control of any proceeds generated by the COLLATERAL, such as refunds from and proceeds of insurance, and reduce any part of the owed indebtedness accordingly or permit DEBTOR to use such funds to repair or replace damaged/destroyed COLLATERAL; 3) contact account debtors directly to verify information furnished by DEBTOR; 4) notify obligors on the COLLATERAL to pay SECURED PARTY directly and reduce any part of the owed indebtedness accordingly; and 5) as DEBTOR'S agent, endorse any documents or chattel paper that is COLLATERAL or that represents proceeds of COLLATERAL.

SECURED PARTY has no obligation to collect any account and will not be liable for failure to collect any account or for any act or omission on the part of SECURED PARTY or SECURED PARTY'S officers, agents or employees, except willful misconduct. If DEBTOR fails to maintain insurance as required, SECURED PARTY may purchase single-interest insurance coverage that will protect only SECURED PARTY. If SECURED PARTY purchases this insurance, the insurance premiums will become part of the indebtedness owed by DEBTOR to SECURED PARTY under this document.

EVENTS OF DEFAULT:

Each of the following conditions is an event of default: 1) if DEBTOR defaults in the timely payment or performance of any indebtedness, obligation, covenant or liability in this document, in any document collateral to it, including, without limitation, the Franchise Agreement, or in any other agreement between DEBTOR and SECURED PARTY and fails to cure the same within the applicable cure period (if any); 2) if any warranty, covenant or representation made to SECURED PARTY by or on behalf of DEBTOR proves to have been false or incomplete in any material respect when made; 3) if a receiver is appointed for DEBTOR or any of the COLLATERAL or if the COLLATERAL is assigned for the benefit of creditors or, to the extent permitted by law, if bankruptcy or insolvency proceedings are commenced against or by DEBTOR, any partnership of which DEBTOR is a general partner or any maker, drawer, acceptor, endorser, guarantor, surety, accommodation party or other person liable on or for any part of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it; 4) if any lien attaches to any of the COLLATERAL other than any lien granted in favor of SECURED PARTY; and 5) if any of the COLLATERAL is lost, stolen, damaged or destroyed, unless it is promptly restored or replaced with collateral of like quality.

REMEDIES OF SECURED PARTY ON DEFAULT:

During the existence of any event of default, SECURED PARTY may declare the unpaid PRINCIPAL and earned INTEREST and all other amounts payable under this document immediately due in whole or part, enforce the payment of indebtedness and performance of obligations by DEBTOR under

this document and any document collateral to it and exercise any rights and remedies granted by this document, any document collateral to it or by applicable law (including, without limitation, the Texas Uniform Commercial Code), including, without limitation, the following: 1) require DEBTOR to deliver to SECURED PARTY all books and records relating to the COLLATERAL; 2) require DEBTOR to assemble the COLLATERAL and make it available to SECURED PARTY at a place reasonably convenient to both parties; 3) take possession of any of the COLLATERAL and for this purpose enter any premises where it is located; 4) sell, lease or otherwise dispose of any of the COLLATERAL in accord with the rights, remedies and duties of a secured party under Chapters 2 and 9 of the Texas Uniform Commercial Code after giving notice as required by those chapters; 5) surrender any insurance policies covering the COLLATERAL and receive the unearned premium; 6) apply any proceeds from disposition of the COLLATERAL after default in the manner specified in Chapter 9 of the Texas Uniform Commercial code, including, without limitation, payment of SECURED PARTY'S reasonable attorney's fees and court expenses; and 7) if disposition inadequate, collect the deficiency.

GENERAL PROVISIONS:

1. SECURED PARTY'S rights under this document shall inure to the benefit of its successors and assigns.

2. Neither delay in exercise nor partial exercise of any of SECURED PARTY'S remedies or rights shall waive further exercise of those remedies or rights. SECURED PARTY'S failure to exercise remedies or rights does not waive subsequent exercise of those remedies or rights. SECURED PARTY'S waiver of any default does not waive further default. SECURED PARTY may remedy any default without waiving the default. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

3. If DEBTOR fails to perform any of DEBTOR'S obligations, SECURED PARTY may perform those obligations and be reimbursed by DEBTOR on demand for any sums so paid (including, without limitation, attorney's fees and other legal expenses) plus interest on those sums from the dates of payment at the maximum legal rate of interest. The sum to be reimbursed shall be secured by the security interest under this document.

4. This document constitutes the entire contract between DEBTOR and SECURED PARTY with respect to the subject matter hereof and supersedes all previously executed agreements and understandings, oral or written, with respect thereto.No provisions of this document shall be modified or limited except by written agreement executed by both parties.

5. The unenforceability of any provision will not affect the enforceability or validity of any other provision.

6. This document and the agreement evidenced hereby is to be construed according to Texas laws. All indebtedness is payable and all obligations are performable in Waco, McLennan County, Texas.

7. A carbon, photographic, electronic or other reproduction of this Promissory Note and Security Agreement or any financing statement covering the COLLATERAL is sufficient as a financing statement.

8. If the COLLATERAL is sold after default, recitals in the transfer document will be prima facie evidence of their truth, and all prerequisites to the sale specified herein and by the Texas UCC will be presumed satisfied.

9. The security interest under this document shall neither affect nor be affected by any other security for any of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it. Neither extensions of any of that indebtedness or those obligations nor releases of any of the COLLATERAL will affect the priority or validity of the security interest under this document.

10. Foreclosure of the security interest under this document by suit shall not limit SECURED PARTY'S remedies, including, without limitation, the right to sell the COLLATERAL. All remedies of SECURED PARTY may be exercised at the same or different times, and no remedy shall be a defense to any other. SECURED PARTY'S rights and remedies include all those granted in this document, by law or otherwise.

11. DEBTOR'S appointment of SECURED PARTY as DEBTOR'S attorney-in-fact or agent is coupled with an interest and will specifically survive any death or disability of DEBTOR.

12. As used in this document and unless the context requires another construction, the masculine, feminine and neuter gender shall each include the others and the singular and plural case shall each include the other.

13. DEBTOR acknowledges receipt of an executed copy of this document. DEBTOR waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of SECURED PARTY to deliver to DEBTOR a copy of any financing statement or any statement issued by any entity that confirms registration of a financing statement.

Date	Signature of Franchisee/Printed Name and Title

Schedule H to the Franchise Agreement

ROLL-IN ADDENDUM

This ROLL-IN ADDENDUM (the "Addendum") is entered into by and between **HOUSEMASTER SPV LLC**, a Delaware limited liability company having a principal place of business at 1010 North University Parks Drive, Waco, Texas 76707 ("we" or "us" or "Franchisor"), and _____, individually, having an address of _____ _____ ("you" or "Franchisee").

WHEREAS, we and you have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") for the operation of the Business (the "Franchised Business") (Capitalized terms used herein without a definition shall have the meaning assigned to them in the Agreement);

WHEREAS, you (or your affiliate) currently operate an existing business ("Existing Business") which performs services for existing customers (the "Roll-In Services") that are similar to services provided by the Franchised Business operated under the Agreement; and

WHEREAS, in consideration of an assignment or "roll-in" of the Roll-In Services (including the customer base for work which falls within the definition of the Franchised Business) from the Existing Business to the Franchised Business, we are willing to alter certain fees payable by you under the Agreement for a time period specified in the Data Sheet to which this Addendum is attached.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Roll-In Services Gross Sales.**

(a) The average annual gross sales generated by the Roll-In Services during the last five years (or the period during which you operated the Existing Business, if you have not operated the Existing Business for five years) is: $_____ ("Roll-In Services Average Annual Gross Sales").

2. **Assignment of Revenues and Customers; Definition of Gross Sales.**

(a) You hereby assign or have caused your affiliate to assign (as applicable) to the Franchised Business (i) all gross sales arising from the operation of the Roll-In Services from and after the Effective Date, and (ii) the customers and/or accounts associated with the Roll-In Services.

(b) Anything in the Agreement to the contrary notwithstanding, from and after the Effective Date the definition of "Gross Sales" (as defined in the Agreement) shall apply to the operation of the Roll-In Services to the same extent as it applies to the operation of the Franchised Business and you shall pay License Fees and MAP Fees with respect to the Gross Sales arising from the operation of the Roll-In Services, as specified below and in the Data Sheet.

3. **License Fee Credit.** Anything in the Agreement to the contrary notwithstanding, you shall receive a credit towards your License Fee for each of your first two years of operating the Franchised Business in the amount equal to your Roll-In Services Average Annual Gross Sales multiplied by the standard license fee percentage noted in the Data Sheet. This credit will be pro-rated and applied on a monthly basis during each of the first two years of the Franchised Business's operation.

4. **Manner of Operation of Roll-In Services.** All provisions of the Agreement shall apply to the Roll-In Services and the accounts and customers associated with such services, including the insurance and covenants, to the same extent as they apply to the Franchised Business. For avoidance of doubt, except as specifically provided otherwise herein, for purposes of the Agreement, from and after the Effective Date, the Roll-In Services are included in the definition of the Franchised Business.

5. **Inspections; Audits.** If, after the date hereof, you (directly or through an affiliate) continue to operate the Existing Business, other than the Roll-In Services that become part of the Franchised Business (such remaining Existing Business, the "Separate Business"), you shall make and if applicable shall cause your affiliate to make the books and records (including all electronic records) for the Separate Business available to us for inspection and audit, upon reasonable prior notice, so that we may verify your compliance with the requirements of this Addendum. In addition, the provisions of Section 8.I of the Agreement regarding audits shall apply in all respects to the Separate Business, and we, in our reasonable business judgment, shall have the same rights to access (including remotely) and audit the books and records of the Separate Business, and to require payment for the audit if the audit reveals that you did not comply with the requirements of this Addendum, in addition to any other remedies available to us hereunder or under the law.

6. **Franchisee's Representations and Warranties.** You hereby represent and warrant to us that you have all necessary power and authority to execute this Addendum, to bind the Existing Business to the terms hereof and to perform and comply with all of your obligations hereunder. There is no agreement or understanding (and you will not permit any such agreement or understanding to be entered into during the term of this Addendum) with respect to the Existing Business or the Roll-In Services that would conflict with the terms of this Addendum.

7. **Construction.** Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

FRANCHISEE:

_____
_____, individually

_____
Date

FRANCHISEE'S AFFILIATE:

_____
_____, individually

FRANCHISOR:

HOUSEMASTER SPV LLC
A Delaware Limited Liability Company

BY: _____

_____
Date

Schedule I to the Franchise Agreement

EXCLUDED SERVICES ADDENDUM

This EXCLUDED SERVICES ADDENDUM (the "Addendum") is entered into by and between HouseMaster SPV LLC, a Delaware limited liability company having a principal place of business at 1010 North University Parks Drive, Waco, Texas 76707 ("Franchisor"), and _____, individually, having an address of _____ _____ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") for the operation by Franchisee of the Business (the "Franchised Business") (Capitalized terms used herein without a definition shall have the meaning assigned to them in the Agreement);

WHEREAS, Franchisee or its affiliate (as applicable) currently operates an Existing Business (as defined below) which offers Excluded Services (as defined below) that are related to but distinguishable from the services provided by the Franchised Business under the Agreement; and

WHEREAS, Franchisor has agreed that, subject to Franchisee's and, if applicable, its affiliate's continuing compliance with the conditions set forth in this Addendum, the continued operation of the Excluded Services by the Existing Business shall not be deemed to be a violation of Section 9.D of the Agreement (Noncompetition Covenants), and the gross sales attributable to such Excluded Services shall not be included as "Gross Sales" under the Agreement.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Identification of Existing Business.** The name of the Existing Business authorized pursuant to this Addendum is: _____, a _____ located at _____ ("Existing Business"), and the Excluded Services performed by the Existing Business are: _____ ("Excluded Services").

2. **Authorization of Excluded Services Offered by the Existing Business.** Anything in the Agreement to the contrary notwithstanding, the continued offer of the Excluded Services by the Existing Business shall not be deemed to be a violation of Section 9.D of the Agreement (Noncompetition Covenants) and the gross sales of such Excluded Services shall not be deemed to be "Gross Sales" under the Agreement; provided, that the conditions set forth in subparagraphs 2(a)-(d) below are satisfied as of the date of this Addendum and throughout the term of the Agreement (including any extensions or renewals thereof):

(a) the operation of such Existing Business does not interfere with Franchisee's operation of the Franchised Business;

(b) the Existing Business does not utilize Franchisor's Marks, System or Confidential Information;

(c) the Existing Business offers only the Excluded Services identified herein and does not offer the services offered by the Franchised Business or services that otherwise compete with the Franchised Business; and

(d) the Franchised Business and the Existing Business maintain separate books and records.

3. **Effect of Failure to Comply with Conditions.** If Franchisee or its affiliate (as applicable) at any time fails to satisfy any of the conditions set forth in subparagraphs 2.(a)-(d) of this Addendum, then the continued operation of the Existing Business shall be deemed to be a violation of Section 9.D of the Agreement (Noncompetition Covenants). In that event Franchisor may terminate the Agreement immediately if Franchisee fails (or fails to cause its affiliate) to cure the breach within a reasonable period of time, not to exceed ten (10) calendar days following written notice from Franchisor (provided however that a breach of clause 2(b) shall not be subject to a cure opportunity). Upon any termination of the Agreement pursuant to this provision, Franchisor shall be entitled to any and all legal and equitable remedies available under the Agreement and applicable law, including, without limitation, the collection, as liquidated damages and not as a penalty, of an amount equal to the License Fees provided in the Agreement with respect to all Gross Sales of the Existing Business for all periods during which the breach is continuing or, if such period cannot be ascertained with certainty, during all periods during which this Addendum has been in effect. This provision shall survive any transfer, expiration, termination or non-renewal of the Agreement or the Franchised Business for the time period set forth in Section 9.D.3 of the Agreement.

4. **Inspections; Audits.** Franchisee shall make and if applicable shall cause its affiliate to make the books and records (including all electronic records, tax returns and personal tax returns) for the Existing Business available to Franchisor for inspection and audit upon reasonable prior notice, so that Franchisor may verify Franchisee's compliance with the requirements of this Addendum, including the requirements in subparagraph 2(d) above. In addition, the provisions of Section 8.I of the Agreement regarding audits shall apply in all respects to the Existing Business and Franchisor shall have the same rights to access (including remotely) and audit the books and records of the Existing Business, and to require payment for the audit if the audit reveals that Franchisee did not comply with the requirements of this Addendum, in addition to any other remedies available to Franchisor hereunder or under the law.

5. **Franchisee's Representations and Warranties.** Franchisee hereby represents and warrants to Franchisor that it has all necessary power and authority to execute this Addendum, to bind the Existing Business to the terms hereof and to perform and comply with all of its obligations hereunder. There is no agreement or understanding (and Franchisee will not permit any such agreement or understanding to be entered into during the term of this Addendum) with respect to the Existing Business that would conflict with the terms of this Addendum.

6. **Construction.** Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. Except as specifically provided in this Addendum, the Agreement remains fully effective in all respects in accordance with its terms, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

7. **No Restriction on In-Term and Post-Term Covenants.** Except as specifically stated in this Addendum, nothing in the Agreement or this Addendum or in the terms used herein shall be construed in any way to limit or restrict the application of the provisions of Section 9.D of the Agreement as it relates to the Existing Business or any other business Franchisee or any of its affiliates may engage in.

< SIGNATURES APPEAR ON THE NEXT PAGE >

FRANCHISEE:

_____
_____, individually

_____
Date

FRANCHISOR:

HOUSEMASTER SPV LLC, a Delaware limited liability company

BY: _____

_____
Date

Schedule J to the Franchise Agreement

STATE ADDENDUM

EXHIBIT B

AGENCIES/AGENTS
FOR SERVICE OF PROCESS

AGENCIES/AGENTS
FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	California Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll-free (866-275-2677)	Commissioner of Department of Financial Protection & Innovation
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722	Hawaii Commissioner of Securities
ILLINOIS	Franchise Division Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-1090	Illinois Attorney General
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Bldg. 1st Floor Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651)-539-1600	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005-1495 (212) 416-8222	Attention: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor State Capitol, Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Rhode Island Department of Business Regulation Division of Securities 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 69-1 Cranston, RI 02920 (401) 462-9500 x5	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	South Dakota Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the South Dakota Division of Securities
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division<br~~150 Israel Rd S.W.~~ PO Box 41200 ~~Tumwater~~Olympia, WA ~~98501~~ 98504-1200~~(360) 902-8760~~	Director of Washington Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Wisconsin Commissioner of Securities
OTHER STATES	N/A	Grayson Brown 1010 N. University Parks Drive Waco, TX 76707

EXHIBIT C

FINANCIAL STATEMENTS

Neighborly Assetco LLC and Subsidiaries

Combined Financial Statements
As of December 31, 2024 and 2023 and
for the years ended December 31, 2024 and 2023

Neighborly Assetco LLC and Subsidiaries

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Building a better working world

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Report of Independent Auditors

To the Board of Directors and Stockholders of
Neighborly Assetco LLC and Subsidiaries

Opinion

We have audited the combined financial statements of Neighborly Assetco LLC and subsidiaries (the Company), which comprise the combined balance sheets as of December 31, 2024 and 2023, and the related combined statements of operations and comprehensive income, changes in member's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

Dallas, Texas
March 31, 2025

Neighborly Assetco LLC and Subsidiaries

Combined Balance Sheets
($000's)

As of December 31,		**2024**		2023
Assets				
Current assets				
Cash	**$**	**2,499**	$	3,171
Restricted Cash		**4,037**		1,566
Trade accounts receivable - net		**24,255**		23,826
Trade notes receivable, current portion – net		**7,445**		9,530
Inventories		**1,783**		989
Prepaid selling expenses, current		**7,940**		6,935
Other current assets		**3,321**		2,597
Total current assets		**51,280**		48,614
Property and equipment – net		**16,721**		18,779
Prepaid selling expenses, less current portion		**51,495**		42,479
Trade notes receivable, less current portion - net		**13,332**		15,221
Intangible assets - net		**1,251,674**		1,341,184
Goodwill		**1,731,288**		1,732,653
Total assets	**$**	**3,115,790**	**$**	3,198,930
Liabilities and Member's Equity				
Current liabilities				
Accrued liabilities	**$**	**2,998**	$	3,908
Deferred revenue, current		**14,745**		13,631
Total current liabilities		**17,743**		17,539
Deferred Revenue, less current portion		**70,787**		70,176
Contingencies (Note 9)				
Member's Equity				
Additional paid-in equity	**$**	**2,531,790**	$	2,780,580
Accumulated earnings		**494,774**		335,404
Accumulated other comprehensive income/(loss)		**696**		(4,769)
Total Member's Equity		**3,027,260**		3,111,215
Total liabilities and member's equity	**$**	**3,115,790**	$	3,198,930

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Operations and Comprehensive Income
($000's)

For the years ended December 31,		2024	2023
Revenues and income			
Franchise service fees	$	180,984	169,842
Synthetic royalties and master license fees		28,242	28,705
Franchise sales fees		33,680	36,783
Sales of products and services		140,458	143,807
Advertising and promotional fund revenue		47,800	42,404
Other revenue		30,502	30,338
Total revenues and income		461,666	451,879
Cost of Sales			
Products and services		72,612	68,752
Gross Profit		389,054	383,127
Selling expense		15,364	6,939
General and administrative expense		17,967	18,705
Advertising and promotional fund expense		49,981	47,365
Depreciation and amortization		95,532	97,290
Management expenses		47,126	44,075
Bad debt expense		3,714	2,283
Net income	$	159,370	166,470
Other comprehensive income			
Foreign currency translation adjustment		5,465	18,104
Comprehensive income	$	164,835	184,574

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Changes in Member's Equity
($000's)

	Member's Equity
Balance – December 31, 2022	**$ 3,090,123**
Adoption of accounting principle	506
Equity contribution	101,756
Distributions	(265,744)
Net income	166,470
Foreign currency translation adjustment	18,104
Balance – December 31, 2023	**$ 3,111,215**
Distributions	(248,790)
Net income	159,370
Foreign currency translation adjustment	5,465
Balance – December 31, 2024	**$ 3,027,260**

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Cash Flows
($000's)

For the years ended December 31,	2024	2023
Operating activities		
Net income	$ 159,370	$ 166,470
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	95,532	97,290
Bad debt expense	3,714	2,283
Trade notes issued	(14,803)	(15,050)
Collections of notes receivable	17,158	16,293
Changes in assets and liabilities:		
Trade accounts receivable	(2,524)	(464)
Inventories	(794)	883
Prepaid selling expenses and other assets	(3,646)	(11,464)
Accrued liabilities	(1,361)	198
Deferred revenue	1,725	11,195
Net cash provided by operating activities	254,371	267,634
Investing activities		
Purchase of equipment and other assets	(3,782)	(2,893)
Net cash used in investing activities	(3,782)	(2,893)
Financing activities		
Distributions paid	(248,790)	(265,744)
Net cash used in financing activities	(248,790)	(265,744)
Net increase (decrease) in cash and restricted cash	1,799	(1,003)
Cash and restricted cash - Beginning of period	4,737	5,740
Cash and restricted cash - End of period	$ 6,536	$ 4,737
Supplemental cash flow disclosures:		
Non-cash contribution of equity	$ -	$ 101,756

See accompanying notes to combined financial statements.

1. Description of Business and Significant Accounting Policies

Organization and Description of Business

Neighborly Assetco LLC ("we", "our" and the "Company") is an infinite-lived single-member special purpose Delaware limited liability company and was organized on November 13, 2020, with no operations until March 25, 2021. The Company is a direct, wholly owned subsidiary of Neighborly Issuer LLC (the "Issuer"), which is a special purpose Delaware limited liability company and a direct, wholly owned subsidiary of Neighborly SPV Guarantor LLC (the "SPV Guarantor"), which is a special purpose Delaware limited liability company that is an indirect, wholly owned subsidiary of Neighborly Company (the "Manager"). All of the issued and outstanding limited liability company interests of the Company are directly owned by the Issuer, upon an initial $1.00 capital contribution. The Company is a bankruptcy remote entity that owns substantially all of the US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the United Kingdom (the "UK") tradenames of the Manager. The Company conducts transactions with affiliated parties under common control, and as such, results of operations may not be indicative of operations on a stand-alone basis, without those transactions with related parties. The Company has no employees and relies on the Manager for continued operations.

As of March 25, 2021 the Company's subsidiaries were comprised of a number of franchisors and related supporting businesses operating in the United States (the "US") and internationally and include the following businesses: Aire Serv SPV LLC, Mr. Electric SPV LLC, The Grounds Guys SPV LLC, Rainbow International SPV LLC, Glass Doctor SPV LLC, Mr. Appliance SPV LLC, Mr. Rooter SPV LLC, Molly Maid SPV LLC, Mr. Handyman SPV LLC, Five Star Painting SPV LLC, Window Genie SPV LLC, Real Property Management SPV LLC, Mosquito Joe SPV LLC, HouseMaster SPV LLC, Dryer Vent Wizard SPV LLC, ShelfGenie SPV LLC, and Precision Door Service SPV LLC (each an "SPV Franchisor" and together the "SPV Franchisors") and ProTradeNet SPV LLC, Back Office SPV LLC and G-O Manufacturing SPV LLC (each a "Non-Franchisor SPV Entity" and together the "Non-Franchisor SPV Entities"), each of which is a direct, wholly owned subsidiary of the Company.

In June 2021, assets of Neighborly Services Solutions SPV LLC, a Non-Franchisor SPV entity, were contributed to the Company.

In January 2022, assets of Zorware SPV LLC, NBLY Co Ops CO SPV LLC, and Trench Right SPV LLC were contributed to the Company and intangible assets were acquired by Pimlico SPV Limited, all Non-Franchisor entities. In March 2022, additional assets of NBLY Co Ops CO SPV LLC as well as assets of NBLY Co Ops AZ SPV, both Non-Franchisor entities, were contributed to the Company. In December 2022, intangible assets of Greensleeves Limited were contributed to the Company.

In January 2023, assets of NBLY Co Ops IN SPV LLC, NBLY Logistics SPV LLC, Lawn Pride SPV LLC, and Junk King SPV LLC, were contributed to the Company.

The Company holds all the equity interests in the SPV Franchisors and the Non-Franchisor SPV Entities, certain intellectual property, certain license agreements and certain vendor agreements. Each SPV Franchisor holds the tradenames and the franchise agreements related to such brand and any product supply agreements or vendor agreements related to such brand. The Non-Franchisor SPV Entities hold certain tradenames, certain product supply agreements, certain vendor agreements and the office service agreements.

The Company was formed in connection with a financing transaction (the "Securitization Transaction"), which was completed on March 25, 2021 (see Note 2). On March 25, 2021, the Manager, a Non-Securitization Entity, contributed to the Company through a series of asset transfers to the SPV Guarantor, the Issuer, the Company and its subsidiaries (the "Securitization Entities"), substantially all of its US intellectual property, including tradenames (the "Securitization IP"), franchise agreements, national account relationships and systems-in-place and the UK tradenames (collectively, the "Securitization Assets"). The Manager, certain Securitization Entities and the SPV Franchisors entered into license agreements pursuant to which they granted, respectively, to certain Non-Securitization Entities (i) a non-exclusive license to use and sublicense the Securitization IP in connection with owning and operating certain company-owned store locations, UK locations and Canadian locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services.

The contributions of the Securitization Assets are between entities under common control and are recorded at book value. No gain or loss has been realized on the transactions.

On March 25, 2021, the Securitization Entities entered into the management agreement (the "Management Agreement") with the Manager to perform certain services on behalf of the Securitization Entities, including, among other things, collecting franchisee payments, managing the operations on behalf of the Securitization Entities, and performing certain franchising, marketing, and operational and reporting services, as well as managing the intangible assets on behalf of the Securitization Entities. In exchange for providing such services, the Manager will be entitled to receive certain management fees on a weekly basis.

Basis of Presentation

The accompanying combined financial statements as of December 31, 2024 and December 31, 2023 include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

FASB ASC Topic 810-10, Consolidation, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity ("VIE"). FASB ASC Topic 810-10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE, which is the Company and its subsidiaries.

The Company has determined that the Securitization Entities qualify as VIE's and that Neighborly Company, the Manager, is the primary beneficiary, having both power and benefits, of the Securitization Entities. Accordingly, consolidation of the Company and its subsidiaries (including the SPV Franchisors and the Non-franchisor SPVs) is precluded, and as a result, combined financial statements are presented. All intercompany transactions have been eliminated.

Acquisition of the Manager

On June 29, 2021, Kohlberg Kravis and Roberts ("KKR"), and associated co-investors formed Nest Bidco Inc. which, on September 1, 2021, purchased 100% of the shares of Balcones Holdco, Inc., the parent company of Neighborly Company, from TDG Investment Holdings, LP. Nest Bidco Inc. is an indirectly wholly owned subsidiary of Nest Holdings LP, which is the ultimate parent company of the

newly formed business. The transaction was effected to add Neighborly to KKR's investment portfolio, and allows Neighborly to gain access to KKR's capital and resources.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company is a single-member limited liability company for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the Manager. As such, no recognition of federal or state income taxes will be provided for in the financial statements of the Company.

Revenue Recognition

The Company's primary sources of revenue are as follows:

- Franchise service fees from existing franchise owners based on a percentage of each franchise owner's gross sales. These fees generally range from 2% to 15% of the franchise owner's weekly sales, depending upon the particular franchise concept and upon various other factors;

- Synthetic royalties and master license fees from affiliated entities resulting from their use of the Company's intellectual property;

- Franchise sales fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchise owners;

- Sales of products and services to unrelated third parties;

- Advertising and promotional revenue represents marketing, advertising and promotional ("MAP") fund fees collected from existing franchise owners. These fees are typically a percentage of each franchise owner's gross sales and vary depending upon the particular franchise concept and various other factors;

- Other revenue consists of incentives earned from services performed for unrelated third parties and interest generated from notes receivable.

Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. The respective franchisor's obligations under franchise agreements consist of providing a license of the applicable brand's intellectual property, a list of approved suppliers, certain training programs, an operations manual, and to maintain the MAP fund. These performance obligations are highly interrelated, and we do not consider them to be individually distinct, and therefore account for them as a single performance obligation, which collectively represent the

obligation to provide a license for the right to use our brand's intellectual property. Revenue related to franchise agreements is recognized on a straight-line basis over the term of the agreement, with the exception of variable or sales-based royalties, MAP fund fees collected and revenue allocated to goods and services and other variable fees which are recognized as the underlying sales occur and performance obligations are satisfied.

In the event a franchise agreement is terminated, without a corresponding agreement executed by the same franchise owner, any remaining deferred fees are recognized in the period of termination.

The Company periodically extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the notes receivable are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchise owners for unpaid franchise service fees. The Company places notes receivable on nonaccrual status when payment is ninety days past due, and ceases to recognize revenue from interest on the note until such time as the note is no longer past due. Interest on trade notes receivable is recorded as revenue when earned. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchise owners.

The Company adopted ASU 2016-13, Financial Instruments - Credit Losses, on January 1, 2023, which was retroactively applied as of the first day of 2023, as further described below. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based upon past loss experience, known and inherent risks in the accounts, adverse situations that may affect a franchise owner's ability to repay, and current economic conditions.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

Franchise service fee revenues represent sales-based royalties that are related entirely to the applicable franchisor's performance obligation under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to our performance obligations to the franchise owners to maintain the intellectual property being licensed.

The right to collect marketing, advertising, and promotional ("MAP") fees and the obligation to maintain the MAP fund is assigned to the Manager by each SPV Franchisor, and the performance obligation and fulfillment thereof resides with the Manager. The Manager's obligation related to these funds is to administer the MAP fund, keep unused MAP fees in segregated bank accounts and use MAP fees for certain activities related to the marketing and promotion of the individual businesses. We have determined we act as the principal in the transaction related to the MAP fund contributions and expenditures. MAP fund contributions and expenditures are reported on a gross basis in the accompanying Combined Statements of Operations and Comprehensive Income. As noted above, we have concluded the advertising services provided to franchise owners are highly interrelated with the franchise rights and not a distinct performance obligation; therefore, revenues from MAP fund fees are recognized as advertising and promotion fund revenue when the related

sales occur based on the application of the sales-based royalty exception within ASC 606, Revenue from contracts with customers.

Revenues from product sales are recognized upon transfer of title, when delivered to the customer, when the work is performed, or orders are shipped. Incentives earned are recognized as services are performed.

Synthetic royalties from affiliated entities represent sales-based royalties that are related entirely to our performance obligation under intellectual property license agreements with affiliated entities and are recognized in the period in which the sales occur. These sales-based royalties are variable consideration related to our performance obligations to affiliated entities to maintain the intellectual property being licensed.

Master license and services fees from affiliated entities represent variable consideration in a series for which our performance obligation is satisfied over time, as our intellectual property is simultaneously accessed and benefits thereof consumed by affiliated entities.

Contract Balances

The contract liabilities which we classify as "deferred revenue" consist primarily of the unamortized portion of initial franchise fees that are currently being amortized into revenue, amounts related to pending agreements, or other deferred revenues not related to franchise agreements. Contract deferred franchise revenue represents our remaining performance obligations to our franchise owners, as we account for our highly interrelated obligations as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property excluding amounts of variable consideration related to sale-based royalties, synthetic royalties, license fees and advertising. The other deferred revenues not related to the franchise agreements are included in current deferred revenue.

The components of the change in deferred revenue are as follows:

For the years ended December 31,	**2024**	2023
Balance at beginning of period	$ **83,807**	$ 68,226
Fees received from franchise owners	**35,141**	47,447
Franchise sales revenue recognized	**(33,680)**	(36,783)
Contributed from Manager	**-**	4,386
Other deferred revenue recognized	**264**	531
Balance at end of period	**85,532**	83,807
Less: current portion	**14,745**	13,631
Deferred revenue, noncurrent	$ **70,787**	$ 70,176

As of December 31, 2024, the deferred revenue expected to be recognized for each of the next five years, and in the aggregate, is as follows:

Years ending December 31,		
2025	$	14,745
2026		11,949
2027		11,701
2028		11,109
2029		9,829
Thereafter		26,199
	$	85,532

Direct, incremental selling expenses are reimbursed by the Company to the Manager. Such costs paid when the franchise agreement is executed are recorded as a contract asset by the Company and amortized over the life of the agreement consistent with the recognition of the deferred revenue. Contract assets are included in current and non-current prepaid selling expenses in the accompanying Combined Balance Sheets. For the year ended December 31, 2024, $24,044 of costs were incurred and expense of $14,023 was recognized. For the year ended December 31, 2023, $23,590 of costs were incurred and expense of $6,181 was recognized. The ending asset for deferred contract costs as of December 31, 2024 was $59,435, of which $7,940 was current. The ending asset for deferred contract costs as of December 31, 2023 was $49,414, of which $6,935 was current.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was $12,013 and $13,353 for the years ended December 31, 2024 and 2023, respectively. Advertising expense is included in general and administrative expense in the accompanying Combined Statements of Operations and Comprehensive Income. This is separate from MAP fees which are presented on their own line in Consolidated Statements of Operations and Comprehensive Income (Loss).

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets which are generally as follows: machinery, equipment, and vehicles (5-10 years); and software (3 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred.

Management evaluates long-lived assets used in operations for impairment when indicators of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of the assets. No impairment losses for property and equipment were recorded for the years ended December 31, 2024 and December 31, 2023.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of identifiable net assets acquired. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's impairment tests are generally performed as of October 1st annually. The Company's current goodwill balance was measured as of September 1, 2021, resulting from the acquisition of the Manager and pushdown accounting election, based on the excess of consideration over the fair value of assets acquired.

The Company performed a qualitative assessment of its goodwill as of October 1, 2024 and concluded it is not more likely than not that the fair value of its reporting unit is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary. Management determined that there was no impairment of goodwill in the combined financial statements.

Intangible Assets

Intangible assets consist of tradenames, franchise relationships, national accounts, developed technology, and domain name, and are stated at their acquisition-date fair value, less subsequent amortization. The Company's intangible assets are definite lived, other than domain name, which is indefinite lived.

For definite lived intangible assets, when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, the Company evaluates the definite lived intangible assets for impairment by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded in the amount the carrying value exceeds the fair market value of the assets. The Company performed a qualitative assessment of its intangible assets and determined that no indicators of impairment were present for definite lived intangible assets.

Tradenames are amortized over their estimated useful life of 20 years, using the straight-line method. Franchise relationships and national accounts relationships are amortized over their estimated useful lives of 15 years, using the straight-line method. Software is amortized over its estimated useful life of 3 years, using the straight-line method.

Domain names are stated at their acquisition-date fair value, and are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. The Company performed a qualitative assessment of its indefinite lived intangible assets as of October 1 in each of 2024 and 2023 and concluded it is not more likely than not that the fair value of its domain names is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary.

Fair Value of Financial Instruments and Non-Financial Assets

In accordance with FASB ASC 820, Fair Value Measurements, certain assets carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair

value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The trade names, systems in place, and developed technology were valued using the relief from royalty method and the franchise relationships and national account relationships were valued using the multi-period excess earnings method in the periods acquired. The future projections and estimates used for the valuations are considered Level 3 inputs.

Foreign Currency Translation

Combined entities that have a functional currency that differs from the Company's reporting currency include our foreign subsidiaries, which are in the UK Foreign currency denominated assets and liabilities are translated using the exchange rates at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included as a component of accumulated other comprehensive income (loss) until realized. Where amounts denominated in a foreign currency are converted into US dollars by remittance or repayment, the realized exchange differences are included in the accompanying Combined Statements of Operations and Comprehensive Income, primarily in general and administrative expense, and was immaterial in all periods presented.

Cash and Restricted Cash

Cash consists of cash held on deposit. Restricted cash includes securitized cash held on deposit in Company accounts related to the Securitization Transaction.

Cash and restricted cash consists of the following:

As of December 31,	2024	2023
Cash	$ 2,499	$ 3,171
Restricted Cash:		
Whole business securitization	4,037	1,566
Total cash and restricted cash	$ 6,536	$ 4,737

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

2. Securitization Transactions

On March 25, 2021, the Manager, a Non-Securitization Entity, contributed to the Company through a series of asset transfers to the Securitization Entities, substantially all of the US intellectual property, including tradenames, franchise agreements, national account relationships and systems-in-place and the UK tradenames. The Manager, certain Securitization Entities and the SPV Franchisors entered into license agreements pursuant to which they granted, respectively, to certain Non-Securitization Entities (i) a non-exclusive license to use and sublicense the Securitization IP in connection with owning and operating certain company-owned store locations, UK locations and Canadian locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services.

The Company received a cash capital contribution in January 2022 of $102,000 which the Company used to acquire $102,000 in intangible assets. Also in January 2022, the Company received a non-cash capital contribution of $13,456, consisting of $10,862 in property and equipment, $2,082 in intangible assets, and $512 in inventories. In March 2022, the Company received a non-cash contribution of $1,214, consisting of $1,169 in property and equipment and $45 in inventories. In December 2022, the Company received a non-cash contribution of $2,112 in intangible assets from the Manager.

In January 2023, the Company received a non-cash contribution of $101,756, consisting of $99,349 in intangible assets, $3,600 in accounts receivable, $2,241 in property and equipment, $280 in inventories, and an unearned revenue liability, net of prepaid selling expenses, of $3,714.

The contributions of the Securitization Assets are between entities under common control and are recorded at book value as of the unaudited interim date. No gain or loss has been realized on the transactions.

The Issuer is dependent on the Company for sufficient cash flows from their securitized operations to service the Series 2021-1, Series 2022-1, and Series 2023-1 Senior Notes (see Note 3), remit management fees to the Manager, and pay certain other ongoing costs related to the Securitization Transaction.

3. Debt Guarantee

In conjunction with the Securitization Transaction, on March 25, 2021, the Issuer issued $800,000 Series 2021-1 3.584% Fixed Rate Senior Secured Notes (the "Series 2021-1 Senior Notes"). The Senior Notes have an anticipated repayment date of April 30, 2028, and a final maturity date of April 30, 2051. Scheduled principal payments of $2,000 and interest are paid quarterly. As of December 31, 2024 and 2023, $772,000 and $780,000, respectively, was outstanding on the Senior Notes.

On January 19, 2022, in connection with a second securitization, the Issuer, issued $410,000 Series 2022-1 3.695% Fixed Rate Senior Secured Notes (the "Series 2022-1 Senior Notes") through a second whole business securitization transaction (the "Second Securitization Transaction"). The Series 2022-1 Senior Notes have an anticipated repayment date of January 30, 2029, and a final maturity date of January 30, 2052. Scheduled principal payments of $1,030 and interest are paid quarterly. As of December 31, 2024 and 2023, respectively, $398,725 and $402,825, was outstanding on the Series 2022-1 Senior Notes.

On February 3, 2023, in connection with a third securitization, the issuer, issued $275,000 Series 2023-1 7.308% Fixed Rate Senior Secured Notes (the "Series 2023-1 Senior Notes") through a third whole business securitization transaction (the "Third Securitization Transaction"). The Series 2023-1 Senior Notes have an anticipated repayment date of January 30, 2028, and a final maturity date of January 30, 2053. Scheduled principal payments of $687and interest are paid quarterly. As of December 31, 2024 and 2023 respectively, $270,188 and $272,938 was outstanding on the Series 2023-1 Senior Notes.

The Series 2021-1 Senior Notes, the Series 2022-1 Senior Notes, the Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, and the Series 2023-1 Class A-1 Notes described above issued in conjunction with the Securitization Transaction, the Second Securitization Transaction, and the Third Securitization Transaction (together, the "Securitization Transactions") are secured by substantially all assets of the Securitization Entities and guaranteed by the Securitization Entities, including the Company, each of which is a bankruptcy remote entity and which owned substantially all of the Manager's US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the UK tradenames as of the date of issuance. The restrictions placed on the Issuer and its subsidiaries require that interest and scheduled principal payments on the Senior Notes and Class A-1 Notes be paid prior to any residual distributions to the Manager, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and scheduled principal amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Issuer and its subsidiaries is generally remitted to the Manager in the form of a distribution. The Manager also receives a fee for the services it provides to the Securitization Entities that is senior to debt service. The Securitization Transaction requires, among other things, maintenance of minimum debt-service coverage ratio levels and additional incurrence of indebtedness and scheduled amortization requirements are subject to compliance with maximum leverage ratio levels. As of December 31, 2024 and 2023, the Issuer was in compliance with all debt-service coverage covenants.

4. Intangible Assets and Goodwill

On March 25, 2021, intangible assets were contributed to the Company, along with certain dates thereafter as discussed in Note 1. Each of the SPV Franchisors are wholly owned subsidiaries and there was no change in ultimate ownership. Accordingly, there has been no change in control and therefore the Company concluded that the guidance in ASC 805 Business Combinations was not applicable. Intangible assets were recorded at the carrying value from the contributing entities on the date of the contribution, as the entities are under common control. Upon the acquisition by KKR (see Note 1), and the Company's election to apply pushdown accounting, the intangible assets were recorded at their acquisition-date fair values.

Intangible assets as of December 31, 2024, consisted of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Tradenames	20 years	$ 968,277	$ 156,717	$ 811,560
Franchise relationships	15 years	552,020	121,954	430,066
National accounts	15 years	2,530	497	2,032
Customer relationships	5 years	12,400	5,787	6,613
Developed technology	3 years	720	631	89
Total definite-lived intangibles		$ 1,535,947	285,586	$ 1,250,360

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	$ -	$ 1,314

Intangible assets as of December 31, 2023, consisted of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Tradenames	20 years	$ 968,512	$ 107,087	$ 861,425
Franchise relationships	15 years	551,918	85,051	466,867
National accounts	15 years	2,521	320	2,201
Customer relationships	5 years	11,573	2,480	9,093
Developed technology	3 years	702	418	284
Total definite-lived intangibles		$ 1,535,226	195,356	$ 1,339,870

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	$ -	$ 1,314

Amortization expense was $89,241 and $92,198 for the years ended December 31, 2024 and 2023, respectively.

Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,	
2025	$ 87,927
2026	87,838
2027	87,011
2028	85,358
2029	85,358
Thereafter	816,868
	$ 1,250,360

Goodwill

The Company has assigned goodwill to its reporting units based on fair valuation analysis completed for the acquisition of the Manager by KKR.

The changes in the carrying amount of goodwill are as follows:

Balance as of December 31, 2022	$	1,728,584
Adjustment to goodwill for unrealized gain/loss on foreign currency		4,069
Balance as of December 31, 2023	$	**1,732,653**
Adjustment to goodwill for unrealized gain/loss on foreign currency		(1,365)
Balance as of December 31, 2024	**$**	**1,731,288**

5. Member's Equity

Neighborly Assetco LLC ("the Limited Liability Company") was formed pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del.C. §18-101, et seq.), as amended from time to time (the "Act").

The Limited Liability Company is governed by a Limited Liability Company Agreement in which management of the Company is vested in the member ("the Member"), the Manager, who has all powers, statutory or otherwise, possessed by members of a limited liability company under the laws of the State of Delaware. The Member has the authority to bind the Company.

The Member may appoint officers of the Company and may revoke delegated authorities and duties at any time by the Member.

The Limited Liability Company is capitalized with a single membership unit with a $1 per unit par value.

Pursuant to the Management Agreement, excess cash collections after distributions to the Issuer for quarterly interest and scheduled principal payments, expense reimbursements to the Manager and payment of management fees, are distributed to the Manager, as discussed in Note 8. The Member's equity is the residual of equity contributions from the Manager and income earned from operations, less distributions to the Issuer and Manager.

The Company shall dissolve, and its affairs be wound up upon the first to occur of the following: (i) the written consent of the Member, (ii) the retirement, resignation or dissolution of the Member or the occurrence of any other event which terminates the continued membership of the Member in the Company unless the business of the Company is continued in a manner permitted by the Act, or (iii) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

6. Trade Notes Receivable

The Company periodically receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time

receives notes for delinquent franchise service fees. Such notes, as of December 31, 2024 and 2023, bear interest at rates typically ranging from 9% to 12% and generally require equal monthly installments over a life of one to ten years. Initial trade notes receivable for the respective SPV Franchisors were contributed to the Company as of March 31, 2021 by the Manager and subsequently at various dates thereafter. As the contribution was between entities under common control, the notes receivable transferred were recorded at their historical cost basis in the financial records of the Manager.

A summary of trade notes receivable as of December 31 is as follows:

	2024	2023
Amounts due within one year, net of allowance for credit losses of $167 and $89 as of December 31, 2024 and 2023, respectively	$ 7,445	$ 9,530
Amounts due after one year, net of allowance for credit losses of $299 and $474 as of December 31, 2024 and 2023, respectively	13,332	15,221
Total trade notes receivable, net	$ 20,777	$ 24,751

An analysis of the changes in trade notes receivable is as follows:

For the years ended December 31,	2024	2023
Balance at beginning of period	$ 25,314	$ 26,275
Notes receivable, contributed, net	-	1,652
Principal payments received	(17,158)	(16,293)
Notes issued	14,803	15,050
Net write-offs	(1,727)	(1,370)
Other	10	-
Gross trade notes receivable, at end of period	21,242	25,314
Allowance for credit losses	(465)	(563)
Net trade notes receivable, at end of period	$ 20,777	$ 24,751

An analysis of the changes in the trade notes receivable allowance is as follows:

For the years ended December 31,	2024	2023
Allowance, beginning of period	$ 563	$ 545
Provisions for bad debts	1,630	1,382
Net write-offs	(1,727)	(1,364)
Allowance, end of period	$ 465	$ 563

Scheduled future maturities of trade notes receivable are as follows:

Years ending December 31,	
2025	$ 7,612
2026	3,999
2027	2,820
2028	2,907
2029	1,980
Thereafter	1,924
	$ 21,242

7. Property and Equipment

A summary of property and equipment as of December 31 is as follows:

		2024		2023
Machinery and equipment	$	**8,448**	$	6,303
Software		**11,172**		11,035
Vehicles		**10,479**		9,614
Total property and equipment		**30,099**		26,952
Less accumulated depreciation		**(13,378)**		(8,173)
Property and equipment – net	$	**16,721**	$	18,779

Depreciation expense was $6,291 and $5,092 for the years ended December 31, 2024 and 2023, respectively.

8. Related Party Transactions

The Company has material ongoing transactions with the Manager and other direct and indirect subsidiaries of the Manager.

Related parties, some of which are outside the United States, pay the Company, or its subsidiaries, a synthetic royalty or license fee for access to and use of their intellectual property, none of which are denominated in a foreign currency. Synthetic royalties and master license fees from affiliated entities were $28,241 and $28,705 for the years ended December 31, 2024 and 2023, respectively.

As discussed in Note 2, the Securitized Entities entered into the Management Agreement with the Manager to perform certain services on behalf of the Securitized Entities. In exchange for the services, the Securitized Entities pay a management fee for each 12-month period equal to the sum of (i) an annual base management fee of $8,000, plus (ii) a fee of $12.425 for every $100 of aggregate total securitization revenues in the form of collections for the applicable period.

The Company incurred management fees of $47,126 and $44,075 for the years ending December 31, 2024 and 2023, respectively.

Costs of products and services as well as advertising and promotion fund expenses are reimbursed by the Company to the Manager.

Excess cash collections after distributions to the Issuer for quarterly interest and scheduled principal payments, expense reimbursements to the Manager and payment of management fees, are distributed to the Manager. Distributions were $248,790 and $265,744 for the years ended December 31, 2024 and 2023, respectively.

9. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, Contingencies. Accordingly, no liabilities have been accrued for these matters as of December 31, 2024 and 2023.

Management believes that the outcome of such matters will not have a material effect on the Company's combined financial statements.

10. Subsequent Events

In preparation of its financial statements, the Company considered subsequent events through March 31, 2025, which was the date the Company's financial statements were available to be issued.

Neighborly Assetco LLC and Subsidiaries

Combined Financial Statements
As of December 31, 2023 and 2022 and
for the years ended December 31, 2023 and 2022

Neighborly Assetco LLC and Subsidiaries

Combined Financial Statements

As of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022

Neighborly Assetco LLC and Subsidiaries

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Report of Independent Auditors

To the Board of Directors and Members of Neighborly Assetco LLC and Subsidiaries

Opinion

We have audited the combined financial statements of Neighborly Assetco LLC and subsidiaries (the Company), which comprise the combined balance sheets as of December 31, 2023 and 2022, and the related combined statements of operations and comprehensive income, changes in member's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Restatement of 2022 Financial Statements

As discussed in Note 1 to the financial statements, the 2022 financial statements have been restated to correct a misstatement in the loss recorded on the impairment of goodwill. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

Dallas, Texas
April 1, 2024

Combined Financial Statements

Neighborly Assetco LLC and Subsidiaries

Combined Balance Sheets
($000's)

As of December 31,		**2023**		(Restated) 2022
Assets				
Current assets				
Cash	**$**	**3,171**	$	2,381
Restricted Cash		**1,566**		3,359
Trade accounts receivable - net		**23,826**		21,803
Trade notes receivable, current portion – net		**9,530**		7,846
Inventories		**989**		1,592
Prepaid selling expenses, current		**6,935**		4,449
Other current assets		**2,597**		1,644
Total current assets		**48,614**		43,074
Property and equipment – net		**18,779**		18,279
Prepaid selling expenses, less current portion		**42,479**		27,556
Trade notes receivable, less current portion - net		**15,221**		17,884
Intangible assets - net		**1,341,184**		1,326,225
Goodwill		**1,732,653**		1,728,584
Total assets	**$**	**3,198,931**	**$**	3,161,602
Liabilities and Member's Equity				
Current liabilities				
Accrued liabilities	**$**	**3,908**	$	3,253
Deferred revenue, current		**13,631**		10,604
Total current liabilities		**17,539**		13,857
Deferred Revenue, less current portion		**70,176**		57,622
Contingencies (Note 9)				
Member's Equity				
Additional paid-in equity	**$**	**2,780,580**	$	2,944,568
Accumulated earnings		**335,404**		168,428
Accumulated other comprehensive income/(loss)		**(4,769)**		(22,873)
Total Member's Equity		**3,111,215**		3,090,123
Total liabilities and member's equity	**$**	**3,198,931**	$	3,161,602

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Operations and Comprehensive Income
($000's)

For the years ended December 31,		2023	(Restated) 2022
Revenues and income			
Franchise service fees	$	**169,842**	152,248
Synthetic royalties and master license fees		**28,705**	22,879
Franchise sales fees		**36,783**	13,642
Sales of products and services		**143,807**	123,984
Advertising and promotional fund revenue		**42,404**	39,184
Other revenue		**30,338**	32,014
Total revenues and income		**451,879**	383,951
Cost of Sales			
Products and services		**68,752**	62,493
Gross Profit		**383,127**	321,458
Selling expense		**6,939**	8,274
General and administrative expense		**18,705**	9,033
Advertising and promotional fund expense		**47,365**	42,987
Depreciation and amortization		**97,290**	82,921
Management expenses		**44,075**	37,264
Bad debt expense		**2,283**	2,035
Net income	$	**166,470**	138,944
Other comprehensive income/(loss)			
Foreign currency translation adjustment		**18,104**	(22,873)
Comprehensive income	$	**184,574**	116,071

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Changes in Member's Equity
($000's)

	Member's Equity
Balance – December 31, 2021	**$ 3,060,380**
Equity contribution	116,670
Distributions	(202,999)
Net income	138,944
Foreign currency translation adjustment	(22,873)
Balance – December 31, 2022 (Restated)	**$ 3,090,123**
Adoption of accounting principle	506
Equity contribution	101,756
Distributions	(265,744)
Net income	166,470
Foreign currency translation adjustment	18,104
Balance – December 31, 2023	**$ 3,111,215**

See accompanying notes to combined financial statements.

Neighborly Assetco LLC and Subsidiaries

Combined Statements of Cash Flows
($000's)

For the years ended December 31,	2023	(Restated) 2022
Operating activities		
Net income	$ **166,470**	$ 138,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**97,290**	82,921
Bad debt expense	**2,283**	2,035
Notes received	**(15,050)**	(12,808)
Collections of notes receivable	**16,293**	13,699
Changes in assets and liabilities:		
Trade accounts receivable	**(464)**	(8,183)
Inventories	**883**	(1,035)
Prepaid selling expenses and other assets	**(11,464)**	(9,491)
Accrued liabilities	**198**	338
Deferred revenue	**11,195**	5,832
Net cash provided by operating activities	**267,634**	212,253
Investing activities		
Purchase of equipment and other assets	**(2,893)**	(7,904)
Purchase of intellectual property	**-**	(104,112)
Net cash used in investing activities	**(2,893)**	(112,016)
Financing activities		
Equity contribution	**-**	102,000
Distributions paid	**(265,744)**	(202,999)
Net cash used in financing activities	**(265,744)**	(100,999)
Net decrease in cash and restricted cash	**(1,003)**	(762)
Cash and restricted cash - Beginning of period	**5,740**	6,502
Cash and restricted cash - End of period	$ **4,737**	$ 5,740
Supplemental cash flow disclosures:		
Non-cash contribution of equity	$ **101,756**	$ 14,670

See accompanying notes to combined financial statements.

1. Description of Business and Significant Accounting Policies

Organization and Description of Business

Neighborly Assetco LLC ("we", "our" and the "Company") is an infinite-lived single-member special purpose Delaware limited liability company and was organized on November 13, 2020, with no operations until March 25, 2021. The Company is a direct, wholly owned subsidiary of Neighborly Issuer LLC (the "Issuer"), which is a special purpose Delaware limited liability company and a direct, wholly owned subsidiary of Neighborly SPV Guarantor LLC (the "SPV Guarantor"), which is a special purpose Delaware limited liability company that is an indirect, wholly owned subsidiary of Neighborly Company (the "Manager"). All of the issued and outstanding limited liability company interests of the Company are directly owned by the Issuer, upon an initial $1.00 capital contribution. The Company is a bankruptcy remote entity that owns substantially all of the US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the United Kingdom (the "UK") tradenames of the Manager. The Company conducts transactions with affiliated parties under common control, and as such, results of operations may not be indicative of operations on a stand-alone basis, without those transactions with related parties. The Company has no employees and relies on the Manager for continued operations.

As of March 25, 2021 the Company's subsidiaries were comprised of a number of franchisors and related supporting businesses operating in the United States (the "US") and internationally and include the following businesses: Aire Serv SPV LLC, Mr. Electric SPV LLC, The Grounds Guys SPV LLC, Rainbow International SPV LLC, Glass Doctor SPV LLC, Mr. Appliance SPV LLC, Mr. Rooter SPV LLC, Molly Maid SPV LLC, Mr. Handyman SPV LLC, Five Star Painting SPV LLC, Window Genie SPV LLC, Real Property Management SPV LLC, Mosquito Joe SPV LLC, HouseMaster SPV LLC, Dryer Vent Wizard SPV LLC, ShelfGenie SPV LLC, and Precision Door Service SPV LLC (each an "SPV Franchisor" and together the "SPV Franchisors") and ProTradeNet SPV LLC, Back Office SPV LLC and G-O Manufacturing SPV LLC (each a "Non-Franchisor SPV Entity" and together the "Non-Franchisor SPV Entities"), each of which is a direct, wholly owned subsidiary of the Company.

In June 2021, assets of Neighborly Services Solutions SPV LLC, a Non-Franchisor SPV entity, were contributed to the Company.

In January 2022, assets of Zorware SPV LLC, NBLY Co Ops CO SPV LLC, and Trench Right SPV LLC were contributed to the Company and intangible assets were acquired by Pimlico SPV Limited, all Non-Franchisor entities. In March 2022, additional assets of NBLY Co Ops CO SPV LLC as well as assets of NBLY Co Ops AZ SPV, both Non-Franchisor entities, were contributed to the Company. In December 2022, intangible assets of Greensleeves Limited were contributed to the Company.

In January 2023, assets of NBLY Co Ops IN SPV LLC, NBLY Logistics SPV LLC, Lawn Pride SPV LLC, and Junk King SPV LLC, were contributed to the Company.

The Company holds all the equity interests in the SPV Franchisors and the Non-Franchisor SPV Entities, certain intellectual property, certain license agreements and certain vendor agreements. Each SPV Franchisor holds the tradenames and the franchise agreements related to such brand and any product supply agreements or vendor agreements related to such brand. The Non-Franchisor SPV Entities hold certain tradenames, certain product supply agreements, certain vendor agreements and the office service agreements.

The Company was formed in connection with a financing transaction (the "Securitization Transaction"), which was completed on March 25, 2021 (see Note 2). On March 25, 2021, the Manager, a Non-Securitization Entity, contributed to the Company through a series of asset transfers to the SPV Guarantor, the Issuer, the Company and its subsidiaries (the "Securitization Entities"), substantially all of its US intellectual property, including tradenames (the "Securitization IP"), franchise agreements, national account relationships and systems-in-place and the UK tradenames (collectively, the "Securitization Assets"). The Manager, certain Securitization Entities and the SPV Franchisors entered into license agreements pursuant to which they granted, respectively, to certain Non-Securitization Entities (i) a non-exclusive license to use and sublicense the Securitization IP in connection with owning and operating certain company-owned store locations, UK locations and Canadian locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services.

The contributions of the Securitization Assets are between entities under common control and are recorded at book value. No gain or loss has been realized on the transactions.

On March 25, 2021, the Securitization Entities entered into the management agreement (the "Management Agreement") with the Manager to perform certain services on behalf of the Securitization Entities, including, among other things, collecting franchisee payments, managing the operations on behalf of the Securitization Entities, and performing certain franchising, marketing, and operational and reporting services, as well as managing the intangible assets on behalf of the Securitization Entities. In exchange for providing such services, the Manager will be entitled to receive certain management fees on a weekly basis.

Basis of Presentation

The accompanying combined financial statements as of December 31, 2023 and December 31, 2022 include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

FASB ASC Topic 810-10, Consolidation, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity ("VIE"). FASB ASC Topic 810-10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE, which is the Company and its subsidiaries.

The Company has determined that the Securitization Entities qualify as VIE's and that Neighborly Company, the Manager, is the primary beneficiary, having both power and benefits, of the Securitization Entities. Accordingly, consolidation of the Company and its subsidiaries (including the SPV Franchisors and the Non-franchisor SPVs) is precluded, and as a result, combined financial statements are presented. All intercompany transactions have been eliminated.

Acquisition of the Manager

On June 29, 2021, Kohlberg Kravis and Roberts ("KKR"), and associated co-investors formed Nest Bidco Inc. which, on September 1, 2021, purchased 100% of the shares of Balcones Holdco, Inc., the parent company of Neighborly Company, from TDG Investment Holdings, LP. Nest Bidco Inc. is an indirectly wholly owned subsidiary of Nest Holdings LP, which is the ultimate parent company of the

newly formed business. The transaction was effected to add Neighborly to KKR's investment portfolio, and allows Neighborly to gain access to KKR's capital and resources.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company is a single-member limited liability company for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the Manager. As such, no recognition of federal or state income taxes will be provided for in the financial statements of the Company.

Revenue Recognition

The Company's primary sources of revenue are as follows:

- Franchise service fees from existing franchise owners based on a percentage of each franchise owner's gross sales. These fees generally range from 2% to 15% of the franchise owner's weekly sales, depending upon the particular franchise concept and upon various other factors;

- Synthetic royalties and master license fees from affiliated entities resulting from their use of the Company's intellectual property;

- Franchise sales fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchise owners;

- Sales of products and services to unrelated third parties;

- Advertising and promotional revenue represents marketing, advertising and promotional ("MAP") fund fees collected from existing franchise owners. These fees are typically a percentage of each franchise owner's gross sales and vary depending upon the particular franchise concept and various other factors;

- Other revenue consists of incentives earned from services performed for unrelated third parties and interest generated from notes receivable.

Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. The respective franchisor's obligations under franchise agreements consist of providing a license of the applicable brand's intellectual property, a list of approved suppliers, certain training programs, an operations manual, and to maintain the MAP fund. These performance obligations are highly interrelated, and we do not consider them to be individually distinct, and therefore account for them as a single performance obligation, which collectively represent the

obligation to provide a license for the right to use our brand's intellectual property. Revenue related to franchise agreements is recognized on a straight-line basis over the term of the agreement, with the exception of variable or sales-based royalties, MAP fund fees collected and revenue allocated to goods and services and other variable fees which are recognized as the underlying sales occur and performance obligations are satisfied.

In the event a franchise agreement is terminated, without a corresponding agreement executed by the same franchise owner, any remaining deferred fees are recognized in the period of termination.

The Company periodically extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the notes receivable are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchise owners for unpaid franchise service fees. The Company places notes receivable on nonaccrual status when payment is ninety days past due, and ceases to recognize revenue from interest on the note until such time as the note is no longer past due. Interest on trade notes receivable is recorded as revenue when earned. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchise owners.

The Company adopted ASU 2016-13, Financial Instruments - Credit Losses, on January 1, 2023, which was retroactively applied as of the first day of 2023, as further described below. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based upon past loss experience, known and inherent risks in the accounts, adverse situations that may affect a franchise owner's ability to repay, and current economic conditions.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

Franchise service fee revenues represent sales-based royalties that are related entirely to the applicable franchisor's performance obligation under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to our performance obligations to the franchise owners to maintain the intellectual property being licensed.

The right to collect marketing, advertising, and promotional ("MAP") fees and the obligation to maintain the MAP fund is assigned to the Manager by each SPV Franchisor, and the performance obligation and fulfillment thereof resides with the Manager. The Manager's obligation related to these funds is to administer the MAP fund, keep unused MAP fees in segregated bank accounts and use MAP fees for certain activities related to the marketing and promotion of the individual businesses. We have determined we act as the principal in the transaction related to the MAP fund contributions and expenditures. MAP fund contributions and expenditures are reported on a gross basis in the accompanying Combined Statements of Operations and Comprehensive Income. As noted above, we have concluded the advertising services provided to franchise owners are highly interrelated with the franchise rights and not a distinct performance obligation; therefore, revenues from MAP fund fees are recognized as advertising and promotion fund revenue when the related

sales occur based on the application of the sales-based royalty exception within ASC 606, Revenue from contracts with customers.

Revenues from product sales are recognized upon transfer of title, when delivered to the customer, when the work is performed, or orders are shipped. Incentives earned are recognized as services are performed.

Synthetic royalties from affiliated entities represent sales-based royalties that are related entirely to our performance obligation under intellectual property license agreements with affiliated entities and are recognized in the period in which the sales occur. These sales-based royalties are variable consideration related to our performance obligations to affiliated entities to maintain the intellectual property being licensed.

Master license and services fees from affiliated entities represent variable consideration in a series for which our performance obligation is satisfied over time, as our intellectual property is simultaneously accessed and benefits thereof consumed by affiliated entities.

Contract Balances

The contract liabilities which we classify as "deferred revenue" consist primarily of the unamortized portion of initial franchise fees that are currently being amortized into revenue, amounts related to pending agreements, or other deferred revenues not related to franchise agreements. Contract deferred franchise revenue represents our remaining performance obligations to our franchise owners, as we account for our highly interrelated obligations as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property excluding amounts of variable consideration related to sale-based royalties, synthetic royalties, license fees and advertising. The other deferred revenues not related to the franchise agreements are included in current deferred revenue.

The components of the change in deferred revenue are as follows:

For the years ended December 31,	**2023**	2022
Balance at beginning of period	$ **68,226**	$ 62,393
Fees received from franchise owners	**47,447**	24,518
Franchise sales revenue recognized	**(36,783)**	(13,642)
Contributed from Manager	**4,386**	-
Other deferred revenue recognized	**531**	(5,043)
Balance at end of period	**83,807**	68,226
Less: current portion	**13,631**	10,604
Deferred revenue, noncurrent	$ **70,176**	$ 57,622

Revenue deferred as of December 31, 2022 and recognized in the year ended December 31, 2023 was $10,385. Revenue deferred as of December 31, 2021 and recognized in the year ended December 31, 2022 was $16,912.

As of December 31, 2023, the deferred revenue expected to be recognized for each of the next five years, and in the aggregate, is as follows:

Years ending December 31,		
2024	$	13,631
2025		11,053
2026		10,857
2027		10,547
2028		9,973
Thereafter		27,746
	$	83,807

Direct, incremental selling expenses are reimbursed by the Company to the Manager. Such costs paid when the franchise agreement is executed are recorded as a contract asset by the Company and amortized over the life of the agreement consistent with the recognition of the deferred revenue. Contract assets are included in current and non-current prepaid selling expenses in the accompanying Combined Balance Sheets. For the year ended December 31, 2023, $23,590 of costs were incurred and expense of $6,181 was recognized. For the year ended December 31, 2022, $16,534 of costs were incurred and expense of $8,274 was recognized. The ending asset for deferred contract costs as of December 31, 2023 was $49,414, of which $6,935 was current. The ending asset for deferred contract costs as of December 31, 2022 was $32,005, of which $4,449 was current.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was $13,353 for the year ended December 31, 2023 and $9,033 for the year ended December 31, 2022. Advertising expense is included in general and administrative expense in the accompanying Combined Statements of Operations and Comprehensive Income.

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets which are generally as follows: machinery, equipment, and vehicles (5-10 years); and software (3 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred.

Management evaluates long-lived assets used in operations for impairment when indicators of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are

less than the carrying amount of the assets. No impairment losses for property and equipment were recorded for the years ended December 31, 2023 and December 31, 2022.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of identifiable net assets acquired. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's impairment tests are generally performed as of October 1st annually. The Company's current goodwill balance was measured as of September 1, 2021, resulting from the acquisition of the Manager and pushdown accounting election, based on the excess of consideration over the fair value of assets acquired.

The Company performed a qualitative assessment of its goodwill as of October 1, 2023 and concluded it is not more likely than not that the fair value of its reporting unit is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary. Management determined that there was no impairment of goodwill in the combined financial statements.

Restatement

During 2023, we determined that our prior year goodwill impairment was overstated and the goodwill balance was understated, resulting in an error in our previously issued financial statements for the period ended December 31, 2022. The overstatement of impairment expense was the result of concluding, in error, that reporting units in Assetco were the same as in the Manager. We have instead concluded that Assetco is comprised of only one consolidated reporting unit, and based on our quantitative impairment analysis performed as of December 31, 2022, we concluded that no impairment existed at Assetco. We concluded that the effect of the error on the financial statements of the prior period was material, and the correction to the prior year is reflected in the accompanying financial statements.

As a result, we recorded a $25,937 adjustment to reduce Loss on impairment of goodwill and increase Goodwill and Total assets by $25,937 in the combined balance sheet as of December 31, 2022. The correction also impacted the following financial statement line items in the related financial statements: (i) increased Accumulated other comprehensive income/(loss), Goodwill, and Total assets by $2,264 and increased Total Member's Equity and Total liabilities and member's equity by $28,201 in the combined balance sheet as of December 31, 2022; (ii) increased Net income by $25,937, increased Foreign currency translation adjustment by $2,264 and increased Comprehensive income by $28,201 in the combined statement of operations and comprehensive income for the period ended December 31, 2022; (iii) increased Net income by $25,937, increased Foreign currency translation adjustment by $2,264 and increased total Member's equity balance by $28,201 in the combined statements of changes in Member's Equity for the period ended December 31, 2022; (iv) increased Net income by $25,937 and reduced loss on impairment of goodwill by the same amount in the combined statement of cash flows for the period ended December 31, 2022; and (v) reduced the goodwill impairment by $25,937, increased the Adjustment to goodwill for unrealized gain/loss on foreign currency by $2,264, and increased the ending goodwill balance by $28,201 as of December 31, 2022 in Note 4 to the combined financial statements.

Additionally, we recorded an immaterial correction of $800 in 2022 which impacted the following financial statement line items in the related financial statements: (i) increased Trade accounts receivable – net, Total current assets, Total assets, Accumulated earnings, Total Member's Equity, and Total liabilities and member's equity by $800 in the combined balance sheet as of December

31, 2022; (ii) increased Other revenue, Total revenues and income, Gross Profit, Net income and Comprehensive income by $800 in the combined statement of operations and comprehensive income for the period ended December 31, 2022; (iii) increased Net income and total Member's equity balance by $800 in the combined statements of changes in Member's Equity for the period ended December 31, 2022; (iv) increased Net income by $800 and reduced Trade accounts receivable by the same amount in the combined statement of cash flows for the period ended December 31, 2022.

Intangible Assets

Intangible assets consist of tradenames, franchise relationships, national accounts, developed technology, and domain name, and are stated at their acquisition-date fair value, less subsequent amortization. The Company's intangible assets are definite lived, other than domain name, which is indefinite lived.

For definite lived intangible assets, when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, the Company evaluates the definite lived intangible assets for impairment by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded in the amount the carrying value exceeds the fair market value of the assets. The Company performed a qualitative assessment of its intangible assets and determined that no indicators of impairment were present for definite lived intangible assets.

Tradenames are amortized over their estimated useful life of 20 years, using the straight-line method. Franchise relationships and national accounts relationships are amortized over their estimated useful lives of 15 years, using the straight-line method. Software is amortized over its estimated useful life of 3 years, using the straight-line method.

Domain names are stated at their acquisition-date fair value, and are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. The Company performed a qualitative assessment of its indefinite lived intangible assets as of October 1 in each of 2023 and 2022 and concluded it is not more likely than not that the fair value of its domain names is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary.

Fair Value of Financial Instruments and Non-Financial Assets

In accordance with FASB ASC 820, Fair Value Measurements, certain assets carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The trade names, systems in place, and developed technology were valued using the relief from royalty method and the franchise relationships and national account relationships were valued using the multi-period excess earnings method in the periods acquired. The future projections and estimates used for the valuations are considered Level 3 inputs.

Foreign Currency Translation

Combined entities that have a functional currency that differs from the Company's reporting currency include our foreign subsidiaries, which are in the UK Foreign currency denominated assets and liabilities are translated using the exchange rates at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included as a component of accumulated other comprehensive income (loss) until realized. Where amounts denominated in a foreign currency are converted into US dollars by remittance or repayment, the realized exchange differences are included in the accompanying Combined Statements of Operations and Comprehensive Income, primarily in general and administrative expense, and was immaterial in all periods presented.

Cash and Restricted Cash

Cash consists of cash held on deposit. Restricted cash includes securitized cash held on deposit in Company accounts related to the Securitization Transaction.

Cash and restricted cash consists of the following:

As of December 31,	2023	2022
Cash	$ 3,171	$ 2,381
Restricted Cash:		
Whole business securitization	1,566	3,359
Total cash and restricted cash	$ 4,737	$ 5,740

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2018-19"), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("ASU 2019-04"), which clarifies the treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief ("ASU 2019-05"), which provides

an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2019-11"), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, "ASC 326") are effective for fiscal years beginning after December 15, 2022, with early adoption permitted.

The Company adopted ASU 2016-13 using the modified retrospective adoption method on January 1, 2023, which was retroactively applied as of the first day of 2023. Upon adoption of this guidance, the Company recognized a decrease to its allowance for credit losses of $0.5 million and a corresponding adjustment to accumulated earnings/(loss).

2. Securitization Transactions

On March 25, 2021, the Manager, a Non-Securitization Entity, contributed to the Company through a series of asset transfers to the Securitization Entities, substantially all of the US intellectual property, including tradenames, franchise agreements, national account relationships and systems-in-place and the UK tradenames. The Manager, certain Securitization Entities and the SPV Franchisors entered into license agreements pursuant to which they granted, respectively, to certain Non-Securitization Entities (i) a non-exclusive license to use and sublicense the Securitization IP in connection with owning and operating certain company-owned store locations, UK locations and Canadian locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services.

The Company received a cash capital contribution in January 2022 of $102,000 which the Company used to acquire $102,000 in intangible assets. Also in January 2022, the Company received a non-cash capital contribution of $13,456, consisting of $10,862 in property and equipment, $2,082 in intangible assets, and $512 in inventories. In March 2022, the Company received a non-cash contribution of $1,214, consisting of $1,169 in property and equipment and $45 in inventories. In December 2022, the Company received a non-cash contribution of $2,112 in intangible assets from the Manager.

In January 2023, the Company received a non-cash contribution of $101,756, consisting of $99,349 in intangible assets, $3,600 in accounts receivable, $2,241 in property and equipment, $280 in inventories, and an unearned revenue liability, net of prepaid selling expenses, of $3,714.

The contributions of the Securitization Assets are between entities under common control and are recorded at book value as of the unaudited interim date. No gain or loss has been realized on the transactions.

The Issuer is dependent on the Company for sufficient cash flows from their securitized operations to service the Series 2021-1, Series 2022-1, and Series 2023-1 Senior Notes (see Note 3), remit management fees to the Manager, and pay certain other ongoing costs related to the Securitization Transaction.

3. Debt Guarantee

In conjunction with the Securitization Transaction, on March 25, 2021, the Issuer issued $800 million Series 2021-1 3.584% Fixed Rate Senior Secured Notes (the "Series 2021-1 Senior Notes"). The Senior

Notes have an anticipated repayment date of April 30, 2028, and a final maturity date of April 30, 2051. Scheduled principal payments of $2 million and interest are paid quarterly. As of December 31, 2023 and 2022, $780 million and $788 million, respectively, was outstanding on the Senior Notes.

On January 19, 2022, in connection with a second securitization, the Issuer, issued $410 million Series 2022-1 3.695% Fixed Rate Senior Secured Notes (the "Series 2022-1 Senior Notes") through a second whole business securitization transaction (the "Second Securitization Transaction"). The Series 2022-1 Senior Notes have an anticipated repayment date of January 30, 2029, and a final maturity date of January 30, 2052. Scheduled principal payments of $1.03 million and interest are paid quarterly. As of December 31, 2023 and 2022, respectively, $402.83 million and $406.93 million, was outstanding on the Series 2022-1 Senior Notes.

On February 3, 2023, in connection with a third securitization, the issuer, issued $275 million Series 2023-1 7.308% Fixed Rate Senior Secured Notes (the "Series 2023-1 Senior Notes") through a third whole business securitization transaction (the "Third Securitization Transaction"). The Series 2023-1 Senior Notes have an anticipated repayment date of January 30, 2028, and a final maturity date of January 30, 2053. Scheduled principal payments of $687.5 and interest are paid quarterly. As of December 31, 2023, $272.94 million was outstanding on the Series 2023-1 Senior Notes.

The Series 2021-1 Senior Notes, the Series 2022-1 Senior Notes, the Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, and the Series 2023-1 Class A-1 Notes described above issued in conjunction with the Securitization Transaction, the Second Securitization Transaction, and the Third Securitization Transaction (together, the "Securitization Transactions") are secured by substantially all assets of the Securitization Entities and guaranteed by the Securitization Entities, including the Company, each of which is a bankruptcy remote entity and which owned substantially all of the Manager's US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the UK tradenames as of the date of issuance. The restrictions placed on the Issuer and its subsidiaries require that interest and scheduled principal payments on the Senior Notes and Class A-1 Notes be paid prior to any residual distributions to the Manager, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and scheduled principal amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Issuer and its subsidiaries is generally remitted to the Manager in the form of a distribution. The Manager also receives a fee for the services it provides to the Securitization Entities that is senior to debt service. The Securitization Transaction requires, among other things, maintenance of minimum debt-service coverage ratio levels and additional incurrence of indebtedness and scheduled amortization requirements are subject to compliance with maximum leverage ratio levels. As of December 31, 2023 and 2022, the Issuer was in compliance with all debt-service coverage covenants.

4. Intangible Assets and Goodwill

On March 25, 2021, intangible assets were contributed to the Company, along with certain dates thereafter as discussed in Note 1. Each of the SPV Franchisors are wholly owned subsidiaries and there was no change in ultimate ownership. Accordingly, there has been no change in control and therefore the Company concluded that the guidance in ASC 805 Business Combinations was not applicable. Intangible assets were recorded at the carrying value from the contributing entities on the date of the contribution, as the entities are under common control. Upon the acquisition by KKR (see Note 1), and the Company's election to apply pushdown accounting, the intangible assets were recorded at their acquisition-date fair values.

Intangible assets as of December 31, 2023, consisted of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Tradenames	20 years	$ 968,512	$ 107,087	$ 861,425
Franchise relationships	15 years	551,918	85,051	466,867
National accounts	15 years	2,521	320	2,201
Customer relationships	5 years	11,573	2,480	9,093
Developed technology	3 years	702	418	284
Total definite-lived intangibles		$ 1,535,226	195,356	$ 1,339,870

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	$ -	$ 1,314

Intangible assets as of December 31, 2022, consisted of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Tradenames	20 years	$ 886,322	$ 57,733	$ 828,589
Franchise relationships	15 years	542,800	48,249	494,551
National accounts	15 years	1,700	151	1,549
Developed technology	3 years	400	178	222
Total definite-lived intangibles		$ 1,431,222	106,311	$ 1,324,911

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	$ -	$ 1,314

Amortization expense was $92,198 for the year ended December 31, 2023. Amortization expense was $81,265 for the year ended December 31, 2022.

Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,	
2024	$ 88,766
2025	87,976
2026	87,887
2027	87,061
2028	85,407
Thereafter	902,773
	$ 1,339,870

Goodwill

The Company has assigned goodwill to its reporting units based on fair valuation analysis completed for the acquisition of the Manager by KKR.

The changes in the carrying amount of goodwill are as follows:

Balance as of December 31, 2021	$	1,739,192
Adjustment to goodwill for unrealized gain/loss on foreign currency		(10,608)
Balance as of December 31, 2022 (Restated)	$	1,728,584
Adjustment to goodwill for unrealized gain/loss on foreign currency		4,069
Balance as of December 31, 2023	**$**	**1,732,653**

5. Member's Equity

Neighborly Assetco LLC ("the Limited Liability Company") was formed pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del.C. §18-101, et seq.), as amended from time to time (the "Act").

The Limited Liability Company is governed by a Limited Liability Company Agreement in which management of the Company is vested in the member ("the Member"), the Manager, who has all powers, statutory or otherwise, possessed by members of a limited liability company under the laws of the State of Delaware. The Member has the authority to bind the Company.

The Member may appoint officers of the Company and may revoke delegated authorities and duties at any time by the Member.

The Limited Liability Company is capitalized with a single membership unit with a $1 per unit par value.

Pursuant to the Management Agreement, excess cash collections after distributions to the Issuer for quarterly interest and scheduled principal payments, expense reimbursements to the Manager and payment of management fees, are distributed to the Manager, as discussed in Note 8. The Member's equity is the residual of equity contributions from the Manager and income earned from operations, less distributions to the Issuer and Manager.

The Company shall dissolve, and its affairs be wound up upon the first to occur of the following: (i) the written consent of the Member, (ii) the retirement, resignation or dissolution of the Member or the occurrence of any other event which terminates the continued membership of the Member in the Company unless the business of the Company is continued in a manner permitted by the Act, or (iii) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

6. Trade Notes Receivable

The Company periodically receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time receives notes for delinquent franchise service fees. Such notes, as of December 31, 2023 and 2022, bear interest at rates typically ranging from 9% to 12% and generally require equal monthly installments over a life of one to ten years. Initial trade notes receivable for the respective SPV Franchisors were contributed to the Company as of March 31, 2021 by the Manager and subsequently at various dates thereafter. As the contribution was between entities under common control, the notes receivable transferred were recorded at their historical cost basis in the financial records of the Manager.

A summary of trade notes receivable as of December 31 is as follows:

	2023	2022
Amounts due within one year, net of allowance for credit losses of $89 as of December, 31, 2023 and allowance for doubtful accounts of $166 as of December 31, 2022	$ 9,530	$ 7,846
Amounts due after one year, net of allowance for credit losses of $474 as of December 31, 2023 and allowance for doubtful accounts of $379 as of December 31, 2022	15,221	17,884
Total trade notes receivable, net	$ 24,751	$ 25,730

An analysis of the changes in trade notes receivable is as follows:

For the years ended December 31,	**2023**	2022
Balance at beginning of period	$ **26,275**	$ 28,389
Notes receivable, contributed, net	**1,652**	-
Principal payments received	**(16,293)**	(13,699)
Notes issued	**15,050**	12,808
Net write-offs	**(1,370)**	(1,223)
Gross trade notes receivable, at end of period	**25,314**	26,275
Allowance for credit losses	**(563)**	-
Allowance for doubtful accounts	**-**	(545)
Net trade notes receivable, at end of period	$ **24,751**	$ 25,730

An analysis of the changes in the trade notes receivable allowance is as follows:

For the years ended December 31,	**2023**	2022
Allowance, beginning of period	**$ 545**	$ 447
Provisions for bad debts	**1,382**	1,282
Net write-offs	**(1,364)**	(1,184)
Allowance, end of period	**$ 563**	$ 545

Scheduled future maturities of trade notes receivable are as follows:

Years ending December 31,	
2024	$ 9,619
2025	4,795
2026	3,965
2027	2,882
2028	2,085
Thereafter	1,968
	$ 25,314

7. Property and Equipment

A summary of property and equipment as of December 31 is as follows:

		2023		2022
Machinery and equipment	$	6,303	$	5,523
Software		11,035		6,831
Vehicles		9,614		8,539
Total property and equipment		26,952		20,893
Less accumulated depreciation		(8,173)		(2,614)
Property and equipment – net	$	18,779	$	18,279

Depreciation expense was $5,092 for the year ended December 31, 2023 and $1,656 for the year ended December 31, 2022.

8. Related Party Transactions

The Company has material ongoing transactions with the Manager and other direct and indirect subsidiaries of the Manager.

Related parties, some of which are outside the United States, pay the Company, or its subsidiaries, a synthetic royalty or license fee for access to and use of their intellectual property, none of which are denominated in a foreign currency. Synthetic royalties and master license fees from affiliated entities were $28,705 for the year ended December 31, 2023, and $22,879 for the year ended December 31, 2022.

As discussed in Note 2, the Securitized Entities entered into the Management Agreement with the Manager to perform certain services on behalf of the Securitized Entities. In exchange for the services, the Securitized Entities pay a management fee for each 12-month period equal to the sum of (i) an annual base management fee of $8,000, plus (ii) a fee of $12.425 for every $100 of aggregate total securitization revenues in the form of collections for the applicable period.

The Company incurred management fees of $44,075 for the year ending December 31, 2023, and $37,264 for the year ending December 31, 2022.

Costs of products and services as well as advertising and promotion fund expenses are reimbursed by the Company to the Manager.

Excess cash collections after distributions to the Issuer for quarterly interest and scheduled principal payments, expense reimbursements to the Manager and payment of management fees, are distributed to the Manager. Distributions were $265,744 for the year ended December 31, 2023, and $202,999 for the year ended December 31, 2022.

9. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, Contingencies. Accordingly, no liabilities have been accrued for these matters as of December 31, 2023 and 2022.

Management believes that the outcome of such matters will not have a material effect on the Company's combined financial statements.

10. Subsequent Events

In preparation of its financial statements, the Company considered subsequent events through April 1, 2024, which was the date the Company's financial statements were available to be issued.

Neighborly Company and Subsidiaries

Consolidated Financial Statements
As of December 31, 2024 and 2023 and
for the years ended December 31, 2024 and 2023

Neighborly Company and Subsidiaries

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Report of Independent Auditors

To the Board of Directors and Stockholders of
Neighborly Company and subsidiaries

Opinion

We have audited the consolidated financial statements of Neighborly Company and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee

Building a better working world

that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during our audit.

Ernst & Young LLP

Dallas, Texas
March 31, 2025

Neighborly Company and Subsidiaries

Consolidated Balance Sheets
($000's)

	December 31, 2024	December 31, 2023
Assets		
Current Assets		
Cash	**$ 18,436**	$ 43,416
Restricted cash	**28,077**	28,636
Trade accounts receivable – net	**44,747**	44,566
Trade notes receivable - current portion – net	**7,776**	9,777
Inventories	**3,776**	4,007
Income tax receivable	**9,231**	1,880
Prepaid selling expenses - current	**4,726**	3,959
Other current assets	**6,106**	2,839
Total Current Assets	**122,875**	139,080
Property and equipment – net	**92,158**	89,137
Operating lease right of use assets	**20,221**	27,227
Prepaid selling expenses – less current portion	**19,896**	19,104
Trade notes receivable – less current portion - net	**13,577**	15,894
Intangible assets – net	**1,327,052**	1,425,724
Goodwill	**1,739,179**	1,741,101
Other non-current assets	**1,758**	2,128
Total Assets	**$ 3,336,716**	$ 3,459,395

Neighborly Company and Subsidiaries

Consolidated Balance Sheets (continued)
($000's, except share and per share amounts)

	December 31, 2024	2023
Liabilities and Stockholder's Equity		
Current Liabilities		
Trade accounts payable	**$ 17,856**	$ 15,962
Accrued liabilities	**48,074**	56,589
Deferred revenue - current	**18,215**	17,760
Current portion of long-term debt	**10,051**	10,488
Current portion of operating lease liabilities	**5,401**	6,925
Current portion of finance lease obligations	**5,941**	4,426
Total current liabilities	**105,538**	112,150
Long-term debt - less current portion	**1,571,110**	1,451,356
Operating lease obligations – less current portion	**15,639**	21,302
Finance lease obligations – less current portion	**10,278**	10,187
Deferred tax liabilities	**199,638**	220,780
Deferred revenue - less current portion	**74,718**	73,850
Other non-current liabilities	**1,616**	1,696
Commitments and Contingencies (Note 11)		
Stockholder's Equity		
Common stock-par value $0.01 per share; 100 shares authorized, issued and outstanding	**-**	-
Additional paid-in capital	**1,933,936**	2,100,435
Accumulated deficit	**(528,523)**	(489,405)
Accumulated other comprehensive loss	**(47,234)**	(42,956)
Total Stockholder's Equity	**1,358,179**	1,568,074
Total Liabilities and Stockholder's Equity	**$ 3,336,716**	$ 3,459,395

See accompanying notes to consolidated financial statements

Neighborly Company and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income (Loss)
($000's)

	Year Ended December 31,	
	2024	2023
Revenues and income		
Franchise service fees	**$ 208,277**	$ 194,731
Franchise sales fees	**35,122**	38,441
Sales of products and services	**282,737**	288,146
Advertising and promotional fund revenue	**60,159**	53,320
Other revenue	**39,387**	39,026
Total revenues and income	**625,682**	613,664
Cost of products and services	**174,140**	169,627
Gross Profit	**451,542**	444,037
Selling expense	**26,173**	26,179
General and administrative expense	**206,402**	196,985
Advertising and promotional fund expense	**61,482**	58,124
Equity-based compensation expense	**3,130**	4,194
Depreciation and amortization	**123,676**	116,929
Management and board fees and expenses	**3,650**	4,638
Loss on impairment of goodwill and tradenames	**-**	428,286
Credit losses	**3,810**	2,812
Operating Income (Loss)	**23,219**	(394,110)
Interest expense	**70,278**	68,756
Loss Before Income Taxes	**(47,059)**	(462,866)
Income tax benefit	**(7,941)**	(23,790)
Net Loss	**(39,118)**	(439,076)
Other comprehensive income/(loss)		
Foreign currency translation adjustment, net of tax of $1,070 and 2,132, respectively	**(3,208)**	6,395
Total Other Comprehensive income/(loss)	**(3,208)**	6,395
Comprehensive Loss	**$ (42,326)**	$ (432,681)

See accompanying notes to consolidated financial statements.

Neighborly Company and Subsidiaries

Consolidated Statement of Changes in Stockholder's Equity
($000's, except share amounts)

	Common Stock		Additional Paid - In	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Deficit	Income (Loss)	Total
Balance at December 31, 2022	100	$ -	$ 2,420,959	$ (50,587)	$ (51,483)	$ 2,318,889
Adoption of accounting principle	-	-	-	258	-	258
Distribution to parent	-	-	(324,718)	-	-	(324,718)
Equity-based compensation	-	-	4,194	-	-	4,194
Foreign currency translation adjustment	-	-	-	-	8,527	8,527
Net loss	-	-	-	(439,076)	-	(439,076)
Balance at December 31, 2023	100	$ -	$ 2,100,435	(489,405)	(42,956)	1,568,074
Contribution to Equity	-	-	575	-	-	575
Distribution to parent	-	-	(170,204)	-	-	(170,204)
Equity-based compensation	-	-	3,130	-	-	3,130
Foreign currency translation adjustment	-	-	-	-	(4,278)	(4,278)
Net loss	-	-	-	(39,118)	-	(39,118)
Balance at December 31, 2024	**100**	**$ -**	**$ 1,933,936**	**$ (528,523)**	**$ (47,234)**	**$ 1,358,179**

See accompanying notes to consolidated financial statements.

Neighborly Company and Subsidiaries

Consolidated Statement of Cash Flows
($000's unless otherwise noted)

	For the Year Ended December 31,	
	2024	2023
Operating activities		
Net loss	$ (39,118)	$ (439,076)
Adjustments to reconcile net loss to net cash provided by **operating activities:**		
Depreciation and amortization	123,676	116,929
Amortization of deferred financing costs	4,409	4,164
Loss on impairment of goodwill and tradenames	-	428,286
Bad debt expense	3,810	2,812
Trade notes issued	(14,978)	(15,243)
Collections of notes receivable	17,660	16,605
Deferred income taxes	(20,651)	(44,346)
Loss on disposal of assets	3,589	-
Equity-based compensation	3,130	4,194
Changes in assets and liabilities:		
Trade accounts receivable	(2,848)	(1,403)
Inventories	249	626
Prepaid selling expenses and other assets	(4,313)	3,722
Trade accounts payable	1,907	(6,249)
Accrued liabilities	(9,729)	(8,512)
Other non-current liabilities	(83)	(275)
Income tax payable	(7,352)	(1,519)
Change in operating lease assets and liabilities	(181)	3,535
Deferred revenue	1,323	11,246
Net cash provided by operating activities	60,500	75,496
Investing activities		
Purchase of property, equipment and other assets	(25,042)	(27,931)
Acquisitions of intangible assets	(677)	-
Net cash used in investing activities	(25,719)	(27,931)
Financing activities		
Equity contribution	575	-
Distributions paid	(170,204)	(324,718)
Deferred financing costs paid	(3,241)	(13,866)
Proceeds from revolving credit	158,000	25,000
Payment on revolving credit	(25,000)	-
Payments on principal portion of finance lease liabilities	(4,749)	(3,455)
Payments on long-term borrowings	(14,850)	(14,323)
Proceeds from long-term borrowings	-	275,000
Net cash used in financing activities	(59,469)	(56,362)
Effect of foreign currency translation on cash	(851)	(1,255)
Net decrease in cash and restricted cash	(25,539)	(10,052)
Cash and restricted cash - Beginning of period	$ 72,052	$ 82,104
Cash and restricted cash - End of period	$ 46,513	$ 72,052
Supplemental cash flow disclosures:		
Cash paid for income taxes, net of refunds	$ 16,770	$ 15,829
Cash paid for interest	65,052	$ 60,258

1. Organization and Description of Business

Organization and Description of Business

Neighborly Company and Subsidiaries ("we", "our", "Neighborly" and the "Company") is a Delaware corporation and is the parent company of a number of franchisors and related supporting businesses operating in the United States (the "US") and internationally which include the following companies: Mr. Rooter, Rainbow International, Mr. Electric, Aire Serv, Mr. Appliance, Glass Doctor, Grounds Guys, Molly Maid, Mr. Handyman, Five Star Painting, Mosquito Joe, Real Property Management, Window Genie, HouseMaster, Dryer Vent Wizard, ShelfGenie, Precision Door Service, Restoration 1, Junk King, Lawn Pride, ZorWare, Drain Doctor, Locatec, Countrywide, Bright and Beautiful, Dream Doors, Greensleeves, and ProTradeNet.

In addition, the Company owns and operates non-franchisor entities as follows: Portland Glass, which offers auto, home, and business glass repair and replacement through company owned stores located in Maine, Vermont, and New Hampshire; Pimlico Plumbers, which offers repair and maintenance services, concentrated in central London; Plumb Enterprises, which offers full plumbing, drain and sewer cleaning services, excavation, and repairs in Colorado; and Lawn Pride, which offers lawn care and maintenance services through the application of fertilizer, as well as pest control, in Indiana.

Acquisition of the Company

On June 29, 2021, Kohlberg Kravis and Roberts ("KKR"), and associated co-investors formed Nest Bidco Inc. which, on September 1, 2021, purchased 100% of the shares of Balcones Holdco, Inc., the parent company of Neighborly, from TDG Investment Holdings, LP. Nest Bidco Inc. is an indirectly wholly owned subsidiary of Nest Holdings LP, which is the ultimate parent company of the newly formed business. The transaction was effected to add Neighborly to KKR's investment portfolio, and allows Neighborly to gain access to KKR's capital and resources.

2. Summary of Significant Accounting Policies

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," (ASU No. 2023-09) which requires disclosure of disaggregated information about a reporting entity's effective tax rate reconciliation as well as disclosures on income taxes paid by jurisdiction. ASU No. 2023-09 is effective for annual periods beginning after December 15, 2024. The guidance is required to be applied on a prospective basis, with the option to apply the standard retrospectively. Early adoption is permitted. Management is currently evaluating the impact of this guidance on the Company's consolidated financial statements and related disclosures.

In January 2024, the FASB issued ASU No. 2024-01, "Scope Application of Profits Interest and Similar Awards." This update clarifies that profits interests and similar awards granted to employees as compensation for services are within the scope of ASC Topic 718 (Compensation—Stock Compensation). The amendments in this update are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years, with early adoption permitted. The Company is required to apply these amendments on a modified retrospective basis

to awards outstanding at the beginning of the fiscal year of adoption, with cumulative-effect adjustments to retained earnings. Management is currently evaluating the impact of this guidance on the Company's consolidated financial statements and related disclosures.

Principles of Consolidation and Variable Interest Entities

The accompanying consolidated financial statements as of December 31, 2024 and 2023 include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

FASB Accounting Standards Codification (ASC) Topic 810-10, Consolidation, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity ("VIE"). FASB ASC Topic 810-10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the power to direct activities of a VIE that most significantly impact the VIE's economic performance and has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

Neighborly Assetco LLC ("Assetco") is a direct, wholly owned subsidiary of Neighborly Issuer LLC (the "Issuer"), which is a special purpose Delaware limited liability company and a direct, wholly owned subsidiary of Neighborly SPV Guarantor LLC (the "SPV Guarantor"), which is a special purpose Delaware limited liability company that is an indirect, wholly owned subsidiary of Neighborly (the "Manager").

Assetco's subsidiaries are comprised of a number of franchisors and related supporting businesses operating in the US and internationally and include the following businesses: Aire Serv SPV LLC, Mr. Electric SPV LLC, The Grounds Guys SPV LLC, Rainbow International SPV LLC, Glass Doctor SPV LLC, Mr. Appliance SPV LLC, Mr. Rooter SPV LLC, Molly Maid SPV LLC, Mr. Handyman SPV LLC, Five Star Painting SPV LLC, Window Genie SPV LLC, Real Property Management SPV LLC, Mosquito Joe SPV LLC, HouseMaster SPV LLC, Dryer Vent Wizard SPV LLC, ShelfGenie SPV LLC, Precision Door Service SPV LLC, Junk King SPV LLC, and Lawn Pride SPV LLC (each an "SPV Franchisor" and together the "SPV Franchisors") and ProTradeNet SPV LLC, Neighborly Service Solutions SPV LLC, Back Office SPV LLC, G-O Manufacturing SPV LLC, Zorware SPV LLC, NBLY Co Ops CO SPV LLC, NBLY Co Ops WA SPV LLC, NBLY Co Ops AZ SPV LLC, NBLY Co Ops IN SPV LLC, Trench Right SPV LLC, Trench Right WA SPV LLC, Dig Boss SPV LLC, NBLY Logistics SPV LLC, and Pimlico SPV Limited (each a "Non-Franchisor SPV Entity" and together the "Non-Franchisor SPV Entities"), each of which is a direct, wholly owned subsidiary of Assetco.

Assetco holds all the equity interests in the SPV Franchisors and the Non-Franchisor SPV Entities, certain intellectual property, certain license agreements and certain vendor agreements. Each SPV Franchisor holds the tradenames and the franchise agreements related to such brand and any product supply agreements or vendor agreements related to such brand. The Non-Franchisor SPV

Entities hold certain tradenames, certain product supply agreements, certain vendor agreements and the office service agreements.

Neighborly SPV Guarantor LLC, Neighborly Issuer LLC, and Neighborly Assetco LLC (collectively with the SPV Franchisors and the Non-Franchisor SPV Entities are referred to as "Securitization Entities")

were formed in connection with a financing transaction (the "Securitization Transaction"), which was completed on March 25, 2021 and on subsequent dates thereafter (see Note 3).

The Company has determined that the Securitization Entities qualify as VIE's and that Neighborly is the primary beneficiary, having both power and benefits, of the Securitization Entities and accordingly, consolidation is concluded.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition, Accounts Receivable, Notes Receivable, and Allowances

The Company's primary sources of revenue are as follows:

- Franchise service fees from existing franchise owners based on a percentage of each franchise owner's gross sales. These fees generally range from 2% to 15% of the franchise owner's gross sales, depending upon the particular franchise concept and upon various other factors;

- Franchise sales fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchise owners;

- Sales of products and services to unrelated third parties;

- Advertising and promotional fund revenue represents marketing, advertising and promotional ("MAP") fund fees collected from existing franchise owners. These fees are typically a percentage of each franchise owner's sales and vary depending upon the particular franchise concept and various other factors;

- Other revenue consists of incentives earned from services performed for unrelated third parties and interest generated from notes receivable.

Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. Our performance obligations under franchise agreements consist of providing a license of our brand's intellectual property, a list of approved suppliers, certain training programs, an operations manual, and to maintain the MAP fund. These performance obligations are highly interrelated and we do not consider them to be individually distinct, and therefore account for them as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property. Revenue related to franchise agreements is recognized on a straight-line basis over the term of the agreement, with the exception of variable or sales-based royalties, MAP fund fees collected and revenue allocated to goods and services and other variable fees which are recognized as the underlying sales occur and performance obligations are satisfied.

In the event a franchise agreement is terminated, without a corresponding agreement executed by the same franchise owner, any remaining deferred fees as well as applicable termination fees are recognized in the period of termination.

The Company periodically extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the notes receivable are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchise owners for unpaid franchise service fees. The Company places notes receivable on nonaccrual status when payment is ninety days past due, and ceases to recognize revenue from interest on the note until such time as the note is no longer past due. Interest on trade notes receivable is recorded as revenue when earned. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchise owners.

The Company adopted ASU 2016-13 ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments using the modified retrospective adoption method on January 1, 2023, which was retroactively applied as of the first day of 2023. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Upon adoption of this guidance, the Company recognized a decrease to its allowance for credit losses of $200 and a corresponding adjustment to accumulated deficit, net of tax.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

Franchise service fee revenues represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to our performance obligations to our franchise owners to maintain the intellectual property being licensed.

We have determined we act as the principal in the transaction related to the MAP fund contributions and expenditures. MAP fund contributions and expenditures are reported in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). Our obligation related to these funds is to administer the MAP fund, keep unused MAP fees in segregated bank accounts which are classified as restricted cash on the Consolidated Balance Sheet and use MAP fees for certain activities related to the marketing and promotion of the individual brands. As noted above, we have concluded the advertising services provided to franchise owners are highly interrelated with the franchise rights and not a distinct performance obligation; therefore, revenues from MAP fund fees are recognized as advertising and promotion fund revenue when the related sales occur based on the application of the sales-based royalty exception within ASC 606, Revenue from Contracts with Customers.

Revenues from product sales are recognized upon transfer of title, when delivered to the customer, when the work is performed, or orders are shipped. Incentives earned are recognized as services are performed.

Contract Balances

The contract liabilities which we classify as "deferred revenue" consist primarily of the unamortized portion of initial franchise fees that are currently being recognized into revenue, amounts related to pending agreements, or other deferred revenues not related to franchise agreements. Contract deferred franchise revenue represents our remaining performance obligations to our franchise owners, as we account for our highly interrelated obligations as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property excluding amounts of variable consideration related to sale-based royalties and advertising. The other deferred revenues not related to the franchise agreements are included in current deferred revenue.

The components of the change in deferred revenue are as follows:

	Year Ended December 31,	
	2024	2023
Balance at beginning of period	$ 91,610	$ 80,364
Fees received from franchise owners	37,203	49,188
Franchise sales revenue recognized	(35,122)	(38,441)
Other changes in deferred revenue	(758)	499
Balance at end of period	92,933	91,610
Less: current portion	18,215	17,760
Deferred revenue noncurrent	$ 74,718	$ 73,850

Revenue deferred as of December 31, 2023 and recognized in the period from January 1, 2024 through December 31, 2024 was $17,623. Revenue deferred as of December 31, 2022 and recognized in the period from January 1, 2023 through December 31, 2023 was $20,133.

As of December 31, 2024, the deferred revenue expected to be recognized for each of the next five years and in the aggregate is as follows:

Years ending December 31,	
2025	$ 18,215
2026	12,829
2027	12,455
2028	11,718
2029	10,267
Thereafter	27,449
	$ 92,933

Direct, incremental selling expenses incurred when the franchise agreement is executed are recorded as a contract asset and amortized over the life of the agreement consistent with the recognition of the deferred revenue. Contract assets are included in current and non-current

prepaid selling expenses in the accompanying Consolidated Balance Sheets and the amortization is included in general and administrative expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). For the year ended December 31, 2024, $7,736 of costs were paid and amortization expense of $6,175 was recognized. For the year ended December 31, 2023, $8,883 of costs were paid and amortization expense of $5,845 was recognized.

The ending asset for deferred contract costs as of December 31, 2024 was $24,622, of which $4,726 was current. The ending asset for deferred contract costs as of December 31, 2023 was $23,063, of which $3,959 was current.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was $23,200 and $28,772 for the years ended December 31, 2024 and 2023, respectively. Advertising expense is included in general and administrative expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). This is separate from MAP fees which are presented on their own line in Consolidated Statements of Operations and Comprehensive Income (Loss).

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

With the exception of land, which is not depreciated, property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets which are generally as follows: buildings (30 years) and building improvements (5-15 years), capped at the lesser of life of the leasehold improvements or remaining lease life; machinery, equipment, and vehicles (5-10 years); furniture and fixtures (5 years); and hardware and software (3 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred.

Management evaluates long-lived assets used in operations for impairment when indicators of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of the assets. No impairment losses for property and equipment were recorded for the year ended December 31, 2024.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's impairment tests are generally performed as of October 1st annually. The Company's current goodwill balance resulted from the acquisition of the Company as of September 1, 2021, and from the Company's acquisitions in the successor period, as discussed in Note 1.

The Company performed a qualitative assessment of its goodwill as of October 1, 2024 and concluded that indicators of impairment existed for certain of its reporting units, based on trends

in financial performance. Therefore, the Company performed a quantitative assessment of its goodwill for certain reporting units with indicators of impairment by measuring the fair value using present value techniques including the income approach and the market approach. The Company's weighted average cost of capital declined slightly as well as projected positive operating performance of the reporting units resulted in a fair value that exceeded carrying value with no resulting impairment. A goodwill impairment expense of $417,591 was recorded in the year ended December 31, 2023, and none in 2024.

Intangible Assets

Intangible assets consist of tradenames, franchise relationships, national accounts, insurance company relationships, customer relationships, re-acquired franchise rights, developed technology, copyrights, and domain name, and are stated at their estimated fair value as of the date of acquisition, less subsequent amortization. The Company's intangible assets are definite lived, other than domain name, which is indefinite lived.

For definite lived intangible assets, when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, the Company evaluates the definite lived intangible assets for impairment by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded in the amount the carrying value exceeds the fair market value of the assets. No impairment expense was recorded in the year ended December 31, 2024, and $10,695 was recorded in the year ended December 31, 2023.

Tradenames are amortized over their estimated useful life, which ranges from three years to 20 years, using the straight-line method. Franchise relationships, national accounts relationships, and insurance company relationships are amortized over their estimated useful lives of 15 years, using the straight-line method. Customer relationships are amortized over their estimated useful life of three to 10 years, using the straight-line method. Reacquired franchise rights are amortized over the remaining life of the reacquired agreements, between one to seven years, using the straight-line method. Copyrights are amortized over their estimated useful life of five years, using the straight-line method. Developed technology is amortized over their estimated useful life of three years, using the straight-line method.

Domain names are stated at their estimated fair value at the date of acquisition, and are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. The Company performed a qualitative assessment of its indefinite lived intangible assets as of October 1, of 2024 and 2023 and concluded it is not more likely than not that the fair value of its domain names is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax basis. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in tax expense in the period that includes the enactment date.

The Company establishes valuation allowances in accordance with the provisions of FASB ASC Topic 740, Income Taxes. The Company reviews the adequacy of any valuation allowance and recognizes tax benefits only when it is more likely than not that the benefits will be realized.

The Company measures, classifies, and discloses uncertain tax benefits in accordance with FASB ASC Topic 740-10, Income Taxes-Overall. The Company has elected to classify interest and penalties related to uncertain tax benefits as a component of income tax expense.

Equity-based Compensation

The Company accounts for equity-based compensation under FASB ASC Topic 718, Compensation-Stock Compensation. This pronouncement requires the measurement of all equity-based payments to employees using a fair-value-based method and the recording of such expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). The Company participates in an equity-based employee compensation plan, which is described more fully in Note 5.

Foreign Currency Translation

Consolidated entities that have a functional currency that differs from the Company's reporting currency include our foreign subsidiaries, which are in Canada, the United Kingdom (the "UK"), Germany and Austria. Foreign currency denominated assets and liabilities are translated using the exchange rates at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included as a component of accumulated other comprehensive income (loss) until realized. Where amounts denominated in a foreign currency are converted into US dollars by remittance or repayment, the realized exchange differences are included in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss), primarily in general and administrative expense, and was immaterial in all periods presented.

Cash and Restricted Cash

The Company considers all cash and highly liquid investments purchased with an initial maturity of three months or less to be cash or cash equivalents.

Cash consists primarily of cash on hand and cash on deposit. Restricted cash includes funds held for the MAP funds and securitized cash held for principal and interest payments on deposit related to the Securitization Transaction.

Cash and restricted cash consists of the following as of December 31,:

		2024		2023
Cash	**$**	**18,436**	$	43,416
Restricted Cash:				
Whole business securitization		**23,639**		21,903
MAP funds		**4,438**		6,733
Total cash and restricted cash	**$**	**46,513**	$	72,052

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Fair Value of Financial Instruments and Non-financial Assets

In accordance with FASB ASC 820, Fair Value Measurements, certain assets and liabilities carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The tradenames, systems in place, and developed technology were valued using the relief from royalty method and the franchise relationships, customer relationships, national account relationships, and insurance company relationships were valued using the multi-period excess earnings method in the periods acquired, except for those tradenames remeasured in 2023 as a result of impairment testing as discussed above. Rollover equity was valued using a combination of Level 2 observable inputs including EBITDA multiples and comparable public company as well as discounted cash flow analysis of future projections in the period issued. The future projections and estimates used to fair value the assets acquired in acquisitions, as well as those used in our long-lived asset and goodwill impairment testing, are considered Level 3 inputs.

3. Debt Agreements

Through its wholly owned subsidiary, Neighborly Issuer LLC (the "Issuer"), the Company entered into the Securitization Transaction which was completed on March 25, 2021. In conjunction with the Securitization Transaction, the Issuer issued $800,000 Series 2021-1 3.584% Fixed Rate Senior Secured Notes (the "Series 2021-1 Senior Notes"). The Series 2021-1 Senior Notes have an anticipated repayment date of April 30, 2028, and a final maturity date of April 30, 2051. Scheduled principal payments of $2,000 and interest are paid quarterly. As of December 31, 2024 and 2023, the Series 2021-1 Senior Notes had $772,000 and $780,000 outstanding, respectively.

Additionally, the Securitization Transaction provided for a $10,000 variable rate Delayed Draw Class A-1-LR Senior Note ("Series 2021-1 Class A-1 Notes"), with a final maturity date of April 30, 2051, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at the Secured Overnight Financing Rate (SOFR) plus 300 basis points. As of December 31, 2024 and 2023, no borrowings had been made on the Series 2021-1 Class A-1 Notes.

The Securitization Transaction also provided for a $30,000 variable rate Class A-1-VFN Senior Note (the "2021 VFN facility"), with a maturity date of April 30, 2026, and two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 266 basis points. As of December 31, 2024, $8,000 of borrowings were outstanding on the 2021 VFN facility and availability was $5,050.

For the year ended December 31, 2023, the Company had no borrowings on the facility and availability was $13,050. Issued and undrawn letters of credit under the VFN facility were $16,950 as of December 31, 2024 and 2023. Undrawn letters of credit under the VFN facility incur interest at a rate of 2.66%, which is payable quarterly. The Company considered the upcoming maturity of the 2021 VFN Facility and concluded it has the unilateral ability to extend the maturity date to April 2027, if certain conditions are met. The Company evaluated the conditions precedent and concluded they will be met throughout 2025; therefore, the Company will have the unilateral ability to extend and intends to execute the extension prior to the initial maturity date of April 30, 2026.

On January 19, 2022, the Company, through the Issuer, issued $410,000 Series 2022-1 3.695% Fixed Rate Senior Secured Notes (the "Series 2022-1 Senior Notes") through a second whole business securitization transaction (the "Second Securitization Transaction"). The Series 2022-1 Senior Notes have an anticipated repayment date of January 30, 2029, and a final maturity date of January 30, 2052. Scheduled principal payments of $1,025 and interest are paid quarterly. As of December 31, 2024 and 2023, $398,725 and $402,825 was outstanding on the Series 2022-1 Senior Notes, respectively.

Additionally, the Second Securitization Transaction provided for a $4,000 variable rate Delayed Draw Class A-1-LR Senior Note (the "Series 2022-1 Class A-1 Notes"), with a final maturity date of January 30, 2052, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at a rate equal to Prime plus 300 basis points. As of December 31, 2024 and 2023, no draws had been made on the Series 2022-1 Class A-1 Notes.

In conjunction with the Second Securitization Transaction, $10,353 in transaction fees were capitalized as deferred financing costs to be amortized over the anticipated term of the notes using the straight-line method, which material approximates the effective interest rate method. For the years ended December 31, 2024 and 2023, respectively, a total of $1,494 and $1,510 of previously capitalized deferred financing costs related to the Second Securitization Transaction were amortized to interest expense on the Consolidated Statements of Operations and Comprehensive Income (Loss).

On February 3, 2023, the Company, through its indirect, wholly owned subsidiary, Neighborly Issuer LLC, issued $275,000 Series 2023-1 7.308% Fixed Rate Senior Secured Notes (the "Series 2023-1 Senior Notes") through a third whole business securitization transaction (the "Third Securitization Transaction"). The Series 2023-1 Senior Notes have an anticipated repayment date of January 30, 2028, and a final maturity date of January 30, 2053. Scheduled principal payments of $687 and interest are paid quarterly. As of December 31, 2024 and 2023, $270,188 and $272,938 was outstanding on the Series 2023-1 Senior Notes, respectively.

Additionally, the Third Securitization Transaction provided for a $5,025 variable rate Delayed Draw Class A-1-LR Senior Note (the "Series 2023-1 Class A-1 Notes"), with a final maturity date of January 30, 2053, which is only available for limited purposes and may not be drawn by the Issuer. On December 11, 2024, the Series 2023-1 Class A-1 Notes maturity date was amended to change to January 30, 2055. Interest on draws is paid weekly at a rate equal to SOFR plus 300 basis points. As of December 31, 2024, no draws had been made on the Series 2023-1 Class A-1 Notes.

The Third Securitization Transaction also provided for a $125,000 variable rate Class A-1-VFN Senior Note (the "2023 VFN facility"), with a maturity date of January 30, 2026, with two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 350 basis points. As of December 31, 2024, the Company had borrowings outstanding of $75,000 on the 2023 VFN facility

and had $50,000 of availability. As of December 31, 2023, borrowings outstanding on the 2023 VFN facility were $25,000, and availability was $100,000. The Company considered the upcoming maturity of the 2023 VFN Facility and concluded it has the unilateral ability to extend the maturity date to January 2027, if certain conditions are met. The Company evaluated the conditions precedent and concluded they will be met throughout 2025; therefore, the Company will have the unilateral ability to extend and intends to execute the extension prior to the initial maturity date of January 30, 2026.

In conjunction with the Third Securitization Transaction, $14,177 in transaction fees were capitalized as deferred financing costs, to be amortized over the anticipated term of the notes using the effective interest method. For the years ended December 31, 2024 and 2023, $2,868 and $2,654 of previously capitalized deferred financing costs related to the Third Securitization Transaction were amortized to interest expense on the Consolidated Statements of Operations and Comprehensive Income (Loss), respectively.

On December 11, 2024, the Company, through its indirect, wholly owned subsidiary, Neighborly Issuer LLC, entered into a $75,000 variable rate Class A-1-VFN Senior Note (the "2024 VFN Facility") through a fourth whole business securitization transaction (the "Fourth Securitization Transaction"). The 2024 VFN Facility has an anticipated repayment date of January 30, 2030 with two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 240 basis points. As of December 31, 2024, borrowings outstanding on the 2024 VFN facility were $75,000, and no availability.

In conjunction with the Fourth Securitization Transaction in 2024, $3,241 in transaction fees were capitalized as deferred financing costs in 2024, to be amortized over the anticipated term of the notes on a straight line basis which approximates the effective method. Amortization was negligible in 2024.

The Series 2023-1 Senior Notes and the 2024 VFN Facility issued in conjunction with the securitization transaction are secured by substantially all assets of the Securitization Entities and guaranteed by the Securitization Entities. Proceeds were distributed to Neighborly's parent company to extinguish debt incurred by the parent to fund the Company's acquisitions.

The Series 2021-1 Senior Notes, the Series 2022-1 Senior Notes, the Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, the Series 2023-1 Class A-1 Notes, and VFN facilities described above issued in conjunction with the Securitization Transaction, the Second Securitization Transaction, the Third Securitization Transaction and the Fourth Securitization Transaction (together, the "Securitization Transactions") are secured by substantially all assets of Neighborly Issuer LLC and the other Securitization Entities, and guaranteed by the Issuer and such Securitization Entities, each of which is a bankruptcy remote entity and which owned substantially all of the Company's US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the UK tradenames as of the date of issuance. The restrictions placed on the Issuer and its subsidiaries require that interest and scheduled principal payments on the Series 2021-1 Senior Notes, Series 2022-1 Senior Notes, Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, and the Series 2023-1 Class A-1 Notes be paid prior to any residual distributions to the Manager, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and scheduled principal amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Issuer and its subsidiaries is generally remitted to the Manager in

the form of a distribution. The Manager also receives a fee for the services it provides to the Securitization Entities that is senior to debt service. The Securitization Transactions require, among other things, maintenance of minimum debt-service coverage ratio levels and additional incurrence of indebtedness and scheduled amortization requirements are subject to compliance with maximum leverage ratio levels. As of December 31, 2024 and 2023, the Issuer was in compliance with all debt-service coverage covenants.

The Company's long-term debt and trade notes receivable bear interest at market rates. Thus, management believes their carrying amounts approximate fair value.

Debt consists of the following as of December 31:

		2024		2023
Series 2021-1 Senior Notes	**$**	**772,000**	$	780,000
Series 2022-1 Senior Notes		**398,725**		402,825
Series 2023-1 Senior Notes		**270,188**		272,938
2021 VFN Facility		**8,000**		-
2023 VFN Facility		**75,000**		25,000
2024 VFN Facility		**75,000**		-
Total carrying value of debt		**1,598,913**		1,480,763
Less: Deferred financing costs		**(17,752)**		(18,919)
Total net debt		**1,581,161**		1,461,844
Less: current portion		**(10,051)**		(10,488)
Long-term debt	**$**	**1,571,110**	$	1,451,356

Future maturities of long-term debt based on principal payments outstanding as of December 31, 2024, are as follows:

Years ending December 31,	
2025	$ 14,850
2026	14,850
2027	14,850
2028	754,850
2029	385,075
Thereafter	414,438
	$ 1,598,913

4. Intangible Assets and Goodwill

Intangible assets as of December 31, 2024, consisted of the following:

	Useful Life	Gross Amount	Accumulated Impairment	Accumulated Amortization	Net Amount
Tradenames	3-20 years	$ 996,297	$ 10,248	$ 158,895	$ 827,154
Franchise relationships	15 years	612,607	418	135,273	476,916
National accounts	15 years	3,248	148	624	2,476
Insurance company relationships	15 years	2,300	-	511	1,789
Customer relationships	3-10 years	17,834	-	7,612	10,222
Franchise rights	1-7 years	12,200	-	5,154	7,046
Developed technology	3 years	720	-	631	89
Copyrights	5 years	140	-	93	46
Total definite-lived intangibles		$ 1,645,347	$ 10,814	$ 308,793	$ 1,325,738

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	-	$ 1,314

Intangible assets as of December 31, 2023, consisted of the following:

	Useful Life	Gross Amount	Accumulated Impairment	Accumulated Amortization	Net Amount
Tradenames	3-20 years	$ 1,001,190	$ 10,248	$ 111,600	$ 879,342
Franchise relationships	15 years	613,289	418	94,631	518,240
National accounts	15 years	3,138	148	424	2,566
Insurance company relationships	15 years	2,300	-	358	1,942
Customer relationships	3-10 years	17,848	-	4,594	13,254
Franchise rights	1-7 years	12,200	-	3,495	8,705
Developed technology	3 years	720	-	436	284
Copyrights	5 years	143	-	66	77
Total definite-lived intangibles		$ 1,650,828	$ 10,814	$ 215,604	$ 1,424,410

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	-	$ 1,314

Amortization expense was $96,830 and $96,710 for the years ended December 31, 2024 and 2023, respectively. Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,	
2025	$ 95,561
2026	95,463
2027	94,618
2028	92,964
2029	91,718
Thereafter	855,410
	$ 1,325,738

Goodwill

The Company has assigned goodwill to its reporting units based on fair valuation analysis completed for the acquisition of the parent by KKR and from the Company's acquisitions on September 1, 2021, and any subsequent acquisitions.

The changes in the carrying amount of goodwill are as follows:

	December 31, 2024	2023
Balance at beginning of period	**$ 1,741,101**	$ 2,154,115
Adjustment to goodwill for unrealized gain/loss on foreign currency	**(1,922)**	4,577
Goodwill impairment	**-**	(417,591)
Balance at end of period	**$ 1,739,179**	$ 1,741,101

5. Equity-based Compensation

In September 2021, Nest Management LP, a co-investor with KKR, created a profits interest plan which provides for profits interest award grants of Nest Holdings LP and its subsidiaries. A total of 202,843,686 profits interests units were approved to be granted under the plan.

On October 27, 2021, and certain dates thereafter, Nest Management LP granted awards under the plan. The profits interests are exercisable only to the extent they are vested, and do not expire. Generally, vesting of a portion of the profits interests (50%) is subject to the passage of time; the remaining (50%) vest based on achievement of defined financial criteria upon a liquidity event of the Company. Based on continuous employment, time-based profits interest units vest 20% annually, for each of five years.

The Company accounts for equity-based compensation in accordance with ASC 718, Compensation-Stock Compensation, which requires the fair value of equity-based payments to be recognized in the consolidated statements as compensation expense over the requisite service period. For time-based awards, compensation expense is recognized on a straight-line basis, net of forfeitures which

are recognized as they occur, over the requisite service period for awards that actually vest. For performance-based awards, compensation expense is estimated based on

achievement of performance conditions and is recognized over the requisite service period for awards that actually vest. Equity-based compensation expense is recorded in the equity-based compensation line in the consolidated statements of operations.

The average grant date fair value of awards under the Nest Management LP profits interest plan was determined using Monte-Carlo simulation, and was $0.36 per unit for awards in the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023 no units were both vested and exercisable.

Equity-based compensation expense recorded for the years ended December 31, 2024 and 2023 was $3,130 and $4,194, respectively. As of December 31, 2024, unamortized stock compensation expense to be recognized in future years was $9,707.

	Number of Underlying Units
Outstanding – December 31, 2022	138,245,959
Granted	16,124,890
Forfeited	(32,158,970)
Redeemed	-
Outstanding – December 31, 2023	122,211,879
Granted	48,017,602
Forfeited	(36,223,635)
Redeemed	-
Outstanding – December 31, 2024	134,005,848
Vested and Exercisable – December 31, 2024	-

6. Trade Notes Receivable

The Company periodically receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time receives notes for delinquent franchise service fees. Such notes, as of December 31, 2024 and 2023, bear interest at rates typically ranging from 9% to 12% and generally require equal monthly installments over a life of one to ten years.

A summary of trade notes receivable as of December 31 is as follows:

	2024	2023
Amounts due within one year, net of allowance for credit losses of $1,167 and $464 as of December 31, 2024 and 2023, respectively	**$ 7,776**	$ 9,777
Amounts due after one year, net of allowance for credit losses of $2,105 and $2,155 as of December 31, 2024 and 2023, respectively	**13,577**	15,894
Total trade notes receivable, net	**$ 21,353**	$ 25,671

An analysis of the changes in trade notes receivable is as follows:

	Year Ended December 31, 2024	2023
Gross trade notes receivable, beginning of period	**$ 28,290**	$ 30,228
Principal payments received	**(17,660)**	(16,605)
Notes issued	**14,978**	15,243
Net write-offs	**(946)**	(574)
Foreign currency translation	**(37)**	(2)
Gross trade notes receivable, end of period	**24,625**	28,290
Allowance for credit losses	**(3,272)**	(2,619)
Net trade notes receivable, end of period	**$ 21,353**	$ 25,671

An analysis of the changes in the trade notes receivable allowance is as follows:

	Year Ended December 31, 2024	2023
Allowance, beginning of period	**$ 2,619**	$ 1,874
Provision for credit losses	**1,600**	1,303
Net write-offs	**(946)**	(574)
Foreign currency translation	**(1)-**	16
Allowance, end of period	**$ 3,272**	$ 2,619

Scheduled future maturities of trade notes receivable are as follows:

Years ending December 31,	
2025	$ 8,943
2026	5,208

2027	4,086
2028	2,957
2029	2,011
Thereafter	1,420
	$ 24,625

7. Property and Equipment

A summary of property and equipment as of December 31 is as follows:

	2024	2023
Land	**$ 2,561**	$ 1,720
Building and improvements	**36,403**	31,157
Machinery and equipment	**10,690**	8,843
Hardware	**8,564**	6,519
Software	**54,907**	40,940
Furniture and fixtures	**2,033**	4,234
Vehicles	**12,151**	9,428
Vehicles under financing lease	**25,150**	19,028
Total property and equipment	**152,459**	121,869
Less accumulated depreciation	**(60,301)**	(32,732)
Property and equipment – net	**$ 92,158**	$ 89,137

Depreciation expense was $26,846 and $20,219 for the years ended December 31, 2024 and 2023, respectively.

8. Leases

The Company's primary operating lease commitments consist of leases for office and retail space for its company-operated stores and corporate offices. The Company leases vehicles under financing lease agreements expiring at various dates through 2029.

We determine whether an agreement contains a lease at inception based on our right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. The Company does not to recognize a right-of-use asset and a lease liability for leases with an initial term of twelve months or less. Lease liabilities represent the present value of future lease payments and the right-of-use (ROU) assets represent our right to use the underlying assets for the respective lease terms. The Company does not separate lease and non-lease components for new and modified leases after the adoption date, and instead accounts for each separate lease component of a contract and its associated non-lease components as a single lease component.

The operating lease liability is measured as the present value of the unpaid lease payments and the ROU asset is derived from the calculation of the operating lease liability. Other than for leased vehicles, our leases do not generally provide an implicit rate and we use our incremental borrowing rate as the discount rate to calculate the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate that would be required to borrow over a similar term, on a collateralized basis in a similar economic environment.

Rent escalations occurring during the term of the leases are included in the calculation of the future minimum lease payments and the rent expense related to these leases is recognized on a straight-line basis over the lease term. In addition to minimum lease payments, certain leases require payment of a proportionate share of real estate taxes and certain building operating expenses allocated on a percentage of sales in excess of a specified base. These variable lease costs are not included in the measurement of the ROU asset or lease liability due to unpredictability of the payment amount and are recorded as lease expense in the period incurred. The ROU asset is adjusted to account for previously recorded lease-related expenses such as deferred rent and other lease liabilities.

The components of lease cost are as follows (in thousands):

	December 31, 2024	2023
Operating lease cost	$ **7,149**	$ 7,855
Variable lease cost	**324**	272
Finance lease cost:		
Amortization of right-of-use assets	**7,849**	5,079
Interest on lease obligations	**1,088**	720
Total lease cost	$ **16,411**	$ 13,926

The table below presents additional information related to the Company's leases:

	December 31, 2024	2023
Weighted average remaining lease term (in years):		
Operating leases	**5.1**	5.2
Finance leases	**2.5**	3.2
Weighted average discount rate:		
Operating leases	**4.2**%	3.4%
Finance leases	**6.3**%	6.1%

Other information related to leases, including supplemental disclosures of cash flow information, is as follows (in thousands):

	For the Years Ended December 31, 2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	**$ 7,359**	$ 7,857
Operating cash flows from finance leases	**861**	572
Financing cash flows from finance leases	**4,749**	3,455
Right-of-use assets obtained in exchange for operating lease liabilities	**1,876**	2,620

Maturities of lease liabilities are as follows as of December 31, 2024 (in thousands):

Years ending December 31,	Operating leases	Finance leases	Total
2025	$ 6,132	$ 6,692	$ 12,823
2026	5,057	6,941	11,998
2027	3,423	2,854	6,277
2028	2,902	1,134	4,035
2029	2,029	210	2,240
Thereafter	4,089	-	4,089
Total lease payments	$ 23,631	$ 17,831	$ 41,462
Less: Interest	2,591	1,612	4,203
Total lease liabilities	$ 21,040	$ 16,219	$ 37,258
Less: Current lease liabilities	5,401	5,941	11,342
Non-current lease liabilities	$ 15,639	$ 10,278	$ 25,917

Rent expense for operating leases was $7,149 for the year ended December 31, 2024. Total lease cost was $16,411 for the year ended December 31, 2024, including finance lease costs and variable lease costs. Rent expense for operating leases was $7,855 for the year ended December 31, 2023. Total lease cost was $13,926 for the year ended December 31, 2023, including finance lease costs and variable lease costs.

9. Income Taxes

The income tax benefit is as follows:

For the years ending December 31,	2024	2023
Current:		
Federal	**$ 10,911**	$ 16,845
State	**2,002**	2,958
Foreign	**(202)**	766
Total current	**12,710**	20,569
Deferred:		
Federal	**(18,525)**	(32,983)
State	**(979)**	(5,619)
Foreign	**(1,147)**	(5,757)
Total deferred	**(20,651)**	(44,359)
Total income tax benefit	**$ (7,941)**	$ (23,790)

A reconciliation of the income tax benefit at statutory rates to the income tax benefit at effective is as follows:

For the years ending December 31,	2024	2023
Federal income taxes at statutory rate	**$ (9,882)**	$ (97,180)
State taxes	**602**	(3,282)
Permanent differences	**1,452**	77,266
Foreign currency adjustment	**6**	55
Tax rate change	**-**	(258)
Deferred balance adjustment	**63**	1,653
Tradename sale to SPV	**-**	(914)
Other NOL	**29**	-
Payables adjustment	**(1,581)**	(1,130)
Other	**1,370**	-
Total income tax benefit	**$ (7,941)**	$ (23,790)

The Company's effective income tax rate is 16.87% and 5.14% for the years-ended December 31, 2024 and 2023, respectively. The Company's overall global effective income tax rate differs from the statutory US Federal income tax rate of 21.00% due to state income taxes and the state income

tax rate change applied to the Company's net US deferred tax liabilities, , and adjustments to the beginning of the tax period accounts.

The components of deferred income tax assets and liabilities as of December 31 are as follows:

	2024	2023
Deferred tax assets:		
Accounts receivable allowance	$ 777	$ 540
Accrued expenses	439	1,670
Notes receivable allowance	794	820
Net operating loss carryforwards	599	513
Interest expense limitation	43,200	32,083
Deferred revenue	15,342	13,850
Operating lease liability	4,669	6,569
Other	3,358	3,423
Total deferred tax assets	69,178	59,468
Deferred tax liabilities:		
Prepaid expenses	(1,052)	(562)
Property and equipment	(10,093)	(8,946)
Intangible assets and goodwill	(250,731)	(263,703)
Interest rate swap	(6)	(6)
Operating lease right-of use assets	(5,007)	(6,845)
Other	(1,927)	(186)
Total deferred tax liabilities	(268,816)	(280,248)
Net deferred tax liabilities	$ (199,638)	$ (220,780)

For the periods ended December 31, 2024 and 2023, no change was recorded for uncertain tax provisions, and the balance was ($641). As of December 31, 2024, no interest or penalty has been accrued or recognized by the Company related to ASC 740-10 Income Taxes.

The Company reported net operating losses in the following jurisdictions as of December 31:

Jurisdiction		**2024**		2022	Expiration
US Federal	**$**	**-**	$	-	Indefinite
US State		**17,100**		17,085	Various
United Kingdom		**-**		-	Indefinite
Germany		**-**		-	Indefinite
Austria		**-**		-	Indefinite
Canada		**-**		91	20 Years
Total	**$**	**17,100**	$	17,176	

The Company files a US consolidated federal income tax return for Nest Holdings, Inc. and Subsidiaries which includes Neighborly Company. State returns are filed on either a separate company or consolidated return basis. The company also files separate returns where required for the various LLC entities. The Company's subsidiaries file income tax returns in Canada, Germany, the UK and Austria.

The Company files US state income tax returns in nearly every state in the US. Many of the state return filings reflect net operating loss carryovers computed on a post-apportionment basis, while several states compute operating loss carryovers on a pre-apportionment basis. The US state income tax effect of the net operating loss carryforwards, net of federal income tax, amounted to $1,048 and $938 at December 31, 2024 and 2023, respectively. The state net operating losses have varying carryover periods. The Company expects to fully utilize all net operating loss carryovers prior to expiration.

The Company has no current or pending IRS examinations. US Federal income tax returns for years ended August 31, 2021, December 31, 2021, December 31, 2022, and December 31, 2023 remain open for examination. State income tax returns remain open for similar years, and several states having a longer statute remain open for examination. The Company has timely filed all federal and state income tax returns.

The UK entities have no prior or pending tax examinations with HMRC. The UK corporation tax process is one of self-assessment. Following filing of the tax return, HMRC has a period of (usually) 12 months in which to raise formal inquiries. These can range from simple information requests to detailed technical challenges over treatments adopted in the tax return. HMRC has made no requests. The December 31, 2023, corporate tax returns remain open for examination. The UK entities have timely filed all corporate income tax returns.

The German entities are currently under review by the BZSt. The statute of limitations for examination is four (4) years from the end of the year in which the return was filed. Tax returns for years ended December 31, 2020, and forward remain open for examination. The German entities have timely filed all corporate income tax returns.

The US and foreign entities operate under transfer pricing agreements that control the pricing of intercompany management services, interest and royalties.

The Company has both the intent and ability to reinvest foreign earnings, therefore deferred tax liabilities have not been recorded on either unremitted earnings, components of other comprehensive income, or applicable foreign withholding taxes.

10. Related Party Transactions

On September 1, 2021, a Monitoring Agreement was entered into with Kohlberg Kravis Roberts & Co and Harvest Partners under which the Company will pay certain fees and expenses under the terms of the Monitoring Agreement. For the years ended December 31, 2024 and 2023, the Company recognized management and board fees and expenses of $3,641 and $4,638, respectively, in the Management and board fees and expenses line item in the Company's consolidated statements of operations. Additionally, the Company paid $750 to a related party in the year ended December 31, 2024 for services related to the 2024 VFN Facility. These costs are included in general and administrative expenses on the Consolidated Statement of Operations.

11. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, Contingencies. Accordingly, no liabilities have been accrued for these matters as of December 31, 2024 and 2023. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

12. Employee Benefit Plan

The Company sponsors a 401(k) plan covering the majority of its employees. Plan participants may contribute up to 70% (subject to Internal Revenue Service limitations) of their annual compensation before taxes for investment in several specified alternatives. Employees are fully vested with respect to their contributions. The Company may match a percentage of employee contributions as determined at the discretion of the Board of Directors. Company contributions recognized totaled $2,939 and $2,599 for the years ended December 31, 2024, and 2023, respectively.

13. Subsequent Events

In preparation of its financial statements, the Company considered subsequent events through March 31, 2024, which was the date the Company's financial statements were available to be issued.

Neighborly Company and Subsidiaries

Consolidated Financial Statements
As of December 31, 2023 and 2022 and
for the years ended December 31, 2023 and 2022

Neighborly Company
and Subsidiaries

Consolidated Financial Statements
As of December 31, 2023 and 2022 and
for the years ended December 31, 2023 and 2022

Neighborly Company and Subsidiaries

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Report of Independent Auditors

To the Board of Directors and Stockholders of Neighborly Company and Subsidiaries

Opinion

We have audited the consolidated financial statements of Neighborly Company and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholder's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an

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auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

Dallas, Texas
April 1, 2024

Consolidated Financial Statements

Neighborly Company and Subsidiaries

Consolidated Balance Sheets
($000's)

As of December 31,	**2023**	2022
Assets		
Current assets		
Cash	**$ 43,416**	$ 55,741
Restricted cash	**28,636**	26,363
Trade accounts receivable – net	**44,566**	43,474
Trade notes receivable - current portion – net	**9,777**	8,461
Inventories	**4,007**	4,632
Income tax receivable	**1,880**	358
Prepaid selling expenses - current	**3,959**	3,143
Other current assets	**2,839**	8,898
Total current assets	**139,080**	151,070
Property and equipment – net	**89,137**	71,442
Operating lease right of use assets	**27,227**	27,904
Prepaid selling expenses – less current portion	**19,104**	16,882
Trade notes receivable – less current portion - net	**15,894**	19,893
Intangible assets – net	**1,425,724**	1,525,073
Goodwill	**1,741,101**	2,154,115
Other non-current assets	**2,128**	2,766
Total assets	**$ 3,459,395**	$ 3,969,145

Neighborly Company and Subsidiaries

Consolidated Balance Sheets (continued)
($000's, except share and per share amounts)

As of December 31,	**2023**	2022
Liabilities and Stockholder's Equity		
Current liabilities		
Trade accounts payable	**$ 15,962**	$ 22,199
Accrued liabilities	**56,589**	62,940
Deferred revenue - current	**17,760**	15,688
Current portion of long-term debt	**10,488**	10,627
Current portion of operating lease liabilities	**6,925**	6,681
Current portion of finance lease obligations	**4,426**	2,659
Total current liabilities	**112,150**	120,794
Long-term debt - less current portion	**1,451,356**	1,175,523
Operating lease obligations – less current portion	**21,302**	22,141
Finance lease obligations – less current portion	**10,187**	4,053
Deferred tax liabilities	**220,780**	261,098
Deferred revenue - less current portion	**73,850**	64,676
Other non-current liabilities	**1,696**	1,971
Commitments and Contingencies (Notes 8 and 11)		
Stockholder's equity		
Common stock-par value $0.01 per share; 100 shares authorized, issued and outstanding	**-**	-
Additional paid-in capital	**2,100,435**	2,420,959
Accumulated deficit	**(489,405)**	(50,587)
Accumulated other comprehensive loss	**(42,956)**	(51,483)
Total stockholder's equity	**1,568,074**	2,318,889
Total liabilities and stockholder's equity	**$ 3,459,395**	$ 3,969,145

See accompanying notes to consolidated financial statements

Neighborly Company and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income (Loss) ($000's)

For the years ended December 31,	2023	2022
Revenues and income		
Franchise service fees	$ **194,731**	$ 176,281
Franchise sales fees	**38,441**	20,655
Sales of products and services	**288,146**	263,318
Advertising and promotional fund revenue	**53,320**	50,870
Other revenue	**39,026**	38,056
Total revenues and income	**613,664**	549,180
Cost of Sales		
Products and services	**169,627**	154,815
Gross Profit	**444,037**	394,365
Selling expense	**26,179**	21,506
General and administrative expense	**196,985**	172,713
Advertising and promotional fund expense	**58,124**	54,235
Equity-based compensation expense	**4,194**	3,414
Depreciation and amortization	**116,929**	104,943
Management and board fees and expenses	**4,638**	5,207
Transaction costs	**-**	3,067
Loss on impairment of goodwill and tradenames	**428,286**	51,454
Bad debt expense	**2,812**	2,398
Operating loss	**(394,110)**	(24,572)
Other expenses		
Interest expense	**68,756**	45,552
Total other expenses	**68,756**	45,552
Net loss before income taxes	**(462,866)**	(70,124)
Income tax benefit	**(23,790)**	(34,378)
Net loss	**(439,076)**	(35,746)
Other comprehensive income/(loss)		
Foreign currency translation adjustment, before tax	**8,527**	(45,261)
Income tax expense/(benefit) related to items of other comprehensive income/(loss)	**2,132**	(11,315)
Other comprehensive income/(loss), net of tax	**6,395**	(33,946)
Comprehensive loss	$ **(432,681)**	$ (69,692)

See accompanying notes to consolidated financial statements.

Neighborly Company and Subsidiaries

Consolidated Statements of Changes in Stockholder's Equity
($000's, except share amounts)

	Common Stock		*Additional Paid - In*	*Accumulated*	*Accumulated Other Comprehensive*	
	Shares	*Amount*	*Capital*	*Deficit*	*Income (Loss)*	*Total*
Balance – December 31, 2021	100	$ -	$ 2,576,318	(14,841)	$ (6,222)	$ 2,555,255
Distribution to parent	-	-	(431,965)	-	-	(431,965)
Equity contribution	-	-	241,794	-	-	241,794
Equity contribution for acquisitions	-	-	31,398	-	-	31,398
Equity-based compensation	-	-	3,414	-	-	3,414
Foreign currency translation adjustment	-	-	-	-	(45,261)	(45,261)
Net loss	-	-	-	(35,746)	-	(35,746)
Balance - December 31, 2022	**100**	**$ -**	**$ 2,420,959**	**$ (50,587)**	**$ (51,483)**	**$ 2,318,889**
Adoption of accounting principle				258		258
Distribution to parent	-	-	(324,718)	-	-	(324,718)
Equity-based compensation	-	-	4,194	-	-	4,194
Foreign currency translation adjustment	-	-	-	-	8,527	8,527
Net loss	-	-	-	(439,076)	-	(439,076)
Balance - December 31, 2023	**100**	**$ -**	**$ 2,100,435**	**$ (489,405)**	**$ (42,956)**	**$ 1,568,074**

See accompanying notes to consolidated financial statements.

Neighborly Company and Subsidiaries

Consolidated Statements of Cash Flows
($000's)

For the years ended December 31,	2023	2022
Operating activities		
Net loss	$ (439,076)	$ (35,746)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	116,929	104,943
Amortization of deferred financing costs	4,164	1,447
Loss on impairment of goodwill and tradenames	428,286	51,454
Bad debt expense	2,812	2,398
Notes received	(15,243)	(13,059)
Collections of notes receivable	16,605	13,965
Deferred income taxes	(44,346)	(44,898)
(Gain) loss on disposal of assets	-	(538)
Equity-based compensation	4,194	3,414
Changes in assets and liabilities, net of business acquisitions:		
Trade accounts receivable	(1,403)	(11,523)
Inventories	626	(1,281)
Prepaid selling expenses and other assets	3,722	(3,903)
Trade accounts payable	(6,249)	4,116
Accrued liabilities	(8,512)	8,264
Other non-current liabilities	(275)	(203)
Income tax receivable	(1,519)	(1,530)
Change in operating lease assets and liabilities	3,535	2,347
Deferred revenue	11,246	6,045
Net cash provided by operating activities	75,496	85,712
Investing activities		
Acquisitions, net of cash received	-	(254,373)
Purchase of property, equipment and other assets	(27,931)	(18,930)
Net cash used in investing activities	(27,931)	(273,303)
Financing activities		
Equity contribution	-	241,794
Distributions paid	(324,718)	(431,965)
Deferred financing costs paid	(13,866)	(9,380)
Proceeds from revolver	25,000	-
Payments on principal portion of finance lease liabilities	(3,455)	(1,773)
Payments on long-term borrowings	(14,323)	(11,679)
Proceeds from long-term borrowings	275,000	410,915
Net cash provided by/(used in) financing activities	(56,362)	197,912
Effect of foreign currency translation on cash	(1,255)	(1,002)
Net increase (decrease) in cash and restricted cash	(10,052)	9,319
Cash and restricted cash - Beginning of period	82,104	72,785
Cash and restricted cash - End of period	72,052	82,104
Supplemental cash flow disclosures:		
Cash paid (refunds received) for income taxes	$ 15,829	$ 3,734
Cash paid for interest	$ 60,258	$ 40,950
Non-cash equity contribution for acquisitions	$ -	$ 31,398

See accompanying notes to consolidated financial statements.

1. Organization and Description of Business

Organization and Description of Business

Neighborly Company and Subsidiaries ("we", "our", "Neighborly" and the "Company") is a Delaware corporation and is the parent company of a number of franchisors and related supporting businesses operating in the United States (the "US") and internationally which include the following companies: Mr. Rooter, Rainbow International, Mr. Electric, Aire Serv, Mr. Appliance, Glass Doctor, Grounds Guys, Molly Maid, Mr. Handyman, Five Star Painting, Mosquito Joe, Real Property Management, Window Genie, HouseMaster, Dryer Vent Wizard, ShelfGenie, Precision Door Service, Restoration 1, Junk King, Lawn Pride, ZorWare, Drain Doctor, Locatec, Countrywide, Bright and Beautiful, Dream Doors, Greensleeves, and ProTradeNet.

In addition, the Company owns and operates non-franchisor entities as follows: Portland Glass, which offers auto, home, and business glass repair and replacement through company owned stores located in Maine, Vermont, and New Hampshire; Pimlico Plumbers, which offers repair and maintenance services, concentrated in central London; Plumb Enterprises, which offers full plumbing, drain and sewer cleaning services, excavation, and repairs to customers in Colorado; and Lawn Pride, which offers lawn care and maintenance services through the application of fertilizer, as well as pest control, in Indiana.

Acquisition of the Company

On June 29, 2021, Kohlberg Kravis and Roberts ("KKR"), and associated co-investors formed Nest Bidco Inc. which, on September 1, 2021, purchased 100% of the shares of Balcones Holdco, Inc., the parent company of Neighborly, from TDG Investment Holdings, LP. Nest Bidco Inc. is an indirectly wholly owned subsidiary of Nest Holdings LP, which is the ultimate parent company of the newly formed business. The transaction was effected to add Neighborly to KKR's investment portfolio, and allows Neighborly to gain access to KKR's capital and resources.

Acquisitions

During 2023, the company made no acquisitions.

During 2022, the Company acquired Lawn Pride in August, Greensleeves in October and Junk King in November, and repurchased three of its previously franchised Mr. Rooter territories in March, each of which operates in the home services industry. The purchase price of the acquisitions of $290,364, comprised of $258,870 of cash, consideration payable of $96, and $31,398 of rollover equity, has been allocated to the assets acquired and liabilities assumed by the Company based on independent valuation studies and management estimates of their fair value in accordance with FASB ASC Topic 805, Business Combinations, on the date of acquisition. The Company acquired 100% ownership of these entities, or acquired certain assets, to gain control and access to the intellectual property of each.

The total purchase price was allocated as follows:		
Working capital	$	4,326
Capital lease obligations		(613)
Other long-term assets		2,507
Property and equipment		10,486
Tradenames		80,287
Developed technology		320
Franchise relationships		9,830
Franchise rights		5,400
Customer relationships		12,400
National accounts		830
Goodwill		168,868
Other long term debt		(3,712)
Deferred tax liability		(565)
Total consideration transferred	$	290,364

For the period ending December 31, 2022, the goodwill recognized is attributable to intangible assets not qualifying for separate recognition. The Company currently expects to be able to deduct goodwill of $135,695 for tax purposes. Transaction costs totaling $3,067 were incurred at closing and are included in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

2. Summary of Significant Accounting Policies

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2018-19"), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("ASU 2019-04"), which clarifies the treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief ("ASU 2019-05"), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2019-11"), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, "ASC 326") are effective for fiscal years beginning after December 15, 2022, with early adoption permitted.

The Company adopted ASU 2016-13 using the modified retrospective adoption method on January 1, 2023, which was retroactively applied as of the first day of 2023. Upon adoption of this guidance, the Company recognized a decrease to its allowance for credit losses of $0.2 million and a corresponding adjustment to accumulated deficit, net of tax.

Principles of Consolidation and Variable Interest Entities

The accompanying consolidated financial statements as of December 31, 2023 and 2022 include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

FASB ASC Topic 810-10, Consolidation, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity ("VIE"). FASB ASC Topic 810-10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the power to direct activities of a VIE that most significantly impact the VIE's economic performance and has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

Neighborly Assetco LLC ("Assetco") is a direct, wholly owned subsidiary of Neighborly Issuer LLC (the "Issuer"), which is a special purpose Delaware limited liability company and a direct, wholly owned subsidiary of Neighborly SPV Guarantor LLC (the "SPV Guarantor"), which is a special purpose Delaware limited liability company that is an indirect, wholly owned subsidiary of Neighborly (the "Manager").

Assetco's subsidiaries are comprised of a number of franchisors and related supporting businesses operating in the US and internationally and include the following businesses: Aire Serv SPV LLC, Mr. Electric SPV LLC, The Grounds Guys SPV LLC, Rainbow International SPV LLC, Glass Doctor SPV LLC, Mr. Appliance SPV LLC, Mr. Rooter SPV LLC, Molly Maid SPV LLC, Mr. Handyman SPV LLC, Five Star Painting SPV LLC, Window Genie SPV LLC, Real Property Management SPV LLC, Mosquito Joe SPV LLC, HouseMaster SPV LLC, Dryer Vent Wizard SPV LLC, ShelfGenie SPV LLC, Precision Door Service SPV LLC, Junk King SPV LLC, and Lawn Pride SPV LLC (each an "SPV Franchisor" and together the "SPV Franchisors") and ProTradeNet SPV LLC, Neighborly Service Solutions SPV LLC, Back Office SPV LLC, G-O Manufacturing SPV LLC, Zorware SPV LLC, NBLY Co Ops CO SPV LLC, NBLY Co Ops WA SPV LLC, NBLY Co Ops AZ SPV LLC, NBLY Co Ops IN SPV LLC, Trench Right SPV LLC, Trench Right WA SPV LLC, Dig Boss SPV LLC, NBLY Logistics SPV LLC, and Pimlico SPV Limited (each a "Non-Franchisor SPV Entity" and together the "Non-Franchisor SPV Entities"), each of which is a direct, wholly owned subsidiary of Assetco.

Assetco holds all the equity interests in the SPV Franchisors and the Non-Franchisor SPV Entities, certain intellectual property, certain license agreements and certain vendor agreements. Each SPV Franchisor holds the tradenames and the franchise agreements related to such brand and any product supply agreements or vendor agreements related to such brand. The Non-Franchisor SPV Entities hold certain tradenames, certain product supply agreements, certain vendor agreements and the office service agreements.

Neighborly SPV Guarantor LLC, Neighborly Issuer LLC, and Neighborly Assetco LLC (collectively with the SPV Franchisors and the Non-Franchisor SPV Entities are referred to as "Securitization Entities") were formed in connection with a financing transaction (the "Securitization Transaction"), which was completed on March 25, 2021 and on subsequent dates thereafter (see Note 3).

The Company has determined that the Securitization Entities qualify as VIE's and that Neighborly is the primary beneficiary, having both power and benefits, of the Securitization Entities and accordingly, consolidation is concluded.

Reclassifications

Certain reclassifications have been made to conform prior year balances to the current year presentation. Payments on principal of finance lease liabilities have been included in financing activities in the accompanying Consolidated Statements of Cash Flow. None of the reclassifications affected our net loss in the prior year.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition, Accounts Receivable, Notes Receivable, and Allowances

The Company's primary sources of revenue are as follows:

- Franchise service fees from existing franchise owners based on a percentage of each franchise owner's gross sales. These fees generally range from 2% to 15% of the franchise owner's weekly sales, depending upon the particular franchise concept and upon various other factors;

- Franchise sales fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchise owners;

- Sales of products and services to unrelated third parties;

- Advertising and promotional fund revenue represents marketing, advertising and promotional ("MAP") fund fees collected from existing franchise owners. These fees are typically a percentage of each franchise owner's gross sales and vary depending upon the particular franchise concept and various other factors;

- Other revenue consists of incentives earned from services performed for unrelated third parties and interest generated from notes receivable.

Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. Our performance obligations under franchise agreements consist of providing a license of our brand's intellectual property, a list of approved suppliers, certain training programs, an operations manual, and to maintain the MAP fund. These performance obligations are highly interrelated and we do not consider them to be individually distinct, and therefore account for them as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property. Revenue related to franchise agreements is recognized on a straight-line basis over the term of the agreement, with the exception of variable

or sales-based royalties, MAP fund fees collected and revenue allocated to goods and services and other variable fees which are recognized as the underlying sales occur and performance obligations are satisfied.

In the event a franchise agreement is terminated, without a corresponding agreement executed by the same franchise owner, any remaining deferred fees are recognized in the period of termination.

The Company periodically extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the notes receivable are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchise owners for unpaid franchise service fees. The Company places notes receivable on nonaccrual status when payment is ninety days past due, and ceases to recognize revenue from interest on the note until such time as the note is no longer past due. Interest on trade notes receivable is recorded as revenue when earned. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchise owners.

The Company adopted ASU 2016-13, Financial Instruments - Credit Losses, on January 1, 2023, which was retroactively applied as of the first day of 2023, as further described above. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based upon past loss experience, known and inherent risks in the accounts, adverse situations that may affect a franchise owner's ability to repay, and current economic conditions.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

Franchise service fee revenues represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to our performance obligations to our franchise owners to maintain the intellectual property being licensed.

We have determined we act as the principal in the transaction related to the MAP fund contributions and expenditures. MAP fund contributions and expenditures are reported on a gross basis in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). Our obligation related to these funds is to administer the MAP fund, keep unused MAP fees in segregated bank accounts and use MAP fees for certain activities related to the marketing and promotion of the individual brands. As noted above, we have concluded the advertising services provided to franchise owners are highly interrelated with the franchise rights and not a distinct performance obligation; therefore, revenues from MAP fund fees are recognized as advertising and promotion fund revenue when the related sales occur based on the application of the sales-based royalty exception within ASC 606, Revenue from Contracts with Customers.

Revenues from product sales are recognized upon transfer of title, when delivered to the customer, when the work is performed, or orders are shipped. Incentives earned are recognized as services are performed.

Contract Balances

The contract liabilities which we classify as "deferred revenue" consist primarily of the unamortized portion of initial franchise fees that are currently being recognized into revenue, amounts related to pending agreements, or other deferred revenues not related to franchise agreements. Contract deferred franchise revenue represents our remaining performance obligations to our franchise owners, as we account for our highly interrelated obligations as a single performance obligation, which collectively represent the obligation to provide a license for the right to use our brand's intellectual property excluding amounts of variable consideration related to sale-based royalties and advertising. The other deferred revenues not related to the franchise agreements are included in current deferred revenue.

The components of the change in deferred revenue are as follows:

For the years ended December 31,		***2023***		2022
Balance at beginning of period	**$**	**80,364**	$	72,091
Fees received from franchise owners		**49,188**		26,170
Franchise sales fee revenue recognized		**(38,441)**		(20,655)
Deferred revenue from acquisitions		**-**		3,497
Other changes in deferred revenue		**499**		(739)
Balance at end of period		**91,610**		80,364
Less: current portion		**17,760**		15,688
Deferred revenue noncurrent	**$**	**73,850**	$	64,676

Revenue deferred as of December 31, 2022 and recognized in the period from January 1, 2023 through December 31, 2023 was $20,133. Revenue deferred as of December 31, 2021 and recognized in the period from January 1, 2022 through December 31, 2022 was $12,893.

As of December 31, 2023, the deferred revenue expected to be recognized for each of the next five years and in the aggregate is as follows:

Years ending December 31,		
2024	$	17,760
2025		11,841
2026		11,538
2027		11,088
2028		10,370
Thereafter		29,013
	$	91,610

Direct, incremental selling expenses incurred when the franchise agreement is executed are recorded as a contract asset and amortized over the life of the agreement consistent with the recognition of the deferred revenue. Contract assets are included in current and non-current prepaid selling expenses in the accompanying Consolidated Balance Sheets. For the year ended December 31, 2023, $8,883 of costs were paid and expense of $5,845 is included in general and administrative expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). For the year ended December 31, 2022, $6,843 of costs were paid and expense of $5,584 was recognized. The ending asset for deferred contract costs as of December 31, 2023 was $23,063, of which $3,959 was current. The ending asset for deferred contract costs as of December 31, 2022 was $20,025, of which $3,143 was current.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was $28,772 for the year ended December 31, 2023 and was $22,669 for the year ended December 31, 2022. Advertising expense is included in general and administrative expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

With the exception of land, which is not depreciated, property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets which are generally as follows: buildings (30 years) and building improvements (5-10 years), capped at the lease life for leasehold improvements; machinery, equipment, and vehicles (5-10 years); furniture and fixtures (5 years); and hardware and software (3 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred.

Management evaluates long-lived assets used in operations for impairment when indicators of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of the assets. No impairment losses for property and equipment were recorded for the year ended December 31, 2023.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's impairment tests are generally performed as of October 1st annually. The Company's current goodwill balance resulted from the acquisition of the Company as of September 1, 2021, and from the Company's acquisitions in the successor period, as discussed in Note 1.

The Company performed a qualitative assessment of its goodwill as of October 1, 2023 and concluded that indicators of impairment existed for certain of its reporting units, based on trends in financial performance. Additionally, upon measurement using present value techniques including the income approach and the market approach, the Company's weighted average cost of capital increased, due to increasing interest rates, combined with operating performance, unfavorably impacting the calculated fair value of those reporting units. Accordingly, a goodwill impairment charge of $417,591 was recorded in 2023.

Intangible Assets

Intangible assets consist of tradenames, franchise relationships, national accounts, insurance company relationships, customer relationships, re-acquired franchise rights, developed technology, copyrights, and domain name, and are stated at their estimated fair value as of the date of acquisition, less subsequent amortization. The Company's intangible assets are definite lived, other than domain name, which is indefinite lived.

For definite lived intangible assets, when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, the Company evaluates the definite lived intangible assets for impairment by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded in the amount the carrying value exceeds the fair market value of the assets. Impairment expense of $10,695 was recorded in the year ended December 31, 2023, and none was recorded in the year ended December 31, 2022.

Tradenames are amortized over their estimated useful life, which ranges from three years to 20 years, using the straight-line method. Franchise relationships, national accounts relationships, and insurance company relationships are amortized over their estimated useful lives of 15 years, using the straight-line method. Customer relationships are amortized over their estimated useful life of three to 10 years, using the straight-line method. Reacquired franchise rights are amortized over the remaining life of the reacquired agreements, between one to seven years, using the straight-line method. Copyrights are amortized over their estimated useful life of five years, using the straight-line method. Developed technology is amortized over their estimated useful life of three years, using the straight-line method.

Domain names are stated at their estimated fair value at the date of acquisition, and are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. The Company performed a qualitative assessment of its indefinite lived intangible assets as of October 1, of 2023 and 2022 and concluded it is not more likely than not that the fair value of its domain names is less than the carrying amount and, as such, a quantitative impairment test was not considered necessary.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax basis. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in tax expense in the period that includes the enactment date.

The Company establishes valuation allowances in accordance with the provisions of FASB ASC Topic 740, Income Taxes. The Company reviews the adequacy of any valuation allowance and recognizes tax benefits only when it is more likely than not that the benefits will be realized.

The Company measures, classifies, and discloses uncertain tax benefits in accordance with FASB ASC Topic 740-10, Income Taxes-Overall. The Company has elected to classify interest and penalties related to uncertain tax benefits as a component of income tax expense.

Equity-based Compensation

The Company accounts for equity-based compensation under FASB ASC Topic 718, Compensation-Stock Compensation. This pronouncement requires the measurement of all equity-based payments to employees using a fair-value-based method and the recording of such expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). The Company participates in an equity-based employee compensation plan, which is described more fully in Note 5.

Foreign Currency Translation

Consolidated entities that have a functional currency that differs from the Company's reporting currency include our foreign subsidiaries, which are in Canada, the United Kingdom (the "UK"), Germany and Austria. Foreign currency denominated assets and liabilities are translated using the exchange rates at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included as a component of accumulated other comprehensive income (loss) until realized. Where amounts denominated in a foreign currency are converted into US dollars by remittance or repayment, the realized exchange differences are included in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss), primarily in general and administrative expense, and was immaterial in all periods presented.

Cash and Restricted Cash

The Company considers all cash and highly liquid investments purchased with an initial maturity of three months or less to be cash or cash equivalents.

Cash consists primarily of cash on hand and cash on deposit. Restricted cash includes funds held for the MAP funds and securitized cash held for principal and interest payments on deposit related to the Securitization Transaction.

Cash and restricted cash as of December 31, consists of the following:

	2023	2022
Cash	**$ 43,416**	$ 55,741
Restricted Cash:		
Whole business securitization	**21,903**	17,422
MAP funds	**6,733**	8,941
Total cash and restricted cash	**$ 72,052**	$ 82,104

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Fair Value of Financial Instruments and Non-financial Assets

In accordance with FASB ASC 820, Fair Value Measurements, certain assets and liabilities carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The tradenames, systems in place, and developed technology were valued using the relief from royalty method and the franchise relationships, customer relationships, national account relationships, and insurance company relationships were valued using the multi-period excess earnings method in the periods acquired, except for those tradenames remeasured in 2023 as a result of impairment testing as discussed above. Rollover equity was valued using a combination of Level 2 observable inputs including EBITDA multiples and public company comparables as well as discounted cash flow analysis of future projections in the period issued. The future projections and estimates used to fair value the assets acquired in acquisitions, as well as those used in our long-lived asset impairment testing, are considered Level 3 inputs.

3. Debt Agreements

Through its wholly owned subsidiary, Neighborly Issuer LLC (the "Issuer"), the Company entered into the Securitization Transaction which was completed on March 25, 2021. In conjunction with the

Securitization Transaction, the Issuer issued $800 million Series 2021-1 3.584% Fixed Rate Senior Secured Notes (the "Series 2021-1 Senior Notes"). The Series 2021-1 Senior Notes have an anticipated repayment date of April 30, 2028, and a final maturity date of April 30, 2051. Scheduled principal payments of $2 million and interest are paid quarterly. As of December 31, 2023, $780 million was outstanding on the Series 2021-1 Senior Notes. As of December 31, 2022, $788 million was outstanding on the Series 2021-1 Senior Notes.

Additionally, the Securitization Transaction provided for a $10 million variable rate Delayed Draw Class A-1-LR Senior Note ("Series 2021-1 Class A-1 Notes"), with a final maturity date of April 30, 2051, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at the Secured Overnight Financing Rate (SOFR) plus 300 basis points. As of December 31, 2023, no borrowings had been made on the Series 2021-1 Class A-1 Notes.

The Securitization Transaction also provided for a $30 million variable rate Class A-1-VFN Senior Note (the "2021 VFN facility"), with a maturity date of April 30, 2026, and two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 266 basis points. For the year ended December 31, 2023, the Company had no borrowings on the facility. As of December 31, 2023, issued and undrawn letters of credit under the VFN facility were $16.95 million. Undrawn letters of credit under the VFN facility incur interest at a rate of 2.66%, which is payable quarterly. As of December 31, 2023, availability on the VFN facility was $13.05 million, and no borrowings were outstanding. As of December 31, 2022, issued and undrawn letters of credit under the VFN facility were $11.47 million. As of December 31, 2022, availability on the VFN facility was $18.53 million, and no borrowings were outstanding.

On January 19, 2022, the Company, through the Issuer, issued $410 million Series 2022-1 3.695% Fixed Rate Senior Secured Notes (the "Series 2022-1 Senior Notes") through a second whole business securitization transaction (the "Second Securitization Transaction"). The Series 2022-1 Senior Notes have an anticipated repayment date of January 30, 2029, and a final maturity date of January 30, 2052. Scheduled principal payments of $1.03 million and interest are paid quarterly. As of December 31, 2023, $402.83 million was outstanding on the Series 2022-1 Senior Notes. As of December 31, 2022, $406.93 million was outstanding on the Series 2022-1 Senior Notes.

Additionally, the Second Securitization Transaction provided for a $4 million variable rate Delayed Draw Class A-1-LR Senior Note(the "Series 2022-1 Class A-1 Notes"), with a final maturity date of January 30, 2052, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at a rate equal to Prime plus 300 basis points. As of December 31, 2023, no draws had been made on the Series 2022-1 Class A-1 Notes.

In connection with the Second Securitization Transaction, issued and undrawn letters of credit on the 2021 VFN facility increased to $11.47 million as of January 19, 2022 from $7.3 million as of December 31, 2021. In connection with the Third Securitization Transaction, issued and undrawn letters of credit on the 2021 VFN facility increased to $16.95 million as of February 3, 2023 from $11.47 million as of December 31, 2022.

In conjunction with the Second Securitization Transaction, $10,353 in transaction fees were capitalized as deferred financing costs, to be amortized over the anticipated term of the notes using the straight-line method, which material approximates the effective interest rate method. For the years ended December 31, 2023 and 2022, respectively, a total of $1,510 and $1,447 of previously capitalized deferred financing costs related to the Second Securitization Transaction were

amortized to interest expense on the Consolidated Statements of Operations and Comprehensive Income (Loss).

On February 3, 2023, the Company, through its indirect, wholly owned subsidiary, Neighborly Issuer LLC, issued $275 million Series 2023-1 7.308% Fixed Rate Senior Secured Notes (the "Series 2023-1 Senior Notes") through a third whole business securitization transaction (the "Third Securitization Transaction"). The Series 2023-1 Senior Notes have an anticipated repayment date of January 30, 2028, and a final maturity date of January 30, 2053. Scheduled principal payments of $687.5 and interest are paid quarterly. As of December 31, 2023, $272.94 million was outstanding on the Series 2023-1 Senior Notes.

Additionally, the Third Securitization Transaction provided for a $5.03 million variable rate Delayed Draw Class A-1-LR Senior Note (the "Series 2023-1 Class A-1 Notes"), with a final maturity date of January 30, 2053, which is only available for limited purposes and may not be drawn by the Issuer. Interest on draws is paid weekly at a rate equal to SOFR plus 300 basis points. As of December 31, 2023, no draws had been made on the Series 2023-1 Class A-1 Notes.

The Third Securitization Transaction also provided for a $125 million variable rate Class A-1-VFN Senior Note (the "2023 VFN facility"), with a maturity date of January 30, 2026, with two one-year extension options. Interest on borrowings is paid quarterly at SOFR, plus 350 basis points. As of December 31, 2023, borrowings outstanding on the 2023 VFN facility were $25 million, and availability was $100 million.

In conjunction with the Third Securitization Transaction, $14,177 in transaction fees were capitalized as deferred financing costs, to be amortized over the anticipated term of the notes using the effective interest method. For the year ended December 31, 2023, a total of $2,654 of previously capitalized deferred financing costs related to the Third Securitization Transaction were amortized to interest expense on the Consolidated Statements of Operations and Comprehensive Income (Loss).

The Series 2023-1 Senior Notes issued in conjunction with the securitization transaction are secured by substantially all assets of the Securitization Entities and guaranteed by the Securitization Entities. Proceeds were distributed to Neighborly's parent company to extinguish debt incurred by the parent to fund the Company's acquisitions.

The Series 2021-1 Senior Notes, the Series 2022-1 Senior Notes, the Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, the Series 2023-1 Class A-1 Notes, and VFN facility described above issued in conjunction with the Securitization Transaction, the Second Securitization Transaction, and the Third Securitization Transaction (together, the "Securitization Transactions") are secured by substantially all assets of Neighborly Issuer LLC and the other Securitization Entities, and guaranteed by the Issuer and such Securitization Entities, each of which is a bankruptcy remote entity and which owned substantially all of the Company's US intellectual property including tradenames, franchise agreements, national account relationships and systems-in-place, as well as the UK tradenames as of the date of issuance. The restrictions placed on the Issuer and its subsidiaries require that interest and scheduled principal payments on the Series 2021-1 Senior Notes, Series 2022-1 Senior Notes, Series 2023-1 Senior Notes, the Series 2021-1 Class A-1 Notes, the Series 2022-1 Class A-1 Notes, and the Series 2023-1 Class A-1 Notes be paid prior to any residual distributions to the Manager, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and scheduled principal amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Issuer and its

subsidiaries is generally remitted to the Manager in the form of a distribution. The Manager also receives a fee for the services it provides to the Securitization Entities that is senior to debt service. The Securitization Transactions require, among other things, maintenance of minimum debt-service coverage ratio levels and additional incurrence of indebtedness and scheduled amortization requirements are subject to compliance with maximum leverage ratio levels. As of December 31, 2023 and 2022, the Issuer was in compliance with all debt-service coverage covenants.

The Company's long-term debt and trade notes receivable bear interest at market rates. Thus, management believes their carrying amounts approximate fair value.

Debt as of December 31, consists of the following:

		2023		2022
Series 2021-1 Senior Notes	**$**	**780,000**	$	788,000
Series 2022-1 Senior Notes		**402,825**		406,925
Series 2023-1 Senior Notes		**272,938**		-
Series 2021-1-VFN Senior Notes		**25,000**		-
Vehicle notes acquired		**-**		131
Deferred financing costs – net		**(18,919)**		(8,906)
Total debt		**1,461,844**		1,186,150
Less current portion		**10,488**		10,627
Long-term debt	**$**	**1,451,356**	$	1,175,523

Future maturities of long-term debt as of December 31, 2023, are as follows:

Years ending December 31,		
2024	$	10,488
2025		10,532
2026		10,577
2027		10,621
2028		13,191
Thereafter		1,406,435
	$	1,461,844

4. Intangible Assets and Goodwill

Intangible assets as of December 31, 2023, consisted of the following:

	Useful Life	Gross Amount	Accumulated Impairment	Accumulated Amortization	Net Amount
Tradenames	3-20 years	$ 1,001,190	$ 10,814	$ 111,600	$ 878,776
Franchise relationships	15 years	613,289	-	94,631	518,658
National accounts	15 years	3,138	-	424	2,714
Insurance company relationships	15 years	2,300	-	358	1,942
Customer relationships	3-10 years	17,848	-	4,594	13,254
Franchise rights	1-7 years	12,200	-	3,495	8,705
Developed technology	3 years	720	-	436	284
Copyrights	5 years	143	-	66	77
Total definite-lived intangibles		$ 1,650,628	$ 10,814	$ 215,604	$ 1,424,410

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	$ -	$ 1,314

Intangible assets as of December 31, 2022, consisted of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Tradenames	3-20 years	$ 995,347	$ 60,525	$ 934,822
Franchise relationships	15 years	610,292	53,481	556,811
National accounts	15 years	3,121	213	2,908
Insurance company relationships	15 years	2,300	204	2,096
Customer relationships	3-10 years	17,583	1,512	16,071
Franchise rights	1-7 years	12,200	1,777	10,423
Developed technology	3 years	720	196	524
Copyrights	5 years	135	31	104
Total definite-lived intangibles		$ 1,641,698	117,939	$ 1,523,759

	Useful Life	Gross Amount	Accumulated Impairment	Net Amount
Domain name	Indefinite	$ 1,314	-	$ 1,314
Total indefinite-lived intangibles		$ 1,314	$ -	$ 1,314

Amortization expense was $96,710 for the year ended December 31, 2023 and $90,997 for the year ended December 31, 2022. Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,	
2024	$ 96,420
2025	95,598
2026	95,500
2027	94,654
2028	93,001
Thereafter	949,237
	$ 1,424,410

Goodwill

The Company has assigned goodwill to its reporting units based on fair valuation analysis completed for the acquisition of the parent by KKR and from the Company's acquisitions on September 1st 2021, and with subsequent acquisitions, as discussed in Note 1.

The changes in the carrying amount of goodwill are as follows:

For the years ending December 31,	**2023**	2022
Balance at beginning of period	**$ 2,154,115**	$ **2,069,311**
Goodwill recorded from acquisitions	**-**	**168,868**
Net goodwill adjustments from prior year acquisitions	**-**	**(5,432)**
Adjustment to goodwill for unrealized gain/loss on foreign currency	**4,577**	**(27,178)**
Goodwill impairment	**(417,591)**	**(51,454)**
Balance at end of period	**$ 1,741,101**	$ **2,154,115**

5. Equity-based Compensation

In September 2021, Nest Management LP, a co-investor with KKR, created a profits interest plan which provides for profits interest award grants of Nest Holdings LP and its subsidiaries. A total of 202,843,686 profits interests units were approved to be granted under the plan.

On October 27, 2021, and certain dates thereafter, Nest Management LP granted awards under the plan. The profits interests are exercisable only to the extent they are vested, and do not expire. Generally, vesting of a portion of the profits interests (50%) is subject to the passage of time; the remaining (50%) vest based on achievement of defined financial criteria upon a liquidity event of

the Company. Based on continuous employment, time-based profits interest units vest 20% annually, for each of five years.

The Company accounts for equity-based compensation in accordance with ASC 718, Compensation-Stock Compensation, which requires the fair value of equity-based payments to be recognized in the consolidated statements as compensation expense over the requisite service period. For time-based awards, compensation expense is recognized on a straight-line basis, net of forfeitures which are recognized as they occur, over the requisite service period for awards that actually vest. For performance-based awards, compensation expense is estimated based on achievement of performance conditions and is recognized over the requisite service period for awards that actually vest. Equity-based compensation expense is recorded in the equity-based compensation line in the consolidated statements of operations.

The average grant date fair value of awards under the Nest Management LP profits interest plan was determined using Monte-Carlo simulation, and was $0.36 per unit for awards in the year ended December 31, 2023 and was $0.35 per unit for awards in the year ended December 31, 2022. As of December 31, 2023 and 2022 no units were both vested and exercisable.

As of December 31, 2023, the weighted average remaining contractual life of outstanding time-based awards is 3.2 years. As of December 31, 2022, the weighted average remaining contractual life of outstanding time-based awards is 4.0 years. Equity-based compensation expense recorded for the year ended December 31, 2023 was $4,194, and 2022 was $3,414. As of December 31, 2023, unamortized stock compensation expense to be recognized in future years was $11,021.

	Number of Underlying Units
Outstanding – December 31, 2021	**122,030,131**
Granted	22,750,879
Forfeited	(6,535,051)
Redeemed	-
Outstanding – December 31, 2022	138,245,959
Granted	16,124,890
Forfeited	(32,158,970)
Redeemed	-
Outstanding – December 31, 2023	122,211,879
Vested and Exercisable – December 31, 2023	-

6. Trade Notes Receivable

The Company periodically receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time receives notes for delinquent franchise service fees. Such notes, as of December 31, 2023 and 2022, bear interest at rates typically ranging from 9% to 12% and generally require equal monthly installments over a life of one to ten years.

A summary of trade notes receivable as of December 31 is as follows:

	2023	2022
Amounts due within one year, net of allowance for credit losses of $117 as of December 31, 2023 and allowance for doubtful accounts of $230 as of December 31, 2022	$ 9,777	$ 8,461
Amounts due after one year, net of allowance for credit losses of $542 as of December 31, 2023 and allowance for doubtful accounts $466 as of December 31, 2022	15,894	19,893
Total trade notes receivable, net	$ 25,671	$ 28,354

An analysis of the changes in trade notes receivable is as follows:

For the years ending December 31,	2023	2022
Gross trade notes receivable, beginning of period	$ 29,050	$ 29,211
Trade notes receivable from acquisitions	-	1,982
Principal payments received	(16,605)	(13,965)
Notes issued	15,243	13,059
Net write-offs	(1,356)	(1,178)
Foreign currency translation	(2)	(59)
Gross trade notes receivable, end of period	26,330	29,050
Allowance for credit losses	(659)	-
Allowance for doubtful accounts	-	(696)
Net trade notes receivable, end of period	$ 25,671	$ 28,354

An analysis of the changes in the trade notes receivable allowance is as follows:

For the years ending December 31,	**2023**	**2022**
Allowance, beginning of period	**$ 696**	$ 441
Provision for credit losses	**1,303**	-
Provision for bad debt	**-**	1,413
Net write-offs	**(1,356)**	(1,178)
Foreign currency translation	**16**	20
Allowance, end of period	**$ 659**	$ 696

Scheduled future maturities of trade notes receivable are as follows:

Years ending December 31,	
2024	$ 9,894
2025	5,193
2026	4,125
2027	2,991
2028	2,146
Thereafter	1,981
	$ 26,330

7. Property and Equipment

A summary of property and equipment as of December 31 is as follows:

	2023	2022
Land	**$ 1,720**	$ 1,720
Building and improvements	**31,157**	32,536
Machinery and equipment	**8,843**	1,186
Hardware	**6,519**	4,616
Software	**40,940**	20,253
Furniture and fixtures	**4,234**	7,531
Vehicles	**9,428**	11,288
Vehicles under financing lease	**19,028**	7,940
Total property and equipment	**121,869**	87,070
Less accumulated depreciation	**(32,732)**	(15,628)
Property and equipment – net	**$ 89,137**	$ 71,442

Depreciation expense was $20,219 for the year ended December 31, 2023 and $13,946 for the year ended December 31, 2022.

8. Leases

The Company's primary operating lease commitments consist of leases for office and retail space for its company-owned stores and corporate offices. The Company leases vehicles under financing lease agreements expiring at various dates through 2027.

We adopted ASC 842 effective January 1, 2022 using the modified retrospective adoption method, which resulted in no adjustment to opening retained earnings.

We utilized the modified retrospective option available in ASC 842, which allowed the continued application of the legacy guidance in ASC 840, including disclosure requirements, in the comparative periods presented in the year of adoption. The Company elected not to separate lease and non-lease components for new and modified leases after the adoption date, and instead will account for each separate lease component of a contract and its associated non-lease components as a single lease component. The Company elected not to recognize a right-of-use asset and a lease liability for leases with an initial term of twelve months or less.

We determine whether an agreement contains a lease at inception based on our right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. Lease liabilities represent the present value of future lease payments and the right-of-use (ROU) assets represent our right to use the underlying assets for the respective lease terms.

The operating lease liability is measured as the present value of the unpaid lease payments and the ROU asset is derived from the calculation of the operating lease liability. Other than for leased vehicles, our leases do not generally provide an implicit rate and we use our incremental borrowing rate as the discount rate to calculate the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate that would be required to borrow over a similar term, on a collateralized basis in a similar economic environment.

Rent escalations occurring during the term of the leases are included in the calculation of the future minimum lease payments and the rent expense related to these leases is recognized on a straight-line basis over the lease term. In addition to minimum lease payments, certain leases require payment of a proportionate share of real estate taxes and certain building operating expenses allocated on a percentage of sales in excess of a specified base. These variable lease costs are not included in the measurement of the ROU asset or lease liability due to unpredictability of the payment amount and are recorded as lease expense in the period incurred. The ROU asset is adjusted to account for previously recorded lease-related expenses such as deferred rent and other lease liabilities.

The components of lease cost are as follows (in thousands):

For the years ending December 31,	2023	2022
Operating lease cost	$ **7,855**	$ 7,406
Variable lease cost	**272**	365
Finance lease cost:		
Amortization of right-of-use assets	**5,079**	2,635
Interest on lease obligations	**720**	290
Total lease cost	$ **13,926**	$ 10,696

The table below presents additional information related to the Company's leases:

As of December 31,	2023	2022
Weighted average remaining lease term (in years):		
Operating leases	**5.2**	5.6
Finance leases	**3.2**	2.7
Weighted average discount rate:		
Operating leases	**3.4**%	3.1%
Finance leases	**6.1**%	6.0%

Other information related to leases, including supplemental disclosures of cash flow information, is as follows (in thousands):

For the years ending December 31,		**2023**	**2022**
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$	**7,857**	6,567
Operating cash flows from finance leases		**572**	184
Financing cash flows from finance leases		**3,455**	1,773
Right-of-use assets obtained in exchange for operating lease liabilities		**2,620**	8,507

Maturities of lease liabilities are as follows as of December 31, 2023 (in thousands):

Years ending December 31,		**Operating leases**		**Finance leases**		**Total**
2024	$	7,795		5,051		12,846
2025		7,092		3,919		11,011
2026		5,031		4,953		9,985
2027		3,342		1,764		5,106
2028		2,611		465		3,075
Thereafter		5,435		-		5,435
Total lease payments	$	31,306	$	16,152	$	47,458
Less: Interest		3,079		1,539		4,618
Total lease liabilities	$	28,227	$	14,613	$	42,840
Less: Current lease liabilities		6,925		4,426		11,351
Non-current lease liabilities	$	21,302	$	10,187	$	31,489

Rent expense for operating leases was $7,855 for the year ended December 31, 2023. Total lease cost was $13,926 for the year ended December 31, 2023, including finance lease costs and variable lease costs. Rent expense for operating leases was $7,406 for the year ended December 31, 2022. Total lease cost was $10,696 for the year ended December 31, 2022, including finance lease costs and variable lease costs.

9. Income Taxes

The provision for income taxes is as follows:

For the years ending December 31,		**2023**		2022
Current:				
Federal	**$**	**16,845**	$	5,208
State		**2,958**		1,121
Foreign		**766**		4,191
Total current		**20,569**		10,520
Deferred:				
Federal		**(32,983)**		(30,205)
State		**(5,619)**		(5,763)
Foreign		**(5,757)**		(8,930)
Total deferred		**(44,359)**		(44,898)
Total tax benefit	**$**	**(23,790)**	$	(34,378)

A reconciliation of the provision for income taxes at statutory rates to the provision for income taxes at effective is as follows:

For the years ending December 31,		**2023**		**2022**
Federal income taxes at statutory rate	**$**	**(97,180)**	**$**	(14,726)
State taxes		**(3,282)**		(3,758)
Permanent differences		**77,266**		10,304
Foreign currency adjustment		**55**		(2,473)
Tax rate change		**(258)**		(1,098)
Deferred balance true-up		**1,653**		(435)
Tradename sale to SPV		**(914)**		(22,187)
Payables true-up		**(1,130)**		(40)
Other		**-**		35
Total tax benefit	**$**	**(23,790)**	**$**	(34,378)

The Company's effective income tax rate is 5.14% for the year-ended December 31, 2023. The Company's effective income tax rate is 49.03% for the year-ended December 31, 2022. The Company's overall global effective income tax rate differs from the statutory US Federal income tax rate of 21.00% due to state income taxes and the state income tax rate change applied to the Company's net US deferred tax liabilities, impairments of GAAP goodwill for which no deferred income tax assets or liabilities are provided, as well as the US deferred income tax impact of the purchase of the Pimlico tradename by a Non-Franchisor SPV Entity within the Securitization Entities from a non-securitization entity, and true-ups to the beginning of the tax period accounts.

The components of deferred income tax assets and liabilities as of December 31 are as follows:

	2023	2022
Deferred tax assets:		
Accounts receivable allowance	$ 540	$ 355
Accrued expenses	1,670	1,765
Notes receivable allowance	820	855
Net operating loss carryforwards	513	1,234
Interest expense limitation	32,083	18,462
Deferred revenue	13,850	13,084
Operating lease liability	6,569	7,912
Other	3,423	2,363
Total deferred tax assets	59,468	46,030
Deferred tax liabilities:		
Prepaid expenses	(562)	(901)
Property and equipment	(8,946)	(5,284)
Intangible assets and goodwill	(263,703)	(293,005)
Interest rate swap	(6)	(6)
Operating lease right-of use assets	(6,845)	(7,696)
Other	(186)	(236)
Total deferred tax liabilities	(280,248)	(307,128)
Net deferred tax liabilities	$ (220,780)	$ (261,098)

For the periods ended December 31, 2023 and 2022, no change was recorded for uncertain tax provisions, and the balance was ($641). As of December 31, 2022, no interest or penalty has been accrued or recognized by the Company related to ASC 740 Income Taxes.

The Company reported net operating losses in the following jurisdictions as of December 31:

Jurisdiction		2023		2022	Expiration
US Federal	$	-	$	-	Indefinite
US State		17,085		15,371	Various
United Kingdom		-		-	Indefinite
Germany		-		1,462	Indefinite
Austria		-		12	Indefinite
Canada		91		-	20 Years
Total	$	17,176	$	16,845	

The Company files a US consolidated federal income tax return for Nest Holdings, Inc. and Subsidiaries which includes Neighborly Company. State returns are filed on either a separate company or consolidated return basis. The company also files separate returns where required for the various LLC entities. The Company's subsidiaries file income tax returns in Canada, Germany, the UK and Austria.

The Company files US state income tax returns in nearly every state in the US. Many of the state return filings reflect net operating loss carryovers computed on a post-apportionment basis, while several states compute operating loss carryovers on a pre-apportionment basis. The US state income tax effect of the net operating loss carryforwards, net of federal income tax, amounted to $872 and $810 at December 31, 2023 and 2022, respectively. The state net operating losses have varying carryover periods. The Company expects to fully utilize all net operating loss carryovers prior to expiration.

The Company has no current or pending US income tax examinations. US Federal income tax returns for years ended December 31, 2020, August 31, 2021, December 31, 2021, and December 31, 2022 remain open for examination. State income tax returns remain open for similar years, and several states having a longer statute remain open for examination. The Company has timely filed all federal and state income tax returns. The Company underwent a federal income tax audit for the year ended December 31, 2014. The audit was closed during June 2018 with no adjustments reported.

The UK entities have no prior or pending income tax examinations with Her (now, His) Majesty's Revenue and Customs ("HMRC"), the UK's tax, payments and customs authority. The UK corporation income tax process is one of self-assessment. Following filing of the tax return, HMRC has a period of (usually) 12 months in which to raise formal inquiries. These can range from simple information requests to detailed technical challenges over treatments adopted in the tax return. HMRC has made no requests. The UK December 31, 2022 corporate tax returns remain open for examination. The UK entities have timely filed all corporate income tax returns.

The German entities have no prior or pending income tax examinations with Bundeszentralamt für Steuern ("BZSt"), Germany's federal tax office. The statute of limitations in Germany for examination is four years from the end of the year in which the return was filed. The Germany entities' tax returns for years ended December 31, 2019 and forward remain open for examination. The German entities have timely filed all corporate income tax returns.

As of December 31, 2019 (Predecessor), the Company maintained a valuation allowance of $2,009. The valuation allowance represented a reserve against certain UK net deferred tax assets for which the Company believed the "more likely than not" criterion for recognition purposes could not be met. For the year ended December 31, 2020 (Predecessor), the Company recorded a valuation allowance release with respect to these UK net deferred tax assets, on the basis of the Company's reassessment of the "more likely than not" criterion. As of each reporting date, the Company considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. In the period from January 1, 2021 through August 31, 2021 (Predecessor) the Company began utilizing net operating losses in the UK tax jurisdiction and continued to do so in the period from September 1, 2021 through December 31, 2021 (Successor). The Company fully utilized all remaining net operating losses in the year ended December 31, 2022, and no valuation allowance remains. The net operating losses comprised the majority of the UK net deferred tax asset balance.

The US and foreign entities operate under transfer pricing agreements that control the pricing of intercompany management services, interest and royalties.

The Company has both the intent and ability to reinvest foreign earnings, therefore deferred tax liabilities have not been recorded on either unremitted earnings, components of other comprehensive income, or applicable foreign withholding taxes.

10. Related Party Transactions

On September 1, 2021, a Monitoring Agreement was entered into with Kohlberg Kravis Roberts & Co and Harvest Partners under which the Company will pay certain fees and expenses under the terms of the Monitoring Agreement. For the period ending December 31, 2023, the Company recognized fees and expenses of $4,638 which is included in board fees and expenses. For the period ending December 31, 2022, the Company recognized fees and expenses of $5,747 of which $4,517 is included in board fees and expenses and $1,230 in deferred debt issuance costs, which is a reduction to long-term debt, in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

11. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, Contingencies. Accordingly, no liabilities have been accrued for these matters as of December 31, 2023 and 2022. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

12. Employee Benefit Plan

The Company sponsors a 401(k) plan covering the majority of its employees. Plan participants may contribute up to 70% (subject to Internal Revenue Service limitations) of their annual compensation before taxes for investment in several specified alternatives. Employees are fully vested with respect to their contributions. The Company may match a percentage of employee contributions as determined at the discretion of the Board of Directors. Company contributions recognized totaled $2,599 for the year ended December 31, 2023, and $2,261 for the year ended December 31, 2022.

13. Subsequent Events

In preparation of its financial statements, the Company considered subsequent events through April 1, 2024, which was the date the Company's financial statements were available to be issued.

EXHIBIT D

PARENT GUARANTEE

GUARANTEE OF PERFORMANCE

For value received, NEIGHBORLY ASSETCO LLC, a Delaware limited liability company (the "Guarantor"), located at 1010 North University Parks Drive, Waco, Texas 76707, absolutely and unconditionally guarantees to assume the duties and obligations of **HOUSEMASTER SPV LLC**, a Delaware limited liability company, located at 1010 North University Parks Drive, Waco, Texas 76707 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Waco, Texas on the 1st day of April, 2025.

Guarantor: NEIGHBORLY ASSETCO LLC

By: _____

Michael Davis, Chief Executive Officer

EXHIBIT E-1

CURRENT FRANCHISEES
IN THE UNITED STATES AS OF DECEMBER 31, ~~2023~~2024

Note: This list is arranged alphabetically by state and then alphabetically by cities in each state.

~~te~~	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
~~bama~~	~~2~~	~~Spencer, Richard~~	~~RCS Home Services, LLC~~	~~636 Belmont Drive~~	~~Auburn~~	~~AL~~	~~36830~~	~~937-60 1559~~
~~bama~~	~~1~~	~~Lazzari, Tim~~	~~Three Oaks Marketing Inc.~~	~~11235 County Road 64~~	~~Daphne~~	~~AL~~	~~36526~~	~~251-92 3010~~
bama	1	Smith, Greg	Alamont, Inc.	459 Main Street, Stuite 101-223	Trussville	AL	35173	205-66 1223
zona	1	Hafdal, William and Jane	Hafdal~~, William~~ and ~~Jane~~Sons, LLC	4752 S. Merriman Way	Gilberts	AZ	85297	612-38 1816
zona	1	Campbell, James Thomas	Campbell, James Thomas	8918 E Palm Lane	Mesa	AZ	85207	602-57 2493
zona	3	Rustand, Clark	CMET Enterprises, LLC	5750 E. Santa Fe	Tucson	AZ	85715	520-53 1440
zona	1	Wilcox, Tab	T and A Technical Services, Inc.	6840 E. Mission Street	Yuma	AZ	85365	928-34 2885
ifornia	1	Lusk, Joshua Brian	Lusk, Joshua Brian	330 N. West B Street	Alturas	CA	96101	530-60 2063
ifornia	2	Johnson-Cassacia, Justin Mitchell	Johnson-Cassacia, Justin Mitchell	206 Caparral Drive	Brentwood	CA	95413	925-86 4012
ifornia	1	Arslan, Alp	Arslan, Alp	1146 Palau Road	Coronado	CA	92118	619-81 8212
ifornia	3	Fried, David	Dfried Enterprises, LLC	28039 Scott Road, Suite D #422	Murrieta	CA	92563	951-69 7327
ifornia	1	Moosajee, Mustafa Murtaza	MOOSAJEE & ASSOCIATES LLC	4881 S Anderson Avenue	Ontario	CA	91762	714-78 6556
ifornia	1	Rutledge, Christopher Adam	Rutledge, Christopher Adam	1390 Woodward Way	Palm Springs	CA	92262	760-76 1912

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
ifornia	1	Pasillas, Carlos	Cpasillas LLC	1030 Lakeside Drive	Red Bluff	CA	96080	530-20 2836
ifornia	20	Jennings, Debra	Jennroth Partners, LLC	1525 S. Brady Street	Ridgecrest	CA	93555	800-99 4063
ifornia	2	Avila Hendrix, Shelby Jacob	Hendrix Housing LLC	1187 Coast Village Road 1-284	Santa Barbara	CA	93108	805-89 2698
~~orado~~California	1	~~Toops, David S.~~Jones, Nicholas Stephen	~~Toops, David S.~~Jones, Nicholas Stephen	~~7066 Thundercloud Court~~13860 Saint Andrew's Drive #62A	~~Castle Rock~~Seal Beach	C~~O~~A	~~80108~~90740	~~443-53 6205~~(5 816-73
orado	~~2~~3	Kelsey, Thomas Anthony	TAK Strategies, LLC	128 W. 4th Avenue	Denver	CO	80223	720-29 2065
orado	1	Bowden, Benjamin David	Bowden, Benjamin David	1472 Red Tail Road	Easton	CO	80615	970-21 7475
orado	1	Yurko, Jr., Joseph Richard	Yurko, Jr., Joseph Richard	7996 Hope Court	Frederick	CO	80530	720-66 0333
orado	1	Vise, Randy and Thorson, Debbie	Vise, Randy and Thorson Debbie	580 Lakewood Court	Windsor	CO	80550	970-67 7495
orado	1	Herman, Chris	Four Corners Home Inspection, I	418 W. Broadway, Suite B	Farmington	NM	87401	505-29 4606
necticut	1	Kearns, Jason and Kearns, Kelly	Kearns Home Inspection, LLC	256 Tuttle Road	Middletown	CT	6457	800-41 6137
necticut and yland	1	Marren, Jerry	Shine Home Inspections, LLC	9800 Grand Sandestin Boulevard, Unit 5207	Miramar	FL	32550	239-43 8220
necticut	1	Peterson, Roger and Peterson, Nancy	Mountainview Home Evaluations	112 Washington Road	Springfield	MA	1108	413-27 1308
aware & yland	1	Henschen, Scott	HMS Home Services LLC	184 Maple Shade Drive	Magnolia	DE	19962	302-67 1960
rida	3	Alvarez, Lilio and Alvarez, Emilio	Specialist Home Service, LLC	6649 Dolphin Cove Drive	Apollo Beach	FL	33572	813-54 0185

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
rida	~~8~~9	Costa, Cesar	CPFM Enterprises LLC	6115 Stirling Road, Suite 211	Davie	FL	33314	407-98 8772
~~rida~~	~~1~~	~~Bergman, Jeff~~	~~JRB Inspections, LLC~~	~~304 Hazeltine Drive~~	~~Debary~~	~~FL~~	~~32713~~	~~321-37 1946~~
rida	2	Duval, Chaz	CJD Property Inspectionsw LLC	335 E. Linton Boulevard #2117	Delray Beach	FL	34486	561-24 1045
rida	1	Cresse, Jeffery and Cresse, Kathleen	Cresse, Jeffery and Cresse, Kathleen	838 Cannon Lane	Destin	FL	32541	850-20 6993
rida	1	Grunwald, Anthony S.	AI Home Inspections LLC	1598 Waters Edge Dr	Fleming Island	FL	32003	904-77 3273
rida	1	Coe, Kyle and Jessica	K&J Coe Inspections LLC	16148 Kayla Cove Court	Jacksonville	FL	32218	904-65 2575
rida	1	Sadowski, Joshua Mark	J & A Tidal LLC	1718 Bruman Terrace	Melbourne	FL	32935	321-53 4401
rida	5	Aguiar, Joe	Peace Enterprises, Inc.	13230 S.W. 132 Avenue, #17	Miami	FL	33186	305-22 3900
rida	3	Prete, John	Inspect International, Inc. and Jo	4151 Corporate Square	Naples	FL	34104	239-43 8220
rida	1	Peck, Matt	MP Enterprises, LLC	24605 N.W. 25 Place	Newberry	FL	32669	352-37 7864
rida	1	Baldus, Jose and ~~Alves, Eleonora~~Costa, Cesar	Balanna, LLC	1800 Pembrook Drive, Maitland Center Suite 300	Orlando	FL	32810	407-98 4189
~~rida~~	~~1~~	~~Southard, Robert~~	~~RMCC Home Inspections, LLC~~	~~2702 Clubhouse Drive~~	~~Plant City~~	~~FL~~	~~33566~~	~~866-93 2350~~
rida	1	MacVean, John	MacVean Industries, Inc.	114 N.E. Twylite Terrace	Port St. Lucie	FL	34983	772-33 2111
rida	1	Starrett, Chuck	Linesider Home Services, LLC	123 Whispering Oaks Court	Sarasota	FL	34232	800-52 3939

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
rida	1	Edwards, Sherri Rae	S and D Enterprises St Augustine LLC	2401 Kacie Ln	St. Augustine	FL	32084	904-89 5474
rgia	2	Coty, Sophie Katherine, et al	Capstone MHT Dev, Inc.	108 Stonewood Trail	Ball Ground	GA	30107	770-84 0449
rgia	1	Clarke, Cheryl Lynn	Clarke, Cheryl Lynn	2900 Delk Road, Suite 700 PMB #150	Marietta	GA	30067	404-66 8956
rgia	1	Halverson, Kim Randall	Halverson, Kim Randall	2559 Alexander Farms Drive SW	Marietta	GA	30064	678-31 4914
rgia	1	Tarr, John	Chinsegut Inspections, LLC	1 Crestwood Drive	Savannah	GA	31405	912-72 4687
~~rgia~~	~~1~~	~~Mayfield, Dan~~	~~Mayfield Services, Inc.~~	~~5708 Uptain Road, Suite 452~~	~~Chattanooga~~	~~TN~~	~~37411~~	~~423-89 9696~~
vaii	1	Stamm, Jack Alonzo	Stamm~~, Jack Alonzo~~ Inspection Services LLC	35-2051 Old Mamalahoa	Laupahoehoe	HI	96764	808-33 5716
no	1	Parsons, Casey	MCT, Inc.	12215 East Trent	Spokane	WA	99206	509-92 8310
nois	7	McClure, III, Warner David	Best Inspector In Town, LLC	2704 Kendridge Lane	Aurora	IL	60502	708-79 8810
~~nois~~	~~2~~	~~Dylo, Steve~~	~~Steve Dylo~~	~~1465 Canter Lane~~	~~Bartlett~~	~~IL~~	~~60103~~	~~331-20 6626~~
nois	1	Khan, Maqsood Alam	Khan, Maqsood Alam	5421 Ashbrook Place	Downers Grove	IL	60515	630-63 0376
nois	1	Barshay, Andrey	All Angles Inspection Services, LL	P.O. Box 25091 Scott AFB	Shiloh	IL	62225	618-80 9323
iana	1	McClure, III, Warner David	Best Inspector In Town, LLC	2704 Kendridge Lane	Aurora	IL	60502	708-79 8810
iana	3	Paino, Tim	Paino Home Inspection, LLC	6403 Canak Drive	Avon	IN	46123	317-20 9100
iana	1	Kauffman, William	Kauffman Home Services	53138 Monterey Drive	Bristol	IN	46507	574-21 3520

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
~~ana~~	~~1~~	~~Norman, Joe~~	~~Norman Property, LLC~~	~~2234 Boston Pike~~	~~Richmond~~	~~IN~~	~~47374~~	~~765-99 1318~~
a	1	~~Murphy~~Clinton, Kelly	Corridor Inspections, LLC	1221 8th Street	Cedar Rapids	IA	52405	319-98 3337
~~a~~	~~1~~	~~Mossman, David Lee and Mossman, Melissa Ann~~	~~Mossman, David Lee and Mossman, Melissa Ann~~	~~2132 125th Street~~	~~Liscomb~~	~~IA~~	~~50148~~	~~319-80 3126~~
sas	1	Billings, Aaron et al	Heartland Inspection Services, LLC	1009 E. Lincoln Blvd.	Hesston	KS	67062	785-82 8391
sas	1	Stephens, Gregory Dean	Stephens Ventures LLC	13411 W. Hayden St.	Wichita	KS	67235	316-35 8800
tucky	1	Whetstine, Jeremy and Collins-Hasford, Elaine	Whetstine, Jeremy and Collins-Hasford, Elaine	3132 Chelsea Drive	Lexington	KY	40503	859-62 8613
tucky	1	McClintic, Adam	AM Inspections LLC	3837B Essman Sugar Camp Rd	South Webster	OH	45682	740-58 9023
isiana	1	French, Colin Barrett	BH Inspections LLC	127 Cherry Laurel Drive	Covington	LA	70433	850-54 4620
ine	1	Justham, Daryl	Inspectabilities Inspection Service	57 Estes Road	Rochester	NH	3839	603-33 7411
ryland	1	Norwood, Angela and Farrar, Valerie	100 Blue Doors, LLC	3808 Alta Vista Drive	Bowie	MD	20721	301-95 5458
ryland	1	Farrar, Ilan William and Delaney, April	Al Home Services LLC	4302A Bill Moxley Road	Mt. Airy	MD	21771	240-91 6296
ryland	1	Hoffman, Alan	Delmarva Home Enterprises, Inc.	52 Drawbridge Road	Ocean Pines	MD	21811	410-20 9656
ssachusetts	1	Marren, Jerry	Shine Home Inspections, LLC	234 N Main St	West Hartford	CT	6107	860-60 9939
ssachusetts	1	Milham, Michael	Sky Ridge Inc	15 Pine Acres Drive	Bellingham	MA	2019	508-88 1872

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
ssachusetts	1	Peterson, Roger and Peterson, Nancy	Mountainview Home Evaluations	112 Washington Road	Springfield	MA	1108	413-27 1308
ssachusetts	1	Miranda, Paul	PJM Home Inspections Inc.	8 Heritage Road	Bristol	RI	2809	401-63 6188
higan	1	Cugini, Craig Harris	Yooper Drahts Innovative Solutions Inc.	175 Cooper Lake Road	Ishpeming	MI	49849	906-46 4400
higan	3	DeLong, Deana	~~Deanna Delong~~Francis Harper, Inc.	800 Ellis Road #522	Muskegon	MI	49441	231-98 0532
~~higan~~Minnesota	1	~~Danziger, Karen~~Simmons, Scott Everett	~~Property Evaluations Unlimited,~~Great Scott Home Inspections LLC	~~422 Forest~~1641 Kenabec Street	~~Wyandotte~~Big Lake	M~~I~~N	~~48192~~55309	~~313-59 7870~~7 290-67
nesota	1	Euerle, Scott	~~Euerle, Scott~~Great North Home Assurance LLC	1140 33rd Street S.E.	Buffalo	MN	55313	763-22 4417
nesota	~~2~~1	~~Sroga, David~~Golden, Timothy Westmoreland	~~Sroga Enterprises, Inc.~~Golden, Timothy Westmoreland	~~13869 268th Street~~35317 250th Avenue	~~Lindstrom~~Erhard	MN	~~55045~~56534	~~952-92 9949~~2 438-59
sissippi	1	Haydel, Jeff Edward	Haydellions LLC	45 Moss Ln	Petal	MS	39465	601-90 9955
souri	1	Whiteley, Deryck	Choice Inspection Services, Inc. d	2465 MacPherson Drive	O'Fallon	MO	63368	314-93 5557
souri	1	Villhard, Wes	Cornerstone Building Inspections	2800 Spruce Ridge Court	St. Charles	MO	63303	314-95 7007
souri	1	Bryant, Rick	Crossroads Inspection Services, L	223 Meadowbrook Heights Drive	Wentzville	MO	63385	636-88 6316
vada	1	Heck, James	Silver States Inspections dba Ho	3492 Mont Blanc Court	Carson City	NV	89705	775-39 0381
vada	1	Davis, Shawn	Southern Nevada Inspectors Inc.	10628 Lace Vine Arbor Avenue	Las Vegas	NV	89144	702-52 1898
v Hampshire	1	Justham, Daryl	Inspectabilities Inspection Service	57 Estes Road	Rochester	NH	3839	603-33 7411

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
v Jersey	1	Esposito, Louis Michael	Esposito Holdings Inc.	27 David Post Road	Annandale	NJ	8801	848-25 3413
v Jersey	1	Kuhn, Robert	BK Home Inspection LLC	6 Sunnywoods Lane	Jackson	NJ	8527	732-83 0037
v Jersey	1	Vanace, Jeff	South Jersey Inspections, LLC	1 Crossing Drive	Linwood	NJ	8221	609-60 8800
v Jersey	5	Kuhn, Patrick and Kuhn, Kathleen	AMC Property Evaluations, Inc.	43 West Ohio Avenue	Long Beach Township	NJ	8527	732-46 6050
v Jersey	3	Angione, Sergio	SRA Home Inspections, Inc.	2 Cammeyer Court	Towaco	NJ	7082	973-29 1808
v Jersey	2	Dombrowski, Paul	PWD Property Evaluations LLC	5 Jennifer Lane	Warren	NJ	7059	844-28 4422
v Jersey	3	Horvath, Bob	ENCO Home Inspections, Inc.	127 S. Broadway	Nyack	NY	10960	800-60 8134
v Jersey & aware	1	Spears, Eric	Spears, Eric	334 Queen Street Unit D	Philadelphia	PA	19147	609-28 7390
v Mexico	1	Herman, Chris	Four Corners Home Inspection, I	418 W. Broadway, Suite B	Farmington	NM	87401	505-32 5020
v York	1	~~Rotondi, Ben~~Bhatti, Pricella	~~Capital United Industries, Inc.~~New Snap 17 LLC	~~347 Ushers Road~~16 Casablanca Court	~~Ballston Lake~~Clifton Park	NY	~~12019~~12065	518-37 6600
v York	4	Kaplan, ~~Ivan~~Matthew	IM Kapco, Inc.	357 Veterans Memorial Highway	Commack	NY	11725	631-72 6800
v York	1	Kaoukakis, Constantine G.	Hudson Valley Inspections and Home Services, LLC	18 Dogwood Road	Hopewell Junction	NY	12533	914-60 3126
v York	4	Horvath, Bob	ENCO Home Inspections, LLC	127 S. Broadway	Nyack	NY	10960	800-60 8134
v York	1	LeFrois, Steve	LeFrois Inspection Service, Inc.	125 Sully's Trail, Suite 3A	Pittsford	NY	14534	585-38 4677
th Carolina	1	Fernandez Molina, Alejandro	Fernandez Ventures LLC	216 Timber Forest Lane	Cary	NC	27519	916-66 5785
th Carolina	2	Craparo, Chris	Home Inspection Team LLC	5432 Farm Brook Drive	Charlotte	NC	28210	704-20 9040

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
th Carolina	1	Welch, Joseph	House to Home Inspections, LLC	4900 Radish Hill Court	Garner	NC	27529	919-80 7111
th Carolina	3	Upton, Butch	Upton Enterprises, LLC	503 Crescent Hill Road	Kings Mountain	NC	28086	705-84 7777
th Carolina	1	Zick, Dustin	Zick Enterprises, LLC	2251 Brookwood Road	Lincolnton	NC	28673	704-92 9078
th Carolina	2	Daly, Garrett	Floor 2 Ceiling Home Inspection	9660 Falls of Neuse Road, Suite 138-364	Raleigh	NC	27615	919-80 7977
th Carolina	1	Lattarulo, Donald	DJLatt, LLC	129 James Creek Road	Southern Pines	NC	28387	800-52 3939
~~o~~North Carolina	1	~~Norman, Joe~~Gann, Christian and Gann, Caroline	~~Norman Property, LLC~~Gann, Christian and Gann, Caroline	~~2234 Boston Pike~~4712 Stillwell Road	~~Richmond~~Wilmington	~~I~~NC	~~47374~~28412	~~765-99 1318~~9 210-00
~~o~~	~~1~~	~~Gauding, Ronald Edward~~	~~Gauding, Ronald Edward~~	~~9620 Bimeler Street NE~~	~~Bolivar~~	~~OH~~	~~44612~~	~~330-44 2818~~
o	2	Blake, Casey	C.S.C.G. Services, LLC	4450 Belden Village Street, N.W., Suite 210	Canton	OH	44718	330-24 9400
o	1	Oakley, Richard	~~Richard Oakley~~Professional Home Inspection Services, Ltd.	10466 Sioux Court	Huntsville	OH	43324	937-59 7636
o	1	Connick, John Thomas	Connick Inspections, LLC	1440 Olivewood Avenue	Lakewood	OH	44107	216-45 9090
o	6	McClintic, Adam	AM Inspections LLC	3837B Essman Sugar Camp Rd	South Webster	OH	45682	740-58 9023
o	3	Kreps, Daniel ~~D~~and Kreps, Toni	Kreps Home Inspection, LLC	7723 Tylers Place Boulevard, Suite 128, Plaza of Wetherington	West Chester	OH	45069	513-77 7203
ahoma	2	LaBrake, Daniel	LaBrake Services, Inc. - OK Lic #1	9807 S. 226 E. Avenue	Broken Arrow	OK	74014	918-45 4406
ahoma	1	Taylor, Kreston Jeffrey	Okie Patriot, LLC	3907 Ruby Ridge NE	Piedmont	OK	73078	580-40 8885

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
gon	1	Skudstad, Kelley	Kelley Property Inspections Inc.	1023 N.W. Washington Boulevard	Grants Pass	OR	97526	909-74 8844
nsylvania	3	De Esch, Franklin	E Frank E, LLC	126 Sandspring Lane Review	Canadensis	PA	18325	570-68 4855
nsylvania	3	Crane, Kevin	Crane Enterprises, Inc.	419 West Fourth Street, Suite 1	Cogan Station	PA	17701	866-32 9330
nsylvania	1	Cilik, Jocelyn and Cilik, Ivan	Reusco, Inc.	510 St. Phillips Court	Cranberry Township	PA	16066	724-77 5593
nsylvania	1	Laumonier, Steve Alexander	Laumonier, Steve Alexander	179 Meadowside Drive	Douglasville	PA	19518	347-93 4182
~~nsylvania~~	~~1~~	~~Grove, Larry~~	~~Grove Home Inspection Services,~~	~~121 Chapel Court~~	~~Downingtown~~	~~PA~~	~~19335~~	~~866-95 3132~~
nsylvania	1	LaPorta, Ron	LaPorta Inspections, Inc.	623 North Pottstown Pike	Exton	PA	19341	484-31 8247
nsylvania	1	Ayers, Scott and Ayers, Daniel	Ayers, LLC	900 Eisenhower Boulevard, Suite C	Harrisburg	PA	17111	610-49 3890
~~nsylvania~~	~~2~~	~~Clerkin, P.J.~~	~~Clerkin Home Inspections, LLC~~	~~424 Marion Avenue~~	~~Lower Gwynedd~~	~~PA~~	~~19002~~	~~215-23 1130~~
~~nsylvania~~	~~2~~	~~Scarborough, Lloyd~~	~~Scarborough Enterprises, Inc.~~	~~429 Hillside Avenue~~	~~Morrisville~~	~~PA~~	~~19067~~	~~215-42 4770~~
nsylvania	1	Carrozza, Jr., Tony	APC Home Services, Inc. DBA Ho	369 Nottingham Road	Quarryville	PA	17566	717-61 0074
nsylvania	1	Allaire, Angeline and Young, Timothy	Gaggle LLC	21 Northeast Ave	Waynesboro	PA	17268	717-34 0841
ode Island	1	Miranda, Paul	PJM Home Inspections Inc.	8 Heritage Road	Bristol	RI	8271	401-63 6188
th Carolina	2	~~Malamut, Stuart and Smith, Kim~~Mirando IV, Felix	~~Advanced~~Premier Property Inspections LLC	~~315 Avenue of Oaks~~124 Windfield Rd	~~Anderson~~Greenville	SC	~~29621~~29607	864-64 6180

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
		Anthony						
th Carolina	1	Richardson, II, Douglas L.	Richardson, II, Douglas L.	901 Charlotte Street, Apt. 1007	Georgetown	SC	29440	843-90 8059
th Carolina	1	Wetzel, Brian	Wetzel Enterprises, LLC	168 Highway 274, #111	Lake Wylie	SC	29710	803-83 0057
th Carolina	1	Gray, Ken	Gray's Inspection Services, LLC	100 Old Cherokee Road, Suite F, #334	Lexington	SC	29072	843-41 6902
th Carolina	1	Johnson, Paul	Brothers Johnson LLC	1304 Woodlock Road	Mount Pleasant	SC	29464	843-77 0916
th Carolina	1	Boyle, Joe and Watford, Kevin	Professional Home Inspections, I	531 D-2 Oxford Street	Sumter	SC	29150	803-77 1056
th Dakota	1	Horstman, Brad	Professional Property Inspection, Inc.	2516 Roosevelt Circle	Sioux Falls	SD	57106	605-36 5411
nessee	1	Mayfield, Dan	Mayfield Services, Inc.	5708 Uptain Road, Suite 452	Chattanooga	TN	37411	423-89 9696
nessee	2	Mullins, Nicholas Tyler	Fishracket Enterprises, LLC	4716 Hunter Trail	Chattanooga	TN	37415	423-89 9696
nessee	1	Phillips, Genard Allen	Phillips, Genard Allen	1194 Saddle Rock Lane	Collierville	TN	38017	901-66 2070
nessee	1	Bowman, Mark Alexander	Bowman, Mark Alexander	261 Bridgewater Court	Johnson City	TN	37615	423-77 8232
nessee	1	Boggs, Melissa and Boggs, Lemuel	Strong Foundation Home Inspections LLC	2730 Lakewood Lane	Knoxville	TN	37921	865-62 3811
as	1	Greer, Corbin Callaway	Greer, Corbin CallawayEGN Limited Company	11207 Sinclair Avenue	Dallas	TX	75218	214-76 2929
as	1	Harris, Mark	M&K Home Inspection Services,	7916 Hillfawn Circle	Dallas	TX	75248	972-98 0005

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
as	3	Richards, John	JS Richards Enterprises, LLC	133 Magnolia Lane	Hickory Creek	TX	75065	972-76 3208
as	1	Hobbs, Jr., Jay Lee	Hobbs, Jr., Jay Lee	286 Rickin H Trail	Johnson City	TX	78636	512-85 3199
as	1	Hurst, Daryl	Texas Hill Country Home Inspect	4261 S. Highway 183	Lampasas	TX	76550	972-98 0005
as	1	Hendricks, Barry Andrew	Hendricks, Barry Andrew	9020 Thompson Drive	Lantana	TX	76226	817-52 7579
as	1	Ruiz, Joshua Jesus	Home Services of SETX, LLC	P.O. Box 8389	Lumberton	TX	77657	886-83 7290
as	1	Searson, John and Rachel	Searson, John Manufacturing, Land Rachel & Cattle	349 Amber Lane	Nevada	TX	75173	972-83 2909
as	1	Dyer, John Raymond	Dyer, John Raymond	2723 Sueno Pt.	San Antonio	TX	78245	210-28 1513
as	1	Thomas, Jason and Crutchfield, Julie	Thomas, Jason and Crutchfield, Julie	8838 Driftstone Drive	Spring	TX	77379	832-41 9177
as	1	Verkerk, Willem and Verkerk, Jane	Verkerk Ventures Inc.	234 Kings Way	Stafford	TX	77477	281-26 8581
as	1	Rice, Michael Scott	Rice, Michael Scott	18919 Rustling Ridge Lane	Tomball	TX	77377	713-56 2555
h	1	Stubbs, Carl Don	Stubbs, Carl Don	702 W. Osborne Fox Way	Draper	UT	84020	801-82 3133
h	1	Broomhead, William Alden	Broomhead, William Alden	4756 W 2050 N	Plain City	UT	84404	801-79 8592
ginia	1	Fleming, James	James Fleming	7114 Captains Cove Court	Alexandria	VA	22315	703-31 9879
ginia	1	Murray, John and Murray, Cynthia	Rayner Lea LLC	11106 Bristow Road	Bristow	VA	20136	803-83 0057
ginia	1	Inglefield III, James Oliver	Home Inspectors LLC	2305 Horseferry Court	Reston	VA	20191	571-33 5155

te	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Numb
ginia	2	Wharton, Scott	Wharton Group, LLC	2132 Bloomsherry Drive	Richmond	VA	23235	804-74 4588
ginia	1	Fisher, Tim and Fisher, Ady	Fisher Solutions, LLC	3 Boulder Drive	Stafford	VA	22554	540-28 0869
shington	1	Parsons, Casey	MCT, Inc.	12215 E. Trent	Spokane	WA	99206	509-92 8510
shington	1	Daniels, Jr. Herbert and Sarah	Dow Creek LLC	2524 N. Monroe Street	Tacoma	WA	98406	253-99 5788
sconsin	1	~~Orsch, Hans~~Schefus, Steven and ~~Penny~~Schefus, Ann	~~Orsch, Hans and Penny~~Seavue Ventures LLC	~~N33202 Carston Road~~2925 Coventry Lane	~~Whitehall~~Waukesha	WI	~~54773~~53188	~~715-59 3625~~26 844-14

FRANCHISEES IN THE UNITED STATES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT ARE NOT YET OPERATIONAL AS OF DECEMBER 31, ~~2023~~2024

Note: This list is arranged alphabetically by state and then alphabetically by cities in each state

State	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Number
~~California~~Alabama	1	~~Jones, Nicholas Stephen~~McNeese, Kaia	~~Jones, Nicholas Stephen~~McNeese, Kaia	~~13860 Saint Andrew's~~204 Brookwind Drive~~#62A~~	~~Seal Beach~~Hazel Green	~~C~~AL	~~90740~~ 35750	(~~541~~256) ~~816-7399~~888-5665
~~Florida~~Oregon	1	~~Cresse, Jeffery and Cresse, Kathleen~~Richardson, Michael	~~Cresse, Jeffery and Cresse, Kathleen~~Pavilion Resources, LLC	~~838 Cannon Lane~~2221 SW 1st Avenue, Apartment 2025	~~Destin~~Portland	~~FL~~OR	~~32541~~ 97201	(~~850~~971) ~~208-6993~~226-3763
~~Louisiana~~	~~1~~	~~French, Colin Barrett~~	~~French, Colin Barrett~~	~~127 Cherry Laurel Drive~~	~~Covington~~	~~LA~~	~~70433~~	~~(850) 543-4620~~
~~Minnesota~~	~~1~~	~~Golden, Timothy Westmoreland~~	~~Golden, Timothy Westmoreland~~	~~35317 250th Avenue~~	~~Erhard~~	~~MN~~	~~56534~~	~~(218) 438-5977~~
~~North Carolina~~	~~1~~	~~Fernandez Molina, Alejandro~~	~~Fernandez Molina, Alejandro~~	~~216 Timber Forest Lane~~	~~Cary~~	~~NC~~	~~27519~~	~~(916) 666-5785~~
~~North Carolina~~	~~1~~	~~Gann, Christian and Gann, Caroline~~	~~Gann, Christian and Gann, Caroline~~	~~4712 Stillwell Road~~	~~Wilmington~~	~~NC~~	~~28412~~	~~(910) 210-0025~~
~~Texas~~	~~1~~	~~Dyer, John Raymond~~	~~Dyer, John Raymond~~	~~2723 Sueno Pt.~~	~~San Antonio~~	~~TX~~	~~78245~~	~~(210) 287-1513~~
~~Wisconsin~~	~~1~~	~~Schefus, Steven and Schefus, Ann~~	~~Schefus, Steven and Schefus, Ann~~	~~2925 Coventry Lane~~	~~Waukesha~~	~~WI~~	~~53188~~	~~(262) 844-1432~~

EXHIBIT E-2

FRANCHISEES IN THE UNITED STATES WHO LEFT THE SYSTEM IN THE PAST 12 MONTHS AS OF DECEMBER 31, ~~2023~~2024

Note: This list is arranged alphabetically by state and then alphabetically by cities in each state.
**Indicates franchisee left the system as a result of transferring their franchise agreement.*
^Indicates Franchise Unit left the system by consolidating with the owner's other owned unit.

State	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Number
~~California*~~	~~1~~	~~Dickinson, Scott~~	~~Jescor Enterprises, Inc.~~	~~19507 Huasna Road~~	~~Apple Valley~~	~~CA~~	~~92307~~	~~760-242-4411~~
~~California*~~Alabama	2	~~Grunder,~~Spencer, Richard	~~Clearview Inspection~~RCS Home Services, LLC	~~107 S. Signal Street~~636 Belmont Drive	~~Ojai~~Auburn	~~C~~AL	~~93023~~ 36830	~~805-898-2698~~937-608-1559
~~California~~Alabama	1	~~Doyle, Tyler Patrick~~Lazzari, Tim	~~Doyle, Tyler Patrick~~Three Oaks Marketing Inc.	~~2438 Sammy~~11235 Cou~~r~~nty Road 64	~~Reseue~~Daphne	~~C~~AL	~~95672~~ 36526	~~530-592-5671~~251-928-3010
~~Colorado~~	~~1~~	~~Lampe, Jim~~	~~J & J Enterprises, Inc.~~	~~493 South Ridge Road~~	~~Bailey~~	~~CO~~	~~80421~~	~~303-838-3300~~
~~Colorado~~	~~1~~	~~Helm, Wayne~~	~~JMH Home Inspection~~	~~7074 Sedgerock Lane~~	~~Colorado Springs~~	~~CO~~	~~80927~~	~~719-330-6303~~
Colorado*	1	~~Hernandez, Pablo Miguel~~Toops, David S.	~~Golden HM LLC~~Toops, David S.	~~11700 W. Security Avenue~~7066 Thundercloud Court	~~Lakewood~~ Castle Rock	CO	~~80401~~ 80108	~~408-262-4188~~443-534-6205
~~Connecticut~~	~~1~~	~~Lattarulo, Joseph~~	~~JALCO ENTERPRISES, LLC~~	~~18 1/2 Cliff Avenue~~	~~Greenwich~~	~~CT~~	~~6830~~	~~203-531-7500~~
~~Florida*~~	~~3~~	~~Lightcap, Steve~~	~~WTW Enterprises, Inc.~~	~~1698 Second Street~~	~~Clermont~~	~~FL~~	~~34711~~	~~352-243-4553~~
Florida*	1	~~Williams~~Bergman, ~~Colin~~Jeff	~~Procol~~JRB Inspections, ~~Inc.~~LLC	~~527 Brack Street~~304 Hazeltine Drive	~~Kissimmee~~ Debary	FL	~~34744~~ 32713	~~407-343-4677~~321-377-1946
Florida	1	~~Fredrich, Glenn Edward~~So	~~Core Integrated Services~~RMCC Home	~~14577 Salt Meadow~~2702 Clubhouse Drive	~~Pensacola~~Plant City	FL	~~32507~~ 33566	~~850-977-5408~~866-931-2350

State	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Number
		uthard, Robert	Inspections, LLC					
~~Idaho~~Georgia	1	~~Pierson~~Mayfield, ~~Steve~~Dan	~~Idaho Property Evaluations~~Mayfield Services, Inc.	~~3406 Airport~~5708 Uptain Road, Suite 452	~~Nampa~~Chattanooga	~~ID~~TN	~~83687~~ 37411	~~208-323-0333~~423-892-9696
Illinois~~*~~	~~7~~2	~~Hofeld~~Dylo, ~~Rich~~Steve	~~Property Inspections, Inc.~~Steve Dylo	~~18122 Martin Avenue~~1465 Canter Lane	~~Homewood~~ Bartlett	IL	~~60430~~ 60103	~~708-798-8810~~331-202-6626
Indiana~~*~~	1	~~Hofeld~~Norman, ~~Rich~~Joe	Norman Property~~ Inspections~~, ~~Inc.~~LLC	~~18122 Martin Avenue~~2234 Boston Pike	~~Homewood~~ Richmond	IN	~~60430~~ 47374	~~708-798-8810~~765-993-1318
~~Kansas*~~Iowa	1	~~McCullough, Brian~~Mossman, David Lee and Mossman, Melissa Ann	~~Inspection~~All-In-One Services, ~~LLC~~Inc.	~~1925 Roach~~2132 125th Street	~~Salina~~Liscomb	~~KS~~IA	~~67401~~ 50148	~~866-485-2200~~319-800-3126
~~Maryland~~	~~1~~	~~Majd, Hessam~~	~~Majd, Hessam~~	~~5245 Even Star Place~~	~~Columbia~~	~~MD~~	~~21044~~	~~301-312-2503~~
~~Massachusetts~~	~~1~~	~~Cobosco, Dave~~	~~DMC Inspections, LLC~~	~~4 Sherman Lane~~	~~Bedford~~	~~MA~~	~~1730~~	~~781-271-1773~~
~~Massachusetts~~	~~1~~	~~Ryan, Daniel~~	~~DR Home Inspection Inc.~~	~~16 Michael Lane~~	~~Dudley~~	~~MA~~	~~1571~~	~~800-526-3939~~
Michigan	1	~~Krause, Jeffrey Theodore Morton~~Danziger, Karen	~~Clear Vision Inspectors~~Property Evaluations Unlimited, LLC	~~31603 Sleepy Hollow Lane~~422 Forest Street	~~Beverly Hills~~Wyandotte	MI	~~48025~~ 48192	~~248-250-4591~~313-595-7870
~~Michigan~~Minnesota	2	~~Kauffman~~ Sroga, ~~Drew~~David	~~Kauffmans Investments - 2~~Sroga Enterprises, Inc.	~~5550 Tilly Road~~13869 268th Street	~~St Joseph~~Lindstrom	M~~I~~N	~~49085~~ 55045	~~269-408-1910~~952-926-9949
~~Nevada~~New York*	1	~~Pierson~~Rotondi, ~~Steve~~Ben	~~Idaho Property Evaluations~~Capital United	~~3406 Airport~~347 Ushers Road	~~Nampa~~Ballston Lake	~~ID~~NY	~~83687~~ 12019	~~208-323-0333~~518-372-6600

State	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Number
			Industries, Inc.					
~~New York*~~Ohio	1	~~Mininni~~Norman, ~~Tracey~~Joe	~~Lower Hudson Inspections, Inc.~~Norman Property, LLC	~~127 Sunset Hill Road~~2234 Boston Pike	~~Putnam Valley~~Richmond	IN~~Y~~	~~10579~~ 47374	~~516-559-0095~~765-993-1318
Ohio	1	~~McCreary, Scott~~Gauding, Ronald Edward	~~Polen Investments, LLC~~Gauding Construction, Inc.	~~701~~9620 Bimeler Street NE~~. Fairfield Road~~	~~Beavercreek~~Bolivar	OH	~~45434~~ 44612	~~866-881-0707~~330-443-2818
Pennsylvania	1	Grove, Larry	Grove Home Inspection Services,	121 Chapel Court	Downingtown	PA	19335	866-953-3132
~~Ohio~~Pennsylvania	2	~~Kleptz, Timothy Charles~~Clerkin, P.J.	~~Dayton~~Clerkin Home Inspectio~~r~~ns, LLC	~~11844 Haber Road~~424 Marion Avenue	~~Englewood~~ Lower Gwynedd	~~OH~~PA	~~45322~~ 19002	~~937-538-0702~~215-233-1130
~~Oregon~~Pennsylvania	~~1~~2	~~Pierson~~Scarborough, ~~Steve~~Lloyd	~~Idaho Property Evaluations~~Scarborough Enterprises, Inc.	~~3406 Airport Road~~429 Hillside Avenue	~~Nampa~~Morrisville	~~ID~~PA	~~83687~~ 19067	~~208-323-0333~~215-428-4770
South Carolina*	2	Malamut, Stuart and Smith, Kim	Advanced Property Inspection LL	315 Avenue of Oaks	Anderson	SC	29621	864-641-6180
South Carolina	1	Richardson, II, Douglas L.	Beach Boys Inspections LLC	901 Charlotte Street, Apt. 1007	Georgetown	SC	29440	843-904-8059
Tennessee	1	~~Cope~~Mayfield, ~~Tim~~Dan	~~HouseMaster Home Inspections~~Mayfield Services, Inc.	~~8425 Merrymount Drive~~5708 Uptain Road, Suite 452	~~Nashville~~Chattanooga	TN	~~37221~~ 37411	~~615-673-9840~~423-892-9696
Texas~~*~~	1	~~Askew, Joe~~Hendricks, Barry Andrew	~~Ethos Home Services, LLC~~Hendricks, Barry Andrew	~~7850 San Bruno Street~~9020 Thompson Drive	~~Beaumont~~ Lantana	TX	~~77708~~ 76226	~~866-832-7290~~817-522-7579
Utah	1	Broomhead, William Alden	Broomhead, William Alden	4756 W 2050 N	Plain City	UT	84404	801-791-8592

State	# of Units	Principal Owner	Entity Owner	Address	City	State	Zip Code	Phone Number
Virginia	1	~~Fann, Darrell~~ Fleming, James	~~Fann Enterprises LLC~~James Fleming	~~13400 Anchor~~7114 Captains Cove Court	~~Carrollton~~ Alexandria	VA	~~23314~~ 22315	~~757-872-0200~~703-313-9879
Virginia	1	~~Moyer, Franklin~~Inglefield III, James Oliver	~~SuperNOVA~~ Home Inspect~~i~~ors ~~Services~~LLC	~~10332 Main Street #161~~2305 Horseferry Court	~~Fairfax~~Reston	VA	~~22030~~ 20191	~~571-421-1614~~571-332-5155
Wisconsin	1	Orsch, Hans and Penny	Orsch, Hans and Penny	N33202 Carston Road	Whitehall	WI	54773	715-598-3625

EXHIBIT F

OPTION TO PURCHASE AGREEMENT

This OPTION TO PURCHASE AGREEMENT (the "Option") is entered into as of _____ (the "Effective Date") by and between HOUSEMASTER SPV LLC, a Delaware limited liability company, located at 1010 North University Parks Drive, Waco, Texas 76707 ("Franchisor"), and _____, a _____ having an address of _____ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisor granted Franchisee a license to use the Marks and the System to operate a HouseMaster® franchise in a specified geographical area more fully described in the Agreement (the "Territory"), and Franchisee desires and Franchisor is willing to grant Franchisee an Option to acquire the territory described on Exhibit "A" hereto (the "Additional Territory").

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Franchisor acknowledges that Franchisee has paid Franchisor the non-refundable sum of $_____ (the "Deposit"), which shall be credited toward the initial franchise fee of $_____ for the Additional Territory (the "Initial Franchise Fee") upon Franchisee's exercise of this Option.

2. Franchisee is hereby granted an Option, for a period of eighteen (18) months from the Effective Date (the "Option Period"), to acquire the rights to the Additional Territory so long as the foregoing conditions are fulfilled:

a. Franchisee must be in compliance with the Agreement during the Option Period in order to exercise its Option hereunder. All rights created hereunder shall terminate should Franchisee at any time be in material breach of the Agreement.

b. Franchisee may exercise this Option at any time during the Option Period by notifying Franchisor in writing of Franchisee's intent to purchase the Additional Territory (if Franchisee does not notify Franchisor by the end of the Option Period, this Option will expire and the consideration paid will be forfeited).

b. If Franchisee qualifies to purchase the Additional Territory, Franchisor will deliver to Franchise a franchise agreement for the grant of the Additional Territory (or, in Franchisor's discretion, an amendment to the Agreement adding the Additional Territory) within 30 business days after receipt of Franchisee's notice.

c. Franchisee must meet Franchisor's then-current qualifications for expansion.

d. Franchisor will deliver to Franchisee a franchise agreement for the grant of the Additional Territory (or an amendment to the Agreement adding the Additional Territory, as determined by Franchisor) within 30 business days after receipt of Franchisee's notice.

e. Franchisee shall sign and return the franchise agreement (or amendment, as the case may be) and pay the Initial Franchise Fee (minus the Deposit) within the time specified by Franchisor.

3. Nothing in this Option shall be construed to grant Franchisee any ownership rights to the Additional Territory. During the Option Period, if Franchisor permits Franchisee to provide services I the Additional Territory, Franchisee agrees and acknowledges that it will be subject to competition in the Additional Territory from other franchisees.

Signed this _____ day of _____, 20__.

FRANCHISEE:

_____
_____, individually

Accepted as of this _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

HOUSEMASTER SPV LLC

BY:_____

EXHIBIT A
TO THE OPTION TO PURCHASE AGREEMENT

Additional Territory Description	[*INSERT TERRITORY DESCRIPTION*] **Areas with Special Laws or Requirements:** To the extent any portion of the Territory includes an area designated as an Indian Reserve, a governmental territory or other territory that may have separate or additional laws, regulations or other requirements for performing work in such territory, Franchisee is granted such territory only to the extent and for so long as Franchisee is qualified under such separate or additional requirements to perform work in such territory; knowledge of and compliance with such requirements being the sole responsibility of Franchisee.

EXHIBIT G

RENEWAL ADDENDUM WITH TERMINATION OF ORIGINAL FRANCHISE AGREEMENT AND RELEASE

This RENEWAL ADDENDUM WITH TERMINATION OF FRANCHISE AGREEMENT AND RELEASE (this "Addendum") is entered into by and between HOUSEMASTER SPV LLC, a Delaware limited liability company having a principal place of business at 1010 North University Parks Drive, Waco, Texas 76707 ("Franchisor"), and _____, individually, having an address of _____ ("Franchisee").

WHEREAS, Franchisor and Franchisee have entered into a franchise agreement dated as of ___ pursuant to which Franchisor has granted Franchisee a right and obligation to establish and operate a HouseMaster® franchise using the Marks and the System in and for the Territory (the "Original Franchise Agreement"); and

WHEREAS, on the terms set forth below, Franchisor and Franchisee desire to terminate and cancel the Original Franchise Agreement; and

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a franchise agreement pursuant to which Franchisor has granted Franchisee a renewal license, granting Franchisee the right and obligation to continue operation of the franchise using the Marks and the System in and for the Territory (the "Agreement"); and

[WHEREAS, Franchisee acknowledges and agrees that Franchisee's execution of the Agreement is pursuant to Franchisee's last renewal option under the Original Franchise Agreement and Franchisee has no further rights of renewal; and]

WHEREAS, the parties have agreed to alter the terms stated in the Agreement, as provided herein to reflect the parties' intentions and the terms of renewal stated in the Original Franchise Agreement.

NOW, THEREFORE, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Original Franchise Agreement is hereby terminated by mutual agreement, except for Franchisee's indemnification obligations thereunder.

2. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

3. Franchisee agrees that the renewal fee will be collected via electronic ACH from Franchisee's bank account at signing of the Agreement, and Franchisee hereby represents and warrants to Franchisor that all necessary action for the execution of this Addendum has been taken.

4. If Franchisee is executing the Agreement at least 60 days prior to the expiration date of the then-current term of the Original Franchise Agreement (such expiration date, the "Original FA Expiration Date"), then Section 4.A, Term, of the Agreement is hereby amended so that the term of the Agreement is the time period from the Effective Date of the Agreement until the Original FA Expiration Date, plus 10

years. (For example, if the Agreement was signed 12 months before the Original Franchise Agreement expires, the term of the Agreement would be 11 years).

[Because Franchisee is hereby exercising its last renewal option under the Original Franchise Agreement, Section 4.B (Renewal Term and Conditions of Renewal) of the Original Franchise Agreement is hereby deleted.]

5. Section 8.A, Initial License Fee, is amended to provide that no initial franchise fee shall be due upon execution of the Agreement.

6. Section 8.B, License Fee, is amended to provide that Franchisee must report and pay a monthly License Fee beginning the 1st month of the Agreement at the rate stated in the Agreement. The Minimum License Fee payment obligation (in the amount provided in the Agreement) begins the 1st month of the term of the Agreement and is calculated based on the cumulative number of months of service as a franchisee, including the number of months under the Original Franchise Agreement.

7. Section 8.C, MAP Fee, is amended to provide that Franchisee must report and pay a monthly MAP Fee beginning the 1st month of the Agreement at the rate stated in the Agreement. The Minimum MAP Fee payment obligation (in the amount provided in the Agreement) begins the 1st month of the term of the Agreement and is calculated based on the cumulative number of months of service as a franchisee, including the number of months under the Original Franchise Agreement.

8. Franchisee, for itself and each of its past and present heirs, executors, administrators, representatives, affiliates, directors, officers, owners, successors and assigns and on behalf of any other party claiming an interest through Franchisee, in their corporate and individual capacities (collectively "Releasor"), hereby releases and forever discharges Franchisor and each of its predecessors, successors, affiliates, subsidiaries, assigns, past and present officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasees"), from, in respect of and in relation to any and all claims, actions, causes of action, suits, debts, obligations, liabilities, sums of money, costs and expenses, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, vested or contingent, which the Releasor ever had, now has or which Releasor hereinafter can, will or may have, against Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever related to the Original Franchise Agreement and the business operated thereunder or any other agreement between Releasor and Releasees, or the relationship between Releasor and Releasees, through the Effective Date (collectively, the "Claims"), for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Original Franchise Agreement or any other related agreement between the Releasor and Releasees or the relationship between Releasor and Releasees through and including the Effective Date. For avoidance of doubt, the Releasor does not release Releasees from any obligations arising by virtue of the Agreement and any claims arising from the Releasees' failure to comply with those obligations or the Franchise Disclosure Document furnished to Franchisee as part of entering into the Agreement and the franchise laws that apply to the specific offer, sale and signing of the Agreement.

The release of the Claims as set forth above is intended by the Releasor to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Releasees regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Releasor acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters

mentioned herein may later be discovered and that it is the Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasor acknowledges that Releasor has had adequate opportunity to gather all information necessary to enter into this Addendum and to grant the releases contained herein, and needs no further information or knowledge of any kind that would otherwise influence the decision to enter into this Addendum. The Releasor, for itself and its heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. The Releasor acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

> "A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party."

This release is and shall be and remain a full, complete and unconditional general release. The Releasor acknowledges and agrees that this release is an essential, integral and material term of this Addendum. The Releasor further acknowledges and agrees that no violation of this Addendum shall void the release set forth herein.

9. Notwithstanding the releases contained herein, all rights and obligations created under this Addendum will specifically survive the execution of this Addendum and the releases contained herein.

10. Each person executing this Addendum on behalf of any of the parties hereto represents and warrants that he or she has been fully empowered to execute this Addendum and that all necessary action has been taken.

11. The provisions of this Addendum shall inure to the benefit of and be binding upon the heirs, successors and assigns in interest of the parties.

12. Each of the parties hereto represents and warrants to each other party that it has not heretofore assigned or transferred, or purported to assign or transfer to any person, entity or corporation whatsoever, any of the claims released hereunder. Each party agrees to indemnify and hold harmless each other party against any claim, demand, debt, obligation, liability, cost, expense, right of action or cause of action based on, arising out of, or in connection with any such transfer or assignment or purported transfer or assignment.

12. If any provision of this Addendum shall for any reason be held violative of any applicable law, governmental rule or regulation, or if said agreement is held to be unenforceable or unconscionable, then the invalidity of such specific provisions herein shall not be held to invalidate the remaining provisions of this Addendum.

< SIGNATURES APPEAR ON THE NEXT PAGE >

Signed on this _____ day of _____, 20__ (the "Effective Date").

FRANCHISEE:

_____
_____, individually

Accepted as of the _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

HOUSEMASTER SPV LLC

BY: _____

EXHIBIT H

GENERAL RELEASE

This GENERAL RELEASE (this "Release") is made and executed by [NAME], individually ("you"), as of _____ ("Effective Date").

WHEREAS, you entered into a franchise agreement dated _____ with HOUSEMASTER SPV LLC ("us"), and [*describe facts*].

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, you agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, affiliates, directors, officers, owners, successors and assigns and on behalf of any other party claiming an interest through you, in their corporate and individual capacities (collectively "Releasor"), hereby releases and forever discharges us and each of our predecessors, successors, affiliates, subsidiaries, assigns, past and present officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasees"), from, in respect of and in relation to any and all claims, actions, causes of action, suits, debts, obligations, liabilities, sums of money, costs and expenses, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, vested or contingent, which the Releasor ever had, now has or which Releasor hereinafter can, will or may have, against Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever, through the Effective Date (collectively, the "Claims"), for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of any agreement between the Releasor and Releasees or the relationship between Releasor and Releasees through and including the Effective Date.

The release of the Claims as set forth above is intended by the Releasor to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Releasees regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Releasor acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasor acknowledges that Releasor has had adequate opportunity to gather all information necessary to enter into this Release and to grant the releases contained herein, and needs no further information or knowledge of any kind that would otherwise influence the decision to enter into this Release. The Releasor, for itself and its heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. The Releasor acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

> "A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of

executing the release, which if known by him must have materially affected his settlement with the debtor or released party."

This Release is and shall be and remain a full, complete and unconditional general release.

_____
Name, individually

STATE OF _____ §
§
COUNTY OF _____ §

I hereby certify that before me, a notary public, personally appeared [NAME] who made oath in due form of law that s/he was executing the foregoing General Release for the purposes therein contained.

As witness, my hand and Notarial Seal on _____, 20___.

_____
Notary Public

My Commission Expires: _____

EXHIBIT I

PROTRADENET AGREEMENT

WHEREAS, _____, individually, having an address of _____ ("Franchisee," sometimes referred to as "Contractor") is a Franchisee of **HOUSEMASTER SPV LLC**, a Delaware limited liability company, located at 1010 North University Parks Drive, Waco, Texas 76707 ("Franchisor," sometimes referred to as "Trading Partner"), the trading partner of **PROTRADENET SPV LLC** ("PROTRADENET") having an address of 1010 North University Parks Drive, Waco, Texas 76707 and Franchisee desires to participate in discounts, rebates, incentives and other benefits ("Programs") negotiated by PROTRADENET with selected vendors, manufacturers and distributors ("Vendors");

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is acknowledged by all parties, the parties hereto agree to the following terms and conditions:

1. **Term and Default.** The term of this Agreement shall commence on _____ and end on December 31 of this year and the Agreement will automatically renew for an additional one (1) calendar year period each year thereafter, commencing on January 1 of next year and each January 1st thereafter, unless earlier terminated in accordance with this Agreement. Notwithstanding the foregoing, PROTRADENET may terminate this Agreement at any time, with or without cause, for any reason whatsoever upon providing the other party written notice of intent to terminate the Agreement and this agreement will automatically terminate upon expiration or termination of the franchise agreement by and between Franchisee and Franchisor with no notice of termination required. In any case, PROTRADENET may terminate this Agreement at any time upon notice to Franchisee if Franchisee is in default of his Franchise Agreement with Franchisor or if Franchisee has failed to comply with the terms and conditions of participation in this Program as set forth in this Agreement, on the website of PROTRADENET or as specified by Franchisor. Upon any termination of this agreement neither PROTRADENET nor any of its affiliates will have any liability to Franchisee or any other party.

2. **PROTRADENET Administration.** PROTRADENET or Franchisor may, but are not required to, return a portion of the fees paid to PROTRADENET from Vendors on behalf of purchases made by Franchisee ("Rebates") directly to Franchisee if Franchisee meets certain conditions, such as Vendor terms and conditions, attendance at Franchisor annual meetings, and other criteria as established by Vendor, PROTRADENET or Franchisor. All fees or Rebates not returned to franchisees may be retained by PROTRADENET or Franchisor and used to cover administrative costs, or promote Franchisor's system and brand. The allocation of these Rebates may change at the sole discretion of PROTRADENET. Accordingly, subject to the terms and conditions set forth in this Agreement, PROTRADENET agrees to process Program Rebates when paid by Vendor within terms as agreed upon by Franchisor. PROTRADENET will pay Franchisor or Franchisee directly, at the discretion of Franchisor. Franchisor reserves the right to deny Program Rebates otherwise due to Franchisee if Franchisor deems Franchisee not qualified for a Rebate(s). PROTRADENET may also withhold or deny Program Rebates if terms of the Program are not met.

3. **Franchisee Exclusion from Vendor Program.** Franchisee acknowledges the Vendor's right to exclude Franchisee from the Program for failure to meet Vendor's terms or for other reasons at the Vendor's discretion.

4. **Access and Release of Information.** Franchisee authorizes PROTRADENET to provide information including, but not limited to, Franchisee's Federal Tax Identification Number "FTIN") and

purchase orders, invoices, payments, purchase history or other purchasing information to its Vendors regarding Franchisee, and Franchisee authorizes PROTRADENET to request, and Vendors to provide, information manually or electronically regarding purchase orders, invoices, payments, purchase history or other purchasing information from Vendors for the purpose of administration of the Program. Franchisee hereby releases PROTRADENET and its parent, affiliates, past and present members, officers, employees, agents, successors and assigns from any liability whatsoever with regard to PROTRADENET providing Franchisee's confidential information, including Franchisee's FTIN, to Vendors or Franchisor pursuant to this Agreement.

5. **Confidentiality.** Franchisee acknowledges the proprietary and confidential nature of PROTRADENET's, Franchisors' and Vendor's Program details and shall use this information only for the purposes of inquiry or purchasing of VENDOR's products and services from the Program. Franchisee shall not provide PROTRADENET's, Franchisors' and/or Vendor's confidential Program information to a third party. This section shall survive the expiration or termination of this Agreement.

6. **Vendors.** Vendors may be added or removed from the Program at any time. Franchisee will receive written, email, or website notification of a change in Vendor status from PROTRADENET or Franchisor. Franchisors have SOLE DISCRETION over whether or not they choose to participate in a Vendor Program and offer that Program to their franchisees.

7. **Miscellaneous**

7.1 **No Guarantee of Rebates.** PROTRADENET does not guarantee any Vendor rebates or payments by Vendors. If PROTRADENET does not receive payment from the Vendor, rebates will not be paid.

7.2 **No Guarantee of Accuracy.** PROTRADENET makes no guarantee of accuracy or uninterrupted delivery of the data exchanged using the e-commerce web solution software as a part of the Program. It is the responsibility of the Franchisee to notify PROTRADENET or Vendor if the purchasing information represented on the e-commerce website is incorrect. Franchisee must notify PROTRADENET within sixty (60) days of the transaction date if the purchasing information is missing or invalid.

7.3 **Effective Date.** This Agreement shall become effective on the date that it is signed by PROTRADENET.

8. **Electronic Invoicing.** Franchisee agrees by its signature below to receive invoices from any Vendor electronically that offers this service though the PROTRADENET e-commerce platform.

9. **Electronic Promotions.** Franchisee agrees by its signature below to receive electronic or email based promotions from PROTRADENET.

10. **Additional Terms and Conditions.** Franchisee agrees by its signature below to abide by all of the terms and conditions on the website of PROTRADENET, www.PROTRADENET.com, www.PROTRADENET.com and www.PROTRADENET.net, which include but are not limited to:

Terms of Use and Privacy Policy

These terms and conditions may be modified and additional terms and conditions added at the sole discretion of Franchisor or PROTRADENET.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives whose signatures appear below.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of this _____ day of _____, 20__, in Waco, Texas.

PROTRADENET:

PROTRADENET SPV. LLC

BY:_____
Luke Stanton, President

EXHIBIT J-1

HOMEGAUGE LICENSE AGREEMENT

HomeGauge Terms of Use

These Terms and Conditions govern access to, and use of, HomeGauge home inspection software, services and webhosting provided by Company. All Buyer offers to purchase HomeGauge are accepted by Company only subject to these terms and conditions. As consideration for use of HomeGauge, Buyer hereby agrees to these terms and conditions ("Terms and Conditions"). Buyer should read these terms carefully before deciding to purchase HomeGauge because Buyer's purchase means that Buyer accepts all of these Terms and Conditions. Company may modify these Terms and Conditions at any time at Company's discretion. Use of related online products and features may require Buyer's or User's acceptance of additional terms and conditions. Company will notify Buyer of any material changes to these Terms and Conditions and Buyer will be required to agree to the changes to continue to use HomeGauge. The current Terms & Conditions document can be viewed at https://www.HomeGauge.com/hg-terms.html

1. Definitions

"Buyer" means the entity or individual to whom Company is selling HomeGauge, whether an Inspector or a User.

"HomeGauge" and "HomeGauge Products" means the HomeGauge home inspection software and/or services, along with associated webhosting, used to manage, track, and deliver home inspections, including online home inspection report upload and delivery, provided by Company. A list of the home inspection services and features available as part of HomeGauge can be found at the following website: https://www.HomeGauge.com/inspector/services/features.html.

"Inspector" means an entity or individual providing home inspection services to whom Company is selling HomeGauge.

"Company" means SHGI Corporation, the provider of HomeGauge.

"User" means an entity or individual providing information or receiving information via HomeGauge, or otherwise using HomeGauge, including a real estate professional, other than an Inspector.

2. Copyright, Trademarks, Licenses and Submissions

The entire contents, graphics, site design, logos, icons and images of HomeGauge are protected by international copyright and trademark laws. The owners of the copyrights and trademarks are Company and/or its affiliates or other appropriate parties. HomeGauge material, whether included on the HomeGauge software or provided electronically, including text, graphics, code and/or software, may not be modified, copied, reproduced, republished, uploaded, posted, transmitted, or distributed in any manner without Company's written consent. Buyer may print and download portions of material from HomeGauge software and websites solely for Buyer's own non-commercial use provided that Buyer agrees not to change or delete any copyright or proprietary notices from the materials. Buyer agrees to grant to Company a non-exclusive, royalty-free, worldwide, perpetual license, with the right to sublicense, reproduce, distribute, transmit, create derivative works of, publicly display and publicly perform any materials and other information Buyer submits to any public areas of the HomeGauge website or HomeGauge websites hosted by Company.

3. Privacy Policy

Registration data and certain other information about or provided by Buyer or User is subject to Company's Privacy Policy, which can be found at http://www.HomeGauge.com/privacy.html

Inspector agrees to provide a copy of Company's Privacy Policy to Users of HomeGauge, or refer Users to the online location of Company's Privacy Policy, so Users are aware of the potential use of any information provided.

4. User Account

Buyer will receive a password and account designation upon completing the HomeGauge registration process. Buyer is responsible for maintaining the confidentiality of Buyer's HomeGauge password and account, and is fully responsible for all activities that occur under Buyer's password or account. Buyer agrees to immediately notify Company of any unauthorized use of Buyer's password or account or any other breach of security.

Individuals or companies that are competitors of HomeGauge or Company are forbidden and prohibited from completing the sign up process, obtaining a user account directly or indirectly and are not allowed to view password protected areas.

5. No Employment

In no way is any Inspector, or any User, an employee or agent of Company by means of their use of HomeGauge; all such Inspectors are still their own home inspection company with their own liability. Company is in no way responsible for the actions or neglect of Inspector while Inspector is performing a home inspection. An Inspector may not identify Inspector's company by the same title (HomeGauge, SHGI Corporation), or any similar name that would confuse someone or lead one to conclude that Inspector is an employee, owner or paid representative of Company or HomeGauge. Inspector may by all means advertise proudly as a user of HomeGauge. When using the HomeGauge logo, Inspector cannot alter the logo, including the color and tint. Yellow page ads can have the HomeGauge logo in black only. The HomeGauge logo can be used in other advertising or stationery (i.e., the brochures, cards, and circulars of Inspectors, etc.), but must be the standard colors and cannot be altered other than in size.

6. User Conduct

All information, data, text, software, music, sound, photographs, graphics, video, messages or other materials ("Content"), whether publicly posted or privately transmitted by Buyer, are the sole responsibility of the Buyer from whom such Content originated. Company does not control the Content posted and does not guarantee the accuracy, integrity or quality of such Content. Under no circumstances will Company be liable in any way for any Content, including, but not limited to, any errors or omissions in any Content, or for any loss or damage of any kind incurred as a result of the use of any Content posted, emailed, transmitted or otherwise made available via HomeGauge.

Buyer shall not use HomeGauge to:

a. upload, post, email, transmit or otherwise make available any Content that is unlawful, harmful, threatening, abusive, harassing, tortious, defamatory, vulgar, obscene, libelous, invasive of another's privacy, hateful, or racially, ethnically or otherwise objectionable;
b. impersonate any person or entity; or
c. upload, post, email, transmit or otherwise make available any Content that Buyer does not have a right to make available under any law.

7. No Warranty

COMPANY AND COMPANY'S SUPPLIERS PROVIDE HOMEGAUGE AND ALL RELATED SERVICES "AS IS" AND WITHOUT ANY WARRANTY OR CONDITION, EXPRESS, IMPLIED OR STATUTORY. COMPANY AND COMPANY'S SUPPLIERS SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. IF SUCH

DISCLAIMER OF ANY IMPLIED WARRANTY IS NOT PERMITTED BY LAW, THE DURATION OF ANY SUCH IMPLIED WARRANTY IS LIMITED TO NINETY (90) DAYS FROM THE DATE OF PURCHASE.

8. Limitation of Liability

IN NO EVENT SHALL COMPANY OR COMPANY'S SUPPLIERS BE LIABLE FOR LOST PROFITS OR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH HOMEGAUGE, COMPANY'S SITE, COMPANY'S SERVICES OR THESE TERMS AND CONDITIONS, HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE.

IN ADDITION, COMPANY SHALL NOT BE LIABLE IN ANY RESPECT FOR FALSE REPRESENTATION ON THE PART OF BUYER, INSPECTOR OR USER, UNAUTHORIZED ACCESS TO BUYER DATA, OR INTENTIONAL MISUSE OF THE DATA STEMMING FROM THE UNAUTHORIZED USE OF HOMEGAUGE.

COMPANY'S SOLE LIABILITY RELATED TO THE SALE OF HOMEGAUGE AND BUYER'S EXCLUSIVE REMEDY UNDER THESE TERMS AND CONDITIONS SHALL BE LIMITED TO A REFUND OF THE AMOUNTS PAID FOR HOMEGAUGE AT COMPANY'S SOLE OPTION AND ELECTION OR TERMINATION.

9. Indemnity

Buyer agrees to indemnify and hold Company and Company's affiliates, officers, directors, agents, and employees, harmless from any claim or demand, including reasonable attorneys' fees, made by any third party due to or arising out of Buyer's breach of this Agreement or the documents it incorporates by reference, or Buyer's violation of any law or the rights of a third party.

Inspector hereby agrees to indemnify and hold SHGI Corporation and its respective officers, directors, employees, successors and assigns, harmless against any and all claims, demands, suits, damages or expenses of whatever form or nature, including reasonable attorneys' fees and other costs of legal defense, whether direct or indirect, which they, or any of them, may sustain or incur as a result of any acts or omissions of Inspector arising out of (i) Inspector's use of the template inspection agreement, and (ii) Inspector's use of HomeGauge products and services, including its online features and platform.

10. Privacy

All collection, use, and disclosure of data collected will comply at all times with all applicable laws and regulations governing privacy, data security and the protection of personal information and handled subject to Company's privacy policy. Company and its affiliates recognize the importance of earning and keeping our customers' trust. Company's privacy policy can be viewed at: https://www.HomeGauge.com/privacy.html.

Company will protect the data collected from HomeGauge as indicated in Company's privacy policy; however, Buyer and User should note that the collected data may be deemed discoverable for investigations or litigation purposes and, as such, Company and/or its affiliates may be required to provide the data to others as required by law. Company's privacy policy outlines Company's use of collected data, including personally identifiable information, and those instances in which such information may be disclosed.

11. Data Collection, Use, and Disclosure

Via the use of HomeGauge Products, Buyer, Inspector, and User, can be expected to provide certain information to Company as part of the use of HomeGauge. This information ranges from personally identifiable information like name, email address, mailing address, zip code and occupation, to information entered, collected or produced about the home in question as part of the home inspection and inspection report production process for which HomeGauge Products are used. By using HomeGauge Products, Buyer provides Company with access to use of the data provided, and provides consent to Company's use of this data as outlined in Company's privacy policy.

Inspector agrees to disclose the following language to any User or other individual or party to whom Inspector uses HomeGauge Products to provide services:

"In providing the property inspection and inspection report, information about the client, inspector, real estate professional, and property will be collected and input into HomeGauge inspection software and services, which inspector uses to produce the inspection report. This information may include personally-identifiable information about the client, inspector and real estate professional. This information may subsequently be used by the provider of HomeGauge, as set out in the HomeGauge Privacy Policy found at https://www.HomeGauge.com/privacy.html Inspectors may choose to use this information to market new or related products and services to clients."

12. Governing Law

These Terms and Conditions shall be governed by the laws of the State of North Carolina without reference to its conflict of laws provisions and enrollee further consents to exclusive jurisdiction of state and federal courts sitting in the state of North Carolina.

Acknowledged on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

EXHIBIT J-2

INSPECTION SUPPORT NET AGREEMENT

ISN Terms of Service

Effective Date: February 6, 2020

Hello, and thanks for visiting us at ISN. These terms (the "Terms") explain the rights, roles and responsibilities between us. **As explained below, *these Terms mandate arbitration and also prohibit class action relief*** involving any dispute or claim. Please read them carefully.

To make it easier to understand what we are talking about, here are some definitions.

We are Inspection Support LLC. We are referred to in the Terms as "ISN," "we," "us" or "our," and these references also include ISN's suppliers when they act on our behalf to deliver the Services.

Any reference to "Inspector," "you" and "your" in the Terms refers to you, any legally recognized entity that is the account subscriber to the Services and, as the context requires with respect to use and access of the Services, the individual authorized users under your account ("Users").

The Terms cover your use of the inspectionsupport.net website, any mobile applications we provide, and other web and digital properties of ours, plus any related telephone services. These are individually and collectively referred to as the "Properties."

The inspection support software tools and other services offered by ISN through paid subscriptions are referred to as the "ISN Subscription Services." The ISN Subscription Services, any other tools and services we make available through the Properties, and the Properties are individually and collectively referred to as the "Services."

1. Consent to Terms; Changes to Terms.

    a. **Consent and Agreement to Terms.** By accessing and using any Services, you acknowledge that you have read, understood, and agree to be bound by these Terms, our Privacy Policy, located here, and any applicable Other Program Terms (described below). To access and use any Services you must be at least 18 years old (or the age of majority in your state, if different) and fully competent to agree to contract.

    b. **Changes to Terms.** We can change the Terms at any time by posting an updated version. Any modifications to the Terms will be effective 30 days from the date of posting. Please review the Terms from time to time because, by using the Services after the effective date of such changes, you are agreeing to the changes. You can determine if the Terms have been revised since your last visit by referring to the "Effective Date" date at the top.

    c. **Other Program Terms.** ISN sometimes partners with corporate affiliates and other selected companies ("ISN Partners"). ISN Partners help us expand the range of available products and services supporting your home inspection professional businesses. A list of current ISN Partners is located on the ISN Partner Page.

        We offer additional programs through or with the Services, either alone or with ISN Partners. If you elect to participate in any of these programs, we or the ISN Partner may

communicate any additional terms and conditions for the program ("Other Subscription Terms") to you.

If there is any conflict between Other Program Terms and any of these Terms, the Other Program Terms will govern.

2. Subscription Term; Termination; Accounts; Charges; Access.

   a. **Subscription Term.** Your subscription for ISN Subscription Services begins on the first day you register your ISN Subscription Services account and continues month-to-month until one of us terminates using the process below.

   b. **Termination.** Either of us can terminate the Services and/or your account at any time, with or without cause. You can terminate by emailing us at help@inspectionsupport.net with your request to terminate. If we terminate your account or your access to the Services, we will notify you by email or letter. Unless otherwise agreed by the parties, termination is effective as of the date the terminating party provides its notice of termination.

   c. **Account and User Registration; Communications.** You must create an account as an account owner before you can add Users. You must keep all of your account and User information accurate and complete, and secure from unauthorized access and misuse. You are responsible for all activity in connection with your account.

      You agree that communication may be made with you or your Users by telephone, email, text (SMS) message or other electronic or non-electronic means, at any of the contact numbers or addresses you provide, as part of the normal business operation of the Services.

   d. **Charges.** ISN will charge you for your ISN Subscription Services in relation to each individual inspection, including the monthly minimum, if any ("Inspection Charges"). ISN also may also charge you for certain other services or products that you choose to purchase ("ISN Charges") in addition to your Inspection Charges (collectively, "Charges").

   e. **Payment.** Your fees for ISN Subscription Services are generally billed in arrears. Payments for Inspection Charges, including the monthly minimum (if any), are due and payable to ISN on the 10th of the month following the month in which the Inspection Charges were incurred. Payments for other Charges are due and payable in accordance with the payment terms communicated with the applicable Service. All Charges are non-refundable unless otherwise explained in these Terms. We typically require payments by credit card or other valid payment card.

   f. **Returns; Refunds.** Generally, if we agree to refund a Charge, the Charge amount will be credited to your ISN account. Payments for Charges that meet our requirements for a refund rather than an account credit (per these Terms or otherwise in our discretion) will be refunded back to the original method of payment.

   g. **Inactive Accounts.** We may terminate any account that remains inactive for one year or more, which also will terminate any accumulated credits, incentives, rewards or the like associated with the account.

h. **Services Modifications.** In our sole discretion we can enhance, reduce, discontinue, or restrict access to the Services (or any portion of the Services), temporarily or permanently. We will provide timely notice of such changes whenever practicable.

i. **Denial of Services.** ISN may refuse to provide the Services to anyone, terminate your account or any access to or use of the Services, entirely or partially, and/or limit or prevent any User's access to and use of the Services, at any time and for any reason.

3. Communication Consents.

a. **Monitoring and Recording.** When you contact us or when we contact you through the Services, we may monitor and/or record those communications to assure continuing quality, customer satisfaction and other legitimate business purposes. Calls between you and your Users that originate with a transfer to a partner service (including any ISN Partner) may also be monitored and recorded.

b. **Emails and Automated Calls/Texts.** You consent to receive emails, autodialed, pre-recorded or artificial voice calls and text (SMS) messages from ISN or ISN Partners related to the Services and ISN Partner products or services that might interest you. These emails, calls or texts may be made to any email address or phone number you or your Users provide, even if a number is registered on any state or federal Do Not Call list. Agreeing to receive marketing communications is not a condition of purchasing any products or services of ISN or ISN Partners.

For details on our use of your information, and how to opt out of receiving ISN marketing communications, please see our Privacy Policy (located here). For details on how to opt out of receiving ISN Partner marketing communications, please see the Privacy Policy of the ISN Partner that contacted you or your Users.

We appreciate your feedback, so let us know at help@inspectionsupport.net if you are being contacted on our behalf against your wishes.

4. Content; License; Permissible Use.

a. **Grant of Limited License.** We grant to you and your Users a limited, revocable, non-exclusive, non-transferable and non-sublicensable right to access and use the Services in connection with, and to support and facilitate, providing home inspection services to your clients, subject to your compliance with the Terms.

b. **ISN Content.** The Services, all materials, content and information therein and their selection, arrangement and composition, and all trademarks, service marks or other brands or names of ISN (individually and collectively, "ISN's Content") are the proprietary property of ISN and its suppliers and licensors and are protected by United States and international intellectual property laws, including trademark and copyright laws. You may not remove, alter or obscure any copyright, trademark or proprietary rights notice incorporated in ISN's Content or accompanying the Services. Except for the limited license we provide above, we do not provide to you or any User any other license, whether implied, by estoppel or otherwise, and all of our other rights are explicitly reserved to ISN.

We do not warrant or represent that any of ISN's Content, or any Third-Party Materials (defined below) contained in, linked to or used with the Services, are accurate, complete or suitable.

c. **No Reverse Engineering.** You may not reverse engineer, decompile, disassemble or otherwise attempt to derive the source code or architectural framework for the Services (except to the extent applicable law permits).

d. **No Automated Queries; No Scraping or Harvesting.** You may not access any of the Services through automated or artificial means (including screen and database scraping, spiders, robots, crawlers, deep-link, or any similar or equivalent automatic or manual process), or in any way obtain or attempt to obtain any of ISN's Content or any User Content (defined below) using any means that we didn't intentionally make available through the Services.

e. **Confidentiality.** If you receive confidential information from ISN, until such information is no longer confidential, you agree not to use it or disclose it to any third party except as necessary to perform your obligations or exercise your rights contemplated by our relationship. Confidential information includes but is not limited to information concerning ISN's unpublished fees, marketing plans, financial results, unpublished pricing schedules, product lines, product plans, proprietary technology, research information, practices, trade secrets, and any and all other information that is not generally known to the public.

f. **No Improper Uses.** You may not (i) frame any part of the Service; (ii) access, use, or attempt to use, the Services in any way that we didn't intentionally make available; (iii) damage, disable, overburden, or impair any of the Services or interfere with the rights of or otherwise harm ISN, other inspectors and their respective users, or any other person or entity; (iv) commercially sell, resell, license, sublicense, or distribute the Services to a third party; or (vi) use the Services in ways that otherwise violate the Terms.

g. **No Objectionable Conduct.** You may not use the Services to (i) harass anyone, including by threatening, defaming, or making racist, obscene, or other offensive statements to them; (ii) infringe or violate anyone's privacy, property or other rights; (iii) deceive or defraud anyone; or (iv) violate any applicable law or regulation.

5. User Content.

a. **Definition of User Content.** The information or materials that you, your Users or anyone on your behalf creates, uploads, posts, publishes, or sends to or with the Services are referred to, individually and collectively, as "User Content."

b. **Responsibility for User Content.** You (not ISN) are solely responsible for User Content and any consequences of submitting and transmitting User Content through the Services, including with respect to any person who relies on any User Content as information or advice.

c. **License to User Content.** ISN does not own your User Content or claim any ownership in it. We will use the User Content to provide and improve the Services during the Term and as otherwise expressly permitted in the Terms and the Privacy Policy (located here). You grant ISN a worldwide, royalty-free, irrevocable, perpetual, sub-licensable and transferable license to use, copy, distribute, prepare derivative works of, perform and display the User

Content for those purposes, subject to our obligations under the Privacy Policy and any applicable laws relating to personal information. This license is non-exclusive, so you can use or post your User Content elsewhere and give these rights to others if you want.

You also acknowledge and agree that ISN may create, generate and use anonymized sets of data derived from the content submitted by multiple ISN users, including your User Content ("Aggregate Data") for any lawful purpose, and that ISN retains all right, title, and interest in Aggregate Data.

d. **No Review of User Content.** We have no obligation to pre-screen or review, and we do not approve, control or endorse, any User Content. However, we reserve the right to refuse, remove or modify User Content for any reason.

e. **Feedback.** If you or your Users choose to give or make available to ISN any suggestions, comments, ideas, improvements or other feedback relating to the Services ("Feedback"), ISN will be free to use, disclose, reproduce, have made, modify, license, transfer and otherwise utilize and distribute your Feedback in any manner, without credit or compensation to you or any Users.

f. **Download of User Content.** The Services include a feature that permits you, at any time during the Term, to download the User Content in your account. Once your account is terminated, ISN has no obligation to retain or provide any User Content to you.

6. Third-Party Intellectual Property.

a. **Third Party Materials and Intellectual Property.** The Services contain links to third-party websites, advertisements, services, offers, or other content (collectively, "Third-Party Materials"), and Third-Party Materials may be provided on or linked to from the Services. Any Third-Party Materials are not owned or controlled by ISN, so we are not responsible for them and we do not endorse, sponsor or recommend them. All trademarks, product names and logos of any third parties that appear on the Services are property of their respective owners.

b. **Claims of Copyright Infringement.** If you believe that any copyright in work you own has been infringed because it is reproduced in connection with the Services, you can notify us pursuant to the Digital Millennium Copyright Act ("DMCA") by sending a written notice to ISN at the address below. Your DMCA notice must include the following information: (i) a physical or electronic signature of the person authorized to act on behalf of the owner of the copyright, (ii) identification of the copyrighted work claimed as infringed, (iii) a description of where the claimed infringing material is located in the Services, (iv) reasonably sufficient information for us to contact you, such as an address, telephone number, and, if available, an e-mail address, (v) a signed statement that you believe in good faith belief that use of the material in the manner described is not authorized by the copyright owner, its agent, or the law, and (vi) a signed statement that the information in the notification is accurate, and under penalty of perjury, that you are the copyright owner or you are authorized to act on behalf of the owner.

Notification pursuant to the DMCA should be submitted to help@inspectionsupport.net or:

Inspection Support LLC
Attention: ISN Legal Department
2555 E. Carob Drive.
Chandler, AZ 85286

7. Liability.

   a. **Warranty Disclaimer**. ***The Services are provided "as is" without warranties of any kind, either express or implied. To the fullest extent the law permits, ISN disclaims all warranties, express, implied, statutory, and otherwise, in connection with the Services, including any implied warranties of title, merchantability, fitness for a particular purpose, satisfactory quality, security, accuracy, availability, use of reasonable care and skill, and non-infringement, as well as any warranties arising by usage of trade, course of dealing, and course of performance.***

   b. **Limitation of Liability**. ***In no event will ISN, ISN Partners and their respective affiliates, officers, directors, employees, contractors, shareholders, agents, representatives, licensors, licensees and suppliers (the "ISN Parties") be liable to you or any third party whatsoever for any damages for cost of cover, lost profits or other direct, indirect, incidental, special, punitive, or consequential damages arising out of your use of the Services or your transactions with ISN or any ISN Partner, whether based on warranty, contract, tort, negligence or any other legal theory, whether or not such damages are foreseeable and whether or not any ISN Party is advised of the possibility of such damages. The foregoing limitation of liability shall apply to the fullest extent the law permits in any applicable jurisdiction.***

      The collective liability of the ISN Parties arising out of or connected with the Terms, the Services, and your transactions with ISN or any ISN Partner will not exceed (i) the amount you have paid to ISN for use of the applicable Services in the preceding 12-month period or (ii) if you did not pay ISN, then one hundred U.S. dollars (USD$100.00).

   c. **Limitations Period**. ***You must bring any claims relating to the Services or the Terms within one (1) year from the date the cause of action arose. Claims brought after such period will be VOID.***

   d. **Indemnification**. ***You agree to indemnify, defend and hold harmless the ISN Parties from and against any claims, losses, liabilities, expenses, damages, penalties and costs (including reasonable attorneys' fees) incurred by the ISN Parties as a result of (i) your and your Users' transactions with your clients or other third parties, (ii) any false or inaccurate User Content, or (iii) any violation by you or your Users of any of the Terms or applicable law. We have the exclusive right to choose counsel to defend any such claim.***

8. Disputes.

   a. **Binding Arbitration**. ***You agree that any dispute or claim arising out of or relating in any way to the Terms, your use of the Services or any relationship between us, including the validity, applicability or interpretation of the Terms (any of these, a "Dispute") will be resolved only by binding arbitration rather than in court. There is no judge or jury in arbitration, and court review of an arbitration award is limited.***

The arbitration will be conducted by the American Arbitration Association (AAA) under its then-applicable rules, including (as appropriate) its Supplementary Procedures for Consumer-Related Disputes. The AAA's rules are available at http://www.adr.org/. Payment of all filing, administration and arbitrator fees will be governed by the AAA's rules. The arbitration shall be conducted in the English language by a single independent and neutral arbitrator. For any hearing conducted in person as part of the arbitration, you agree that the hearing will be conducted in Las Vegas, Nevada within the United States. Without limiting the jurisdiction of any other court, you admit and further irrevocably agree to submit to the personal jurisdiction of the courts located within Clark County, Nevada for the purpose of entering judgments on arbitral awards.

b. **Class Action Waiver.** ***Any Dispute will be conducted only on an individual basis and not in a class, consolidated or representative action or arbitration or as a named or unnamed member in a class, consolidated, representative or private attorney general legal action. Your continued use of the Services signifies your explicit consent to this waiver.***

c. **Venue.** If for any reason a claim proceeds in court rather than in arbitration, we each waive any right to a jury trial and agree that such claim shall be brought only in courts of competent jurisdiction located in Clark County, Nevada. You agree and submit to the personal jurisdiction and venue of such courts and waive any objection on the grounds of venue, forum non conveniens or any similar grounds. Regardless, you and ISN may seek injunctive relief and any other equitable remedies from any court of competent jurisdiction to protect intellectual property rights, existing, pending or otherwise, and independent of resolving any Dispute as required by arbitration.

d. **Governing Law.** You agree that the Terms and any Dispute will be governed solely by United States federal law and Nevada state law, without regard to any conflict of law provisions.

e. **Attorneys' Fees.** If any of the ISN Parties take legal action against you as a result of your violation of these Terms, or in the event of any Dispute, the ISN Parties will be entitled to recover from you, and you agree to pay, all reasonable attorneys' fees and costs of such action, in addition to any other relief granted to the ISN Parties.

9. General.

a. **Assignment.** The Terms, and any rights and licenses granted hereunder, may be transferred or assigned by you only with ISN's prior written consent, but may be assigned by ISN without restriction and without notice to you.

b. **Entire Agreement and Severability.** The Terms, the Privacy Policy and any applicable Other Program Terms are the entire agreement between you and ISN concerning the Services. If any provision is held to be invalid, void, or unenforceable by a court or other duly authorized tribunal with competent jurisdiction, such provision shall be limited or eliminated to the minimum extent necessary and replaced with a valid provision that most embodies the intent, and the remaining provisions shall remain in full force and effect.

c. **Waiver.** No waiver of any provision shall be treated as any further or continuing waiver of such provision or any other provision, and ISN's inaction or lack of assertion of any right or provision does not constitute a waiver of such right or provision.

d. **Third Party Beneficiaries.** Nothing in the Terms create any right of action on the part of any third party, except (i) for the ISN Parties and suppliers or others who are party to written agreements with us that specifically provide them third party beneficiary rights and (ii) as expressly provided in the applicable Other Program Terms.

e. **Export Control.** Software and the transmission of applicable technical data, if any, in connection with the Services may be subject to export control regulations. You agree to comply with all applicable laws regarding software and the transmission of technical data exported from the United States or the country in which you reside.

f. **Survival.** All provisions of the Terms that by their nature reasonably should survive termination shall so survive.

g. **Contact Us.** If you have questions about the Terms or the Privacy Policy, please contact us by email at help@inspectionsupport.net or in writing at Inspection Support LLC, Attention: ISN Legal Department, 2555 E. Carob Drive, Chandler, AZ 85286. We will respond as quickly as possible.

Acknowledged on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

EXHIBIT J-3

SOFTWARE SYSTEM USER AND MAINTENANCE AGREEMENT

The following are terms of a legal agreement (the "Agreement") between HOUSEMASTER SPV LLC ("Franchisee") and ZorWare SPV LLC, with offices located at 1010 N. University Parks Drive, Waco, Texas 76707 ("ZorWare") (Singularly a "Party" and together "the Parties").

RECITALS

A. Franchisee and HOUSEMASTER SPV LLC ("Franchisor") have entered into or are simultaneously herewith entering into a franchise agreement (the "Franchise Agreement"), pursuant to which Franchisee shall receive the right to operate, under the Franchisor's trademarks and system, a franchised business for the installation and repair of, and provision of cleaning products and services within a specific geographic area (the "Franchised Business").

B. Under the Franchise Agreement, Franchisee is required to install and use, and maintain and upgrade, such computer hardware, software and Internet access as Franchisor may periodically require for the operation of the Franchised Business.

C. Franchisor requires its franchisees to use the software identified on Exhibit "A", which software Franchisor may revise from time to time upon notice to Franchisee (the "Software"), via designated website(s) and mobile applications, and license the Software from Franchisor's designated provider(s), currently ZorWare, on the terms set forth in this Agreement.

D. Franchisor has deleted to its designee (currently ZorWare), the training, maintenance and support of the Software.

E. The Parties desire to define the terms and conditions on which ZorWare will license the Software to Franchisee and provide the related training, maintenance and support services.

AGREEMENT

1. Provision of License. ZorWare hereby grants to Franchisee a limited, nonexclusive, non-assignable, non-sublicensable license to use the Software solely in the operation of the Franchised Business and strictly in compliance with the terms of this Agreement and applicable laws (the "License"). Franchisee agrees that ZorWare may engage one or more third parties, including its affiliates, to provide some or all of the License to Franchisee on behalf of ZorWare. ZorWare is not liable or responsible for any actions of the third-party service providers. Franchisee agrees to fully cooperate with such third parties and to execute any applicable terms of use or service of any such third-party providers.

2. Term. The License shall commence on the date Licensee begins using the Software (the "Effective Date"), and the Parties intend that the term of the License granted herein will be coextensive with the term of the Franchise Agreement (the "Term"), unless sooner terminated as provided for herein.

2.1 Automatic Termination. The License will terminate automatically upon the expiration, nonrenewal or termination of the Franchise Agreement.

2.2 Termination by ZorWare. ZorWare may terminate this Agreement upon notice to Franchisee with immediate effect if (i) Franchisee materially breaches any of its obligations under this Agreement or under the Franchise Agreement, or (ii) Franchisor requires Franchisee to cease using the

Software.

2.3 Disabling of the Software. Without limiting any of its other remedies, ZorWare reserves the right to disable the functionality of the Software, in whole or in part, if Franchisee materially breaches this Agreement or the Franchise Agreement. Franchisor will not be liable to Franchisee for any damages whatsoever that may result directly or indirectly from disabling the functionality of the Software pursuant to this section.

2.4 Disposition of Copies. Upon termination of the License, Franchisee shall promptly return to ZorWare, or otherwise dispose of, as ZorWare may instruct, all physical copies of the Software and its associated documentation in Franchisee's possession or under Franchisee's control and shall remove all copies thereof from Franchisee's computers and other electronic storage media. Upon ZorWare's request, Franchisee shall provide Franchisor with written certification of its compliance with the foregoing.

2.5 No Refunds. Upon the expiration or termination of the License, or if the Software is disabled as described above, Franchisee will not receive any refund of any payments made hereunder to date.

3. Training and Support; License Terms.

3.1 Training and Support. During the Term, ZorWare agrees to use commercially reasonable efforts to provide maintenance and support services to Franchisee with respect to the Software as provided in this Section and in Exhibit "A" attached hereto (the "Services"). Franchisee agrees to cooperate with ZorWare in all matters relating to the provision of the Services.

3.1.1 ZorWare will provide training materials for Software to Franchisor, and Franchisor will provide training to Franchisee.

3.1.2. ZorWare will provide the Services to Franchisee by telephone and over the Internet during ZorWare's normal business hours, as set forth in Exhibit "A", at ZorWare's then-current hourly rates (the current hourly rate is set forth on Exhibit "A"). The amount and types of Services set forth in Exhibit "A" may change in the future as provided on Exhibit "A".

3.1.3 ZorWare will provide the Services in a professional manner and in accordance with generally accepted industry standards.

3.2 License Terms; Access to Data. ZorWare may modify, upgrade or create fixes, service releases and new versions of the Software from time to time and provide same to Franchisee. Franchisor may add software to or remove software from the License upon notice to Franchisee.

3.2.1 Franchisee agrees to give Franchisor and ZorWare remote access to the Franchised Business computer network at all times to allow for the full functioning of the Software, to allow ZorWare to install the Software and modifications, fixes, service releases and new versions of the Software, and to provide training and support. Franchisee understands and acknowledges that such remote access will allow both Franchisor and ZorWare to have access to the data generated by Franchisee's use of the Software, and will allow for Franchisee's submission of periodic reports to Franchisor as required under the Franchise Agreement. Franchisee agrees to provide ZorWare and Franchisor access to all of Franchisee's data generated or stored using the Software.

3.2.2 Franchisee will only use approved software versions of the Software for its intended use on approved and supported systems.

3.2.3 Restrictions. Franchisee will not, directly or indirectly, and will not permit any authorized user or other person to:

a. Access or use the Software except as expressly permitted by this Agreement;

b. Sell, rent, license, distribute, provide access to, sublicense or otherwise make available the Software to any third party (except to its employees who are designated as authorized users);

c. Copy, modify, decompile, disassemble, reverse engineer, decode, adapt, or otherwise attempt to derive or gain access to any software component of the Software;

d. Remove proprietary or confidentiality marks or notices from the Software;

e. Permit unauthorized persons to use or copy the Software;

f. Disable any access keys or encryptions included in the Software; or

g. Perform load, vulnerability, or penetration testing against the Software without prior written approval from ZorWare in each instance, and then only subject to such conditions at ZorWare requires.

3.3 On-Boarding. In order to receive access to the Software, Franchisee agrees to promptly and timely provide to ZorWare with all information reasonably requested by ZorWare. ZorWare will grant Franchisee access to the Software within thirty (30) days of receiving the information.

4. Pricing, Invoice and Payment.

4.1 Pricing. Franchisee agrees to pay the fees set forth on Exhibit "A" (the "Fees"). Franchisee must have a valid ACH on file with ZorWare or Franchisor. Franchisee understands that the fees are subject to change upon notice.

If Franchisee enters into a franchise agreement with Franchisor for an additional franchised business (the "Additional Franchised Business"), Franchisee shall pay additional fees for all field app users of the Additional Franchised Business, but may share back-office users between the Franchised Business and Additional Franchised Business.

4.2 Invoices. On or about the tenth day of each month, ZorWare will send to Franchisee a monthly invoice for the preceding month's Fees, along with applicable fees for Services rendered during the preceding month. Payment of the invoice is due to ZorWare, via ACH, by the 15th of that month. Failure to timely pay may result in late charges, and/or the immediate temporary or permanent suspension of access to the Software, as determined by ZorWare.

4.3 Delinquency. Delinquent invoices owed may be assessed a $25 charge if payments are not received within 30 days of the due date. Franchisee agrees to pay all fees incurred by ZorWare in the process of collection and recovery of past due amounts (including all court costs and reasonable attorney's fees). Accounts that are past due over 30 days may result in the suspension of the License until said past due monies are paid in full.

5. Taxes. Any taxes assessed on the fees hereunder will be paid by Franchisee (other than any income

or withholding taxes on amounts paid to ZorWare pursuant to the terms hereof).

6. Intellectual Property Rights.

Franchisee acknowledges that ZorWare, Franchisor, and their respective parents and affiliates retain all rights in and to the Software and all content, systems, software, software code, designs, logos, trademarks, trade names, databases, data, customer data, inventions, improvements, or other works submitted, added to, created, or used for or in connection with the License, whether or not created or developed under this Agreement for Franchisee.

7. Franchisee Representations.

Franchisee represents, warrants and covenants to ZorWare that: (a) Franchisee has the full power and authority to enter into and perform its obligations under this Agreement; (b) Franchisee will provide ZorWare necessary access to its personnel, documentation, records and facilities as necessary for ZorWare to provide the License and perform the Services; (c) Franchisee has all necessary rights, including intellectual property rights, in and to the content and all other material created, accessed, used or stored using the Software and/or provided to ZorWare under this Agreement; and (d) in connection with its access and use of the Software, Franchisee will comply with all applicable laws and regulations, including data privacy and data security laws and regulations.

Franchisee further represents, warrants and covenants that the data and information that Franchisee provides to ZorWare and/or that is created, accessed, used or stored, by or on behalf of Franchisee, using the Software, including text, images, ad copy, or any other content, will not infringe upon or violate any copyrights, trademarks, service marks, trade secrets, privacy and publicity rights, contractual rights, or other rights of any third party.

8. Confidentiality.

Franchisee acknowledges that during the Term of this Agreement, it may have access to confidential information and trade secrets of ZorWare, Franchisor and their affiliates, consisting of, but not limited to, customer lists and information concerning methods of operations, regulatory status, systems, products and other proprietary business information. For the purposes of this Agreement, "confidential information" means any confidential or other proprietary information disclosed to or accessed by Franchisee under this Agreement. Franchisee agrees to keep confidential and not to disclose any confidential information except to its employees on a need-to-know basis who are bound by a confidentiality obligation. Upon ZorWare's request and direction, Franchisee promptly will return all confidential information, including copies, to ZorWare. To the extent Franchisee uses the Software to access, store or otherwise handle Customer Information (as such term is defined in the Franchise Agreement), the provisions of the Franchise Agreement applicable to Customer Information apply.

Franchisee shall immediately notify Franchisor and ZorWare upon discovering any loss or theft of any documentation, access codes or other data, or any unauthorized disclosure thereof by any of Franchisee's employees, agents or representatives.

9. Indemnification.

Franchisee shall defend, indemnify and hold harmless ZorWare, Franchisor, and their respective successors, assigns, affiliates, directors, officers, agents, employees and representatives from and against any and all loss, liability, damage, cost and expense (including reasonable attorney's fees actually incurred) arising out of any claims related to or arising out of Franchisee's (or its agent's, employee's, or representative's) (i)

misuse of the License; (ii) violation of any applicable law, including, without limitation, any data privacy law, data security law and/or the TCPA; (iii) negligence or willful misconduct; or (iv) breach of or failure to comply with any provision of this Agreement.

10. Limitation of Liability.

Disclaimer of Warranty. EXCEPT AS SPECIFICALLY PROVIDED HEREIN, ZORWARE DOES NOT MAKE ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER. ZORWARE EXPRESSLY DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

Limitation of Liability. THE LIABILITY OF ZORWARE TO FRANCHISEE WILL BE LIMITED TO DIRECT DAMAGES ARISING SOLELY OUT OF ZORWARE'S SUPPORT AND MAINTENANCE OBLIGATIONS UNDER THIS AGREEMENT. IN NO EVENT WILL ZORWARE BE LIABLE FOR INCIDENTAL, SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF ZORWARE HAS PREVIOUSLY BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Notwithstanding anything to the contrary, the License is provided "AS IS" without warranties of any kind, either express or implied. If ZorWare fails for any reason to provide the Services on the terms as stated in this Agreement, ZorWare's sole obligation will be to correct the failure and provide such Service on the terms contained herein.

11. Force Majeure.

Neither party hereunder shall be liable to the other for any failure or delay in performance of its obligations under this Agreement due to causes beyond the reasonable control of the party in question, such as governmental action or rioting, civil commotion, fire, flood, epidemic or other act of God. Performance of the contractual obligation which has been delayed by the force majeure shall be deemed suspended only for a period equal to the delay caused by such an event.

12. Governing Law and Forum.

This Agreement shall be governed and construed in accordance with the laws of the State of Texas without regard to Texas's conflicts of law principles. The Parties hereby irrevocably consent to the non-exclusive jurisdiction of the federal and state courts located in Waco, McLennan County, Texas, in any action for temporary, interim or provisional equitable remedies. The Parties hereby waive, to the full extent permitted by law, defenses based on jurisdiction, venue and forum non conveniens. The Parties further consent to service of process by certified mail, return receipt requested, or by any other means permitted by law.

13. Waiver.

No delay, omission or failure to exercise any right or remedy provided for herein will be deemed to be a waiver thereof or acquiescence in the event giving rise to such right or remedy. No waiver will be binding unless contained in a writing signed by the party waiving its rights. Any waiver is limited to the specific situation in which it is given and no waiver of any breach or default under this Agreement will be construed as a waiver of any earlier or succeeding breach or default.

14. Assignments.

Franchisee may only assign this Agreement in connection with an assignment of the Franchise Agreement

in full compliance with the terms of the Franchise Agreement. ZorWare has the right to transfer or assign, in whole or in part, this Agreement or any of its interest in this Agreement, without prior notice to Franchisee, and without Franchisee's consent. To the extent that the transferee or assignee shall assume ZorWare's covenants and obligations under this Agreement, ZorWare shall thereupon and without further agreement, be freed and relieved of all liability with respect to such covenants and obligations.

15. Notices.

All notices and demands required or permitted to be given by either party to the other under this Agreement shall be in writing, including via email, to the contact information provided herein. If to ZorWare, copies of all notices should be sent to such email address as may be provided to Franchisee from time to time. Notice to Franchisee may be sent as provided in the Franchise Agreement.

16. Severability.

If any part of this Agreement is for any reason found to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected and same shall remain in effect.

17. Compliance with Laws.

In performing this Agreement, each party shall comply with all applicable federal, state, or local laws, rules and regulations ("Laws") at each party's own expense and each party shall indemnify and hold the other party harmless for its failure to comply with all Laws.

18. Entire Agreement.

This Agreement constitutes the entire integrated agreement and understanding between ZorWare and Franchisee with respect to the subject matter hereof, and supersedes all prior and contemporaneous negotiations, discussions, and understandings between ZorWare and Franchisee, either written or oral. Franchisee hereby certifies it has the full capacity to enter into this Agreement. By using the License, Franchisee acknowledges that Franchisee has read, understood, and agreed to be bound by all of the terms and conditions of this Agreement, as well as any updates, changes, or additional terms and conditions as may be added by ZorWare from time to time with or without notice to Franchisee. This Agreement will not be construed more strictly against ZorWare merely by virtue of the fact that the same has been prepared by ZorWare or its counsel, it being recognized that Franchisee has thoroughly read and reviewed the terms and provisions of this Agreement. The parties agree to execute such other documents as may be reasonably necessary to carry out the intent and purpose of this Agreement.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of this _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR: HOUSEMASTER SPV LLC

BY: _____
_____, President

EXHIBIT "A"
TO
SOFTWARE SYSTEM USER AND MAINTENANCE AGREEMENT

Software System and Additional Technology:

Software included in Software System	**Third-Party Provider's Terms and Conditions that Franchisee must accept in order to access sand use of software**
~~Onverity~~	~~https://fsm-app.nblydev.com/static/wrapper/develop/terms-of-use~~
Broadly (Net Promoter Score "NPS" product)	https://broadly.com/terms/
~~Qvinci~~	~~http://www.qvinci.com/terms-of-use/~~ ~~http://www.qvinci.com/saas-agreement/~~
FranConnect	http://franconnect.com/privacy-and-data-collection-policy/
Microsoft Office 365 and Exchange Mail	https://www.microsoft.com/en-us/trust-center/privacy
Optional Software: (*check the box if included in Software System*):	
□ QuickBooks Online	https://quickbooks.intuit.com/global/terms-of-service/

The software included in the Software System is subject to change by Franchisor upon notice to Franchisee.

Software System Fees:

TYPE OF SALE	**Enrollment Fee**	**Optional**	**Monthly Fees**	**Services Included**
New Sale	$1,250	$1,250 enrollment fee to setup your account	~~Currently, for Onverity: $225 per month for 1 – 3 back-office users and 1 field tech user; plus $50 per month for each additional back-office user; plus $75 per month for each additional field user.~~	Financial Reporting, customer sentiment, franchise portal and email software.

TYPE OF SALE	Enrollment Fee	Optional	Monthly Fees	Services Included
			Technology Package Fee: currently $~~99~~104/month. Additional Microsoft Office365 ~~("O365") Exchange~~ email accounts are $~~4.00 per month, O365 E1 email~~4.50 - $24/month depending on type of account~~s are $10.00 per month, O365 E3 email accounts are $23.00 per month~~. ~~fM~~	
Renewal	Waived	N/A	~~Currently, for Onverity: $225 per month for 1 – 3 back-office users and 1 field tech user; plus $50 per month for each additional back-office user; plus $75 per month for each additional field user.~~ Technology Package Fee: currently $~~99~~104/month. Additional Microsoft Office365 ~~("O365") Exchange~~ email accounts are $~~4.00 per month, O365 E1 email accounts are $10.00 per month, O365 E3 email accounts are $23.00 per month Any support or maintenance on the point of sale system (currently Onverity) is provided at our then current hourly rates (currently $125 per hour)~~4.50 - $24/month depending on type of account.	Financial Reporting, customer sentiment, franchise portal and email software.

TYPE OF SALE	Enrollment Fee	Optional	Monthly Fees	Services Included
Sale to Existing Franchise (Contiguous)	Waived	$1,250 to migrate data into the POS from another source	~~Currently, for Onverity: $225 per month for 1 – 3 back-office users and 1 field tech user; plus $50 per month for each additional back-office user; plus $75 per month for each additional field user.~~ Technology Package Fee: currently $~~99~~104/month. Additional Microsoft Office365 ~~("O365") Exchange~~ email accounts are $~~4.00 per month, O365 E1 email accounts are $10.00 per month, O365 E3 email accounts are $23.00 per month Any support or maintenance on the point of sale system (currently Onverity) is provided at our then-current hourly rates (currently $125 per hour)~~4.50 - $24/month depending on type of account.	Financial Reporting, customer sentiment, franchise portal and email software.
Sale to Existing Franchise (Non-Contiguous)	$1,250	$1,250 to migrate data into the POS from another source	~~Currently, for Onverity: $225 per month for 1 – 3 back-office users and 1 field tech user; plus $50 per month for each additional back-office user; plus $75 per month for each additional field user.~~ Technology Package Fee: currently $~~99~~104/month. Additional Microsoft Office365 ~~("O365")~~	Financial Reporting, customer sentiment, franchise portal and email software.

TYPE OF SALE	Enrollment Fee	Optional	Monthly Fees	Services Included
			~~Exchange~~ email accounts are $~~4.00 per month, O365 E1 email accounts are $10.00 per month, O365 E3 email accounts are $23.00 per month. Any support or maintenance on the point of sale system (currently Onverity) is provided at our then-current hourly rates (currently $125 per hour)~~4.50 - $24/month depending on type of account.	

If included in Software System: QuickBooks Online: $_____ / month[1]

~~*This fee does not include support and maintenance services for Onverity, which services are provided at Franchisor's hourly rates set forth on **Exhibit "B"**.~~

These fees may increase in the future, but not more than by ~~20~~30% annually, in addition to ~~increases due to additional or different software being added to the Software System and~~any direct price increases from third-party vendors and changes to fees due to changes to the software included in the Software System.

[1] $30 - $200 per month, depending on license tier.

EXHIBIT "B"
TO
SOFTWARE SYSTEM USER AND MAINTENANCE AGREEMENT

Basic Plan: ZorWare service level agreement will include best effort of 2- to 5-business days for response and/or resolution.

- Live Support hours: 6 AM - 7 PM central time, Monday – Friday*.
- Limit of 2 hours of phone support per month.
- If exceeds call limit then the following would apply:
- Hourly Phone Support: $125 per hour.

**ZorWare Help Desk & Team observes any/all holidays as determined by Zorware.*

EXHIBIT K

TABLE OF CONTENTS OF MANUALS

Brand Guidelines Manual:

Table of Contents

SECTION 1. ORGANIZATION AND PROPRIETARY ISSUES
Chapter 1.1…….....The HouseMaster® Franchise System (6 pages)
Chapter 1.2…….....The Franchise Structure (6 pages)
Chapter 1.3……...……The HouseMaster® Method (9 pages)
Chapter 1.4 ….……..…….Intellectual Property (8 pages)

SECTION 2. BUSINESS ISSUES

Chapter 2.1……..Operating Your Business (14 pages)
Chapter 2.2...……Record-keeping and Reporting (7 pages)
Chapter 2.3……..……Insurance Issues (27 pages)
Chapter 2.4…….…….....Risk Management (19 pages)
Chapter 2.5...…….Employment Considerations (24 pages)
Chapter 2.6……Educational Resources and Opportunities (10 pages)
Chapter 2.7...……..Industry Issues (5 pages)
Chapter 2.8 ...…….……Technology Issues (7 pages)

SECTION 3. INSPECTION/PROPERTY SERVICES AND MATERIALS

Chapter 3.1……..……The Home Inspection (4 pages)
Chapter 3.2 ..….....Order Agreements (8 pages)
Chapter 3.3 ……..……Standards of Practice (4 pages)
Chapter 3.4 ……..Limited Repair Reimbursement Guarantee (3 pages)
Chapter 3.5 …….……Inspection Equipment (4 pages)
Chapter 3.6 ……..…Inspection Reporting Formats (11 pages)
Chapter 3.7……...……..Expanded Service Offerings (24 pages)
Chapter 3.8 ….……..…….Field Inspection Assistance (1 page)

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HouseMaster SALES AND MARKETING MANUAL

Table of Contents

Chapter 1 ……..……The HouseMaster® Franchise System (4 pages)

Chapter 2 ……..……The HouseMaster Method (9 pages)

Chapter 3 ……..……..……The HouseMaster Marketing Strategy (5 pages)

Chapter 4 ……..……Features and Benefits/Common Objections (18 pages)

Chapter 5 ……..…… Customers (3 pages)

Chapter 6 ……...……Marketing to Realtors (10 pages)

Chapter 7 ……S.A.M. Speaking At Meetings (9 pages)

Chapter 8 ……The Pre-Inspection Program (18 pages)

Chapter 9 ……..……..…….……Lenders/Lawyers (7 pages)

Chapter 10..…… …Database Marketing (3 pages)

Chapter 11 ……..……Promotional Support/Advertising/Public Relations (10 pages)

Chapter 12 …..……..…..…The HouseMaster Limited Inspection Guarantee (5 pages)

Chapter 13 ……..…….. ……Telephone Etiquette and Call Handling (12 pages)

Chapter 14 ..……..……..… ……Staying on the Right Track! (2 pages)

EXHIBIT L

ASSIGNMENT AND CONSENT AGREEMENT

This Assignment and Consent Agreement (this "Agreement") is made effective as of the date Franchisor signs below (the "Effective Date") and is entered into by and among [ ] ("Franchisee"), and [ ] (a "Franchisee Principal(s)") (Franchisee and Franchisee Principal(s) collectively referred to as "Assignor"), [ ] ("Assignee"), and HOUSEMASTER SPV LLC, a Delaware limited liability company having a principal place of business at 1010 North University Parks Drive, Waco, Texas 76707 ("Franchisor"). All capitalized terms not defined in this Agreement have the respective meanings set forth in the Old Franchise Agreement (as defined below).

RECITALS

A. Franchisor and Assignor are parties to a HouseMaster® Franchise Agreement dated [ ] (the "Old Franchise Agreement"), pursuant to which Assignor was granted the right to operate a HouseMaster® business in the following territory: _____ (the "Franchised Business").

B. Assignor desires to assign to Assignee all right, title and interest in the Franchised Business, including the franchise rights for the Franchised Business (the "Assignment"); Assignee wishes to accept the Assignment and, as of the Effective Date, assume all of the duties, obligations, and liabilities of Assignor related thereto by entering into a purchase and sale agreement with Assignor and by signing a franchise agreement with Franchisor.

C. Assignor represents that there is no dispute related to the offer and sale of the Old Franchise Agreement or Franchised Business, and further represents that Assignor has no claims against Franchisor under applicable laws.

D. In consideration of Assignor's request for the Assignment and the representations set forth in Recital C above, Franchisor is willing to consent to the Assignment as of the Effective Date, subject to the provisions stated below, and Assignor agrees to settle all known and unknown disputes it may have against Franchisor, if any, that exist as of the Effective Date.

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment and Assumption. Assignor assigns to Assignee all right, title and interest in and to the Franchised Business, including the franchise rights for the Franchised Business. Assignee unconditionally assumes and accepts the Assignment of the Franchised Business, including the franchise rights for the Franchised Business, and agrees to be bound by all duties, obligations, and liabilities of the Assignor related thereto, including without limitation all of Assignor's customer obligations, including all warranty work and service plans obligations.

2. Signing of Current Form of Franchise Agreement. As a condition of Franchisor's consent to the Assignment, Assignee agrees to sign Franchisor's then-current form of franchise agreement (the "New Franchise Agreement"). Assignee acknowledges that the terms and conditions of the New Franchise Agreement may be different from the terms and conditions of the Old Franchise Agreement. Prior to the

Effective Date, Assignee shall deliver to Franchisor two signed copies of the New Franchise Agreement, along with the executed copies of this Agreement.

3. Termination of Old Franchise Agreement. All parties agree that the Old Franchise Agreement is terminated as of the effective date of the New Franchise Agreement with no further force and effect, except for the post-termination obligations identified in Section 12 below.

4. Status of Assignor Following Assignment. Upon and after the Effective Date and subject to Section 12 below, Assignor will have no interest in and will no longer be responsible or liable for (a) the Franchised Business, (b) the franchise rights for the Franchised Business, or (c) the Old Franchise Agreement. Assignor, however, will remain liable for any responsibilities, obligations, and liabilities related to the Old Franchise Agreement and the Franchised Business up to the Effective Date, including all monetary obligations due to Franchisor, its affiliates, and other third parties under the Old Franchise Agreement that have accrued as of the Effective Date and all post-termination obligations identified in Section 12 below.

5. Assignee Principals. If Assignee is an entity, Assignee represents and warrants to Franchisor and Assignor that the following individuals and/or entities are the sole owners of Assignee (the "Assignee Principals"):

Name of Principal Owner	**Percentage of Ownership in Assignee (total must equal 100%)**
Total	**100%**

6. Payment of Transfer Fee. On or before the Effective Date, Franchisor must receive a transfer fee in the amount of $[_____], as referenced in Section 10.C. of the Old Franchise Agreement.

7. Training. On or before the Effective Date, Assignee must complete Franchisor's training requirements.

8. Payment of Fees Owed to Franchisor; Delivery of Reports. On or before the Effective Date, all fees owed by Assignor to Franchisor, its affiliates or suppliers or upon which Franchisor or its affiliates have any contingent liability, under or related to the Old Franchise Agreement (the "Fees Owed") must be paid in full. Accordingly, on or before the Effective Date, Assignor or Assignee must deliver the full amount of Fees Owed to Franchisor, its affiliate(s) and/or suppliers, along with three fully executed copies of this Agreement. In addition, on or before the Effective Date, Assignor must deliver to Franchisor any and all reports required to be delivered under the Old Franchise Agreement, including without limitation reports related to any Fees Owed and any financial and other reports relating to the Franchised Business and its operations as Franchisor may request pursuant to Section 10.D.8 of the Franchise Agreement in order for Franchisor and/or assignee to evaluate the Franchised Business and the proposed transfer.

9. Personal Guarantee. Each Assignee Principal must execute a personal guarantee in the form attached to the New Franchise Agreement.

10. Representations.

A. Assignor and Assignee represent and warrant to each other that they have the authority to execute this Agreement.

B. Assignor represents and warrants to Franchisor and Assignee that it owns all right, title and interest in and to the Franchised Business and the Old Franchise Agreement, free and clear of any mortgage, lien or claims, and has not assigned any or all of its interest in the Franchised Business or the Old Franchise Agreement to any third party.

C. Assignor and Assignee represent and warrant to Franchisor that they have consummated the asset purchase and sale transaction that is related to the Assignment contemplated hereunder as of the Effective Date.

11. Indemnification.

A. Assignor, for itself, its heirs, successors and assigns, agrees to indemnify and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees), or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignor under this Agreement; (ii) the Assignment; or (iii) any claim, suit or proceeding initiated by or for a third party(s), now or in the future, that arises out of or relates to the Old Franchise Agreement or the Franchised Business operated by Assignor prior to the Effective Date.

B. Assignee, for itself, its heirs, successors and assigns, agrees to indemnify and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees) or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignee under this Agreement; or (ii) the Assignment.

12. Assignor's Post-Termination Obligations. Assignor agrees that, upon transfer of its interest in the Franchised Business to Assignee, Assignor will comply with all post-termination obligations set forth in Section 13 of the Old Franchise Agreement, which obligations shall be incorporated herein by reference. Further, Assignor shall comply with any other provisions of the Old Franchise Agreement which, by their nature, survive termination or expiration of the Old Franchise Agreement.

13. Consent to Assignment. Franchisor consents to the Assignment subject to the terms and conditions of this Agreement. Franchisor's consent to the Assignment will not result in any waiver of any rights nor a release under the Old Franchise Agreement or New Franchise Agreement, and is not a consent to any additional or subsequent transfers or assignments.

14. Release and Settlement of Claims by Assignor. Except as may be prohibited by applicable law, Franchisee and Franchisee Principals (individually and as owners of Franchisee) and each of their respective heirs, successors, assigns, affiliates, shareholders, officers, directors, employees, and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as

the "Assignor Parties" for purposes of Sections 14, 15 and 16 hereof), release and forever discharge Franchisor, its predecessors, successors, affiliates, directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the "Franchisor Parties" for purposes of Sections 14, 15 and 16) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action (collectively, "Claims"), whether known or unknown, vested or contingent, which Assignor Parties may now or in the future own or hold, that in any way relate to the Old Franchise Agreement, any other agreement between Assignor and Franchisor, the Franchised Business, or the relationship between Assignor and Franchisor through the Effective Date (collectively, "Assignor Claims"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Old Franchise Agreement or any other agreement between Assignor and Franchisor through and including the Effective Date.

15. Release by Assignee. Except as noted in this Section 15, Assignee, Assignee Principals (if any), and their respective affiliates, successors, assigns, officers, directors, employees, agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "Assignee Parties" for purposes of this Section 15 and Section 16 below), release and forever discharge the Franchisor Parties of and from any and all Claims, whether known or unknown, vested or contingent, which Assignee may now or in the future own or hold, that in any way relates to the Franchised Business or the New Franchise Agreement (collectively referred to as "Assignee Claims" for purposes of this Section 15 and Section 16).

As to the New Franchise Agreement, the Assignee Parties and Franchisor Parties acknowledge and agree that the release by the Assignee Parties does not relate to the offer and sale of the New Franchise Agreement. Further, the parties agree that the release as it relates to the New Franchise Agreement is effective as to Assignee Claims arising through the Effective Date of this Agreement, and not to any claims arising after the Effective Date.

16. Acknowledgement of Releasors. The release of Assignor Claims set forth in Section 14 and Assignee Claims in Section 15 are intended by the Assignor Parties and Assignee Parties (collectively, the "Releasors") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of one of the Releasors against any other Releasor. In making this voluntary express waiver, the Releasors acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasors' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasors acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Agreement and release, and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement. The Releasors, for themselves and their heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waive, relinquish and abandon each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. The Releasors acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

> "A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him

must have materially affected his settlement with the debtor or released party."

This release is and shall be and remain a full, complete, and unconditional general release. The Releasors acknowledge and agree that this release and the foregoing waiver are an essential, integral and material term of this Agreement. The Releasors further acknowledge and agree that no violation of this Agreement shall void the releases set forth in Sections 14 and 15.

17. Confidentiality. Assignor and Assignee acknowledge and agree that this Agreement and matters discussed in relation thereto are entirely confidential. It is therefore understood and agreed by Assignor and Assignee that they will not reveal, discuss, publish or in any way communicate any of the terms, amount or fact of this Agreement to any person, organization or other entity, except to their respective officers, employees or professional representatives, or as required by law.

18. Miscellaneous. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

19. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of claims set forth herein.

20. Governing Law/Venue. This Agreement will be construed and enforced in accordance with the laws of Texas, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Agreement or the enforcement of any provision herein shall be brought or otherwise commenced only in the courts of Texas.

21. Counterparts. This Agreement may be executed in more than one counterpart, each of which shall constitute an original copy.

ASSIGNOR:

[_____]

By: _____
Name:
Title:

Date: _____

ASSIGNEE:

[_____]

By: _____
Name:
Title:

FRANCHISOR:

HOUSEMASTER SPV LLC

By: _____
Name:
Title:

Effective Date: _____, 20__

EXHIBIT M

STATE ADDENDA AND FRANCHISE AGREEMENT RIDERS

RIDER TO THE STATE ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON AND WISCONSIN

This Rider to the State Addendum to the Franchise Disclosure Document and Franchise Agreement is entered into by and between _____, a Delaware limited liability company with an address of _____ ("Franchisor") and _____, individually, with an address of _____("Franchisee").

A. This Rider is being signed because (i) the franchised business that Franchisee will operate under the Agreement will be located in one of the states listed in the heading of this Rider (the "Applicable Franchise Registration State"); and/or (ii) any of the franchise offering or sales activity with respect to the Agreement occurred in the Applicable Franchise Registration State.

B. Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend the Agreement as provided herein.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. The following language is hereby added to the end of the Agreement:

"No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

2. Except as provided in this Rider, the Agreement remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, in _____.

FRANCHISOR:

_____

BY: _____

_____, President

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA, SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US IN CERTAIN CIRCUMSTANCES TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

Our website address is www.housemaster.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT WWW.DFPI.CA.GOV.

FDD Item 3

Neither Franchisor, nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

FDD Item 17 (in reference to Franchise Agreement: Sections 4, 11, 12, 13, and 14.G.1)

1) Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

2) Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

3) Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. A contract which restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

4) Dispute Resolution. The Franchise Agreement requires all dispute resolution efforts including mediation and litigation to occur in the State of Texas with the costs being borne by the losing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

5) Applicable Law. The Franchise Agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

6) Liquidated Damages. THE FRANCHISE AGREEMENT CONTAINS A LIQUIDATED DAMAGES CLAUSE. UNDER CALIFORNIA CIVIL CODE SECTION 1671, CERTAIN LIQUIDATED DAMAGES CLAUSES ARE UNENFORCEABLE.

7) Conditions for Renewal or Transfer. YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SEC. 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SEC. 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043.)

FDD Item 19
The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the franchise disclosure document, may be one source of this information."

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with this franchise.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF GEORGIA

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF IDAHO

FDD Item 17 (regarding Franchise Agreement Section 14.H)

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with this franchise.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF ILLINOIS

State Cover Page; Risk Factors.

The following statement is added to the end of the first Risk Factor: Section 4 of the Illinois franchise disclosure act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois; provided, however, that the franchise agreement may provide for arbitration in a forum outside of Illinois.

Item 17 – Additional Disclosures.

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, 815 ILCS 705/1-44 (West 2016), any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with this franchise.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILL. COMP. STAT. §§ 705/1 through 705/44) are met independently without reference to this Addendum.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF INDIANA

The Indiana Franchises Law, Title 23, Article 2, Chapter 2.5, Sections 1 through 51 of the Indiana Code and the Indiana Deceptive Franchise Practice Law, Title 23, Article 2, Chapter 2.7, Sections 1 through 7 of the Indiana Code, supersede any provisions of the Franchise Agreement if such provisions are in conflict with such laws, but in that case, the provision of the franchise agreement affected will be limited only to the extent necessary to bring it within the requirement of the law and, to that extent, that provision shall be deemed to have been omitted from the franchise agreement as of the date of execution of the franchise agreement. This will not affect the validity of any remaining portion of the franchise agreement.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF MARYLAND

ITEM 5: Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the franchise agreement.

ITEM 11
: To obtain an accounting of the MAP Fund, the franchisee should contact the Franchisor's President or Vice President in writing.

ITEM 17 of the disclosure document is amended to add the following:

> The general release of any and all claims against Franchisor is amended to state that such release shall not apply to any liability under Maryland Franchise Registration and Disclosure Law
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
>
> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise and Disclosure Law (MD CODE ANN., BUS. REG. §§ 14-201 through 14-233) are met independently without reference to this Addendum

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF MINNESOTA:

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the authorized use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with this franchise.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota state franchise law (MINN. STAT. §§ 80C.01 through 80C.22) are met independently without reference to this Addendum.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

(a) No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, unfair or deceptive practices, misappropriation of property or comparable allegations.

(b) No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the date of this Disclosure Document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of any franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion or, misappropriation of property; or unfair or deceptive practices or comparable allegations.

(c) No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

(d) No such party is subject to a currently effective injunctive or restrictive order or decree relating to franchises or under any Federal or State franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such

association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither franchisor, its affiliate, its predecessor, officers, or general partner during the ten-year period immediately before the date of this Disclosure Document:

(a) Has filed as debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code;

(b) Has obtained a discharge of its debts under the United States Bankruptcy Code; or

(c) Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code or that obtained a discharge of its debts under the United States Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee or renewal fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York state franchise law (N.Y. GEN. BUS. LAW §§ 680 through 695) are met independently without reference to this Addendum.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF NORTH DAKOTA

1. Item 6 is amended to add the following:

   In accordance with North Dakota law, you are not required to consent to a waiver of exemplary and punitive damages.

1. Item 17(c) and Item 17(m) are amended to add the following:

   Under §51-19-09 of the North Dakota Franchise Investment Law, you are not required to sign a general release on renewal or transfer/assignment of the franchise agreement.

2. Item 17(r) is amended to add the following:

   In accordance with North Dakota law, the restrictions of the covenant not to compete might not apply to your activities after the termination or expiration of your franchise agreement.

3. Item 17(u) is amended to add the following:

   To the extent required by law unless preempted by the Federal Arbitration Act, all disputes must be litigated or arbitrated either in North Dakota or in a mutually agreed location and you are not required to waive your right to a jury trial.

4. Item 17(v) is amended to add the following:

   To the extent required by law unless preempted by the Federal Arbitration Act, you are not required to consent to the jurisdiction of the courts outside of North Dakota.

5. Item 17(w) is amended to add the following:

   The statute of limitations under North Dakota law applies.

6. Item 17 is amended by the addition of the following:

   THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

   A. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to *NDCC Section 9-08-06*, without further disclosing that such covenants will be subject to the statute.

   B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

H. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law (N.D. CENT. CODE §§ 51-19-01 through 51-9-17) are met independently without reference to this Addendum.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF RHODE ISLAND

ITEM 17 of the disclosure document is amended to add the following:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." Accordingly:

(a) court actions for a claim enforceable under the Act will be conducted in Rhode Island unless the franchisee agrees otherwise;

(b) mediation for any dispute enforceable under the Act will be maintained in Rhode Island unless the franchisee agrees otherwise; and

(c) Rhode Island laws will apply to a claim enforceable under the Act.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act (19 R.I. GEN. LAWS §§ 19-28.1-1 through 19-28.1-34) are met independently without reference to this Addendum.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF SOUTH DAKOTA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of South Dakota:

1. FDD Item 17 (regarding Franchise Agreement Sections 14.G.1 and 14.H). Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Franchise Agreement will be and remain subject to the construction, enforcement and interpretation of the laws of the State of Texas. Under South Dakota law any provision in the Franchise Agreement that designates jurisdiction or venue, or that requires Franchisee to agree to jurisdiction or venue, in a judicial forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

2. FDD Item 17 (regarding Franchise Agreement Sections 14.J and 14.K). Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, or consequential damages OR any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law.

3. FDD Item 17 (regarding Franchise Agreement Sections 4.B and 10.D.6). No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of South Dakota.

4. FDD Item 17 (regarding Franchise Agreement Section 12.B). Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Franchise Agreement shall afford you thirty (30) days written notice with an opportunity to cure the default before termination.

5. **REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.**

To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, or the Disclosure Document, the terms of this Addendum shall govern.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchise Investment law (S.D. Codified Laws §§ 37-5B-1 through 37-5B-53) are met independently without reference to this Addendum.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HOUSEMASTER SPV LLC for use in the Commonwealth of Virginia shall be amended as follows:

ITEM 17.h of the disclosure document is amended to add the following:

> Pursuant to § 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

ITEM 17.o of the disclosure document is amended to add the following:

> Pursuant to § 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a Franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a Franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchise Act (VA. CODE ANN. §§ 13.1-557 through 13.1-574) are met independently without reference to this Addendum.

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

FOR THE STATE OF WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~C~~chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement ~~in~~or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions ~~which may~~that supersede the franchise agreement ~~in~~or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including ~~the areas of termination and renewal of your~~those summarized in Item 17 of the ~~f~~Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights ~~executed by a~~in the franchise agreement or related agreements purporting to bind the franchisee ~~may not include rights~~to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel~~.~~, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions ~~such as those which~~contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement

without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision~~s~~ contained in the franchise agreement or elsewhere that conflicts with these limitations ~~are~~is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

~~**Item 1** and **Item 5**: Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.~~

~~**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees and ask them about their experience with the franchisor.~~

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledg~~e~~ment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including~~,~~ fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with ~~this~~the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Financial Incentives (Items 1 and 5).** Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

_____ _____

Signature of Franchisor Representative Signature of Franchisee Representative

~~Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum.~~

Title of Franchisor Representative	Title of Franchisee Representative

ADDENDUM TO THE
HOUSEMASTER SPV LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF WISCONSIN

ITEM 17 of the disclosure document is amended to add the following:

> The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 applies to franchising in the State of Wisconsin. This Law prohibits the termination, cancellation, non-renewal or substantial change of the competitive circumstances of a franchise agreement without good cause.
>
> The Wisconsin Fair Dealership Law provides that 90 days prior written notice of termination, cancellation, non-renewal or substantial change of the competitive circumstances of a franchise agreement must be given to the Franchisee. The Franchisee has 10 days to cure the non-payment of fees to franchisor and 60 days to cure any other deficiency and, if the deficiency is so cured within the applicable cure period, the notice of termination is void.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this Addendum.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

ADDENDUM TO THE FRANCHISE AGREEMENT
HOUSEMASTER SPV LLC

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is entered to this _____ day of _____, 20___, between **HOUSEMASTER SPV LLC** ("we", "us" or Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of California; (b) Franchisee is a resident of the State of California; and/or (c) the Franchised Business will be located or operated in the State of California.

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

3. Franchisor's financing program is offered pursuant to the franchise loan exemption under Section 22063 of the California Finance Lenders Law. If Franchisee decides to finance all or a portion of the initial franchise fee using Franchisor's financing program, Franchisee hereby confirms that Franchisee intends to use the financing primarily for purposes other than personal, family, or household purposes.

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

6. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

_____

BY: _____

_____, President

ADDENDUM TO THE FRANCHISE AGREEMENT
HOUSEMASTER SPV LLC

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOUSEMASTER SPV LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and the parties wish to amend the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Agreement was made in the State of Illinois, (b) the Franchised Business, territory or a portion of the territory will be located in Illinois, and/or (c) Franchisee is a resident of Illinois.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended to add the following:

> "If any provisions of the Agreement are inconsistent with applicable Illinois state law, then Illinois state law shall apply. Any provision which designates jurisdiction or venue in a forum outside Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois. Any condition, stipulation or provision purporting to bind any person acquiring any Franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act is void."

3. Section 14.J, **Waiver of Jury Trial**, is amended to add the following:

> "Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void."

4. Section 13.B, **Claims**, is amended to add the following:

> "However, nothing in this Section shall shorten any period within which you may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met)."

4. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act

(815 ILL. COMP. STAT. §§ 705/1 through 705/44) are met independently without reference to this Addendum.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

_____

BY: _____

_____, President

ADDENDUM TO THE FRANCHISE AGREEMENT
HOUSEMASTER SPV LLC

FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **HOUSEMASTER SPV LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) Franchisee is a resident of the State of Maryland, and/or (b) the Franchised Business will be located or operated in Maryland.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 7.A, **MAP Fund**, is amended by adding the following language:

"To obtain an accounting of the MAP Fund, you should contact our President or Vice President in writing."

3. Section 4.B, **Renewal**, and Section 10.D.6, **Conditions of Transfer** are amended by adding the following language:

"However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Section 8.A, **Initial Franchise Fee**, is amended by adding the following language at the end of the section:

"Based upon our financial condition, the Maryland Securities Commissioner has imposed a fee deferral requirement. Therefore, you will not be required to pay the initial fees due to us and/or our affiliates, including the Initial Franchise Fee and any other fees, until we have completed all our pre-opening obligations to you and you begin operating your franchise business."

~~4~~5. Section 12.B.2(vi), **Immediate Termination With No Opportunity to Cure**, is amended by adding the following language:

"(Termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce this provision to the maximum extent the law allows.)"

~~5~~6. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended by adding the following language:

"Subject to your arbitration obligations, a franchisee in Maryland may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

~~6~~7. Section 13.B, **Claims**, is amended to add the following:

"However, the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law."

~~7~~8. The Franchise Agreement is amended by adding the following language at the end of the document:

"No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

~~8~~9. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise and Disclosure Law (MD CODE ANN., BUS. REG. §§ 14-201 through 14-233) are met independently without reference to this Addendum.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

_____

BY: _____

_____, President

ADDENDUM TO THE FRANCHISE AGREEMENT
HOUSEMASTER SPV LLC
FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOUSEMASTER SPV LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise said Franchise Agreement as follows:

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the Business that Franchisee will operate under the Agreement will be located in Minnesota; and/or (b) any of the franchise offering or sales activity with respect to the Agreement occurred in Minnesota.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 4.B, **Renewal**, and Section 10.D.6, **Conditions of Transfer**, are amended by adding the following language:

> "Notwithstanding any terms in this Agreement, you are not required to agree to any general release as a condition for approval of any assignment, transfer or renewal of this Agreement. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release."

3. Section 4.C, **Interim Period**, and Section 12.B., **Termination by Us**, are amended by adding the following language:

> "With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statutes, Section 80C.14, Subdivisions 3, 4, and 5, which require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement."

4. Section 10.D.6, **Conditions of Transfer**, is amended further by adding the following language:

> "With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statutes, Section 80C.14, Subdivisions 3, 4, and 5, which require, except in certain specified cases, that consent to the transfer of the franchise will not be unreasonably withheld."

5. Section 3.D, **Litigation**, is amended by adding the following language:

"We agree to indemnify and save you harmless from any loss, costs or expenses arising out of or related to any claim, suit or demand against you relating to your use of the Marks in accordance with this Agreement."

6. Section 11.B., **Exceptions to Mediation**, is amended by adding the following language:

"We will protect your rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the authorized use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g)."

7. Section 14.G.1, **Applicable Law and Waiver**, Section 14.H, **Venue**, and Section 14.I., **Jury Waiver**, are amended by adding the following language:

"Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

8. Section 11.B, **Exceptions to Mediation**, is amended by adding the following language:

"The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J."

9. Section 13.B, **Claims**, is amended by adding the following language:

"Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5."

10. Schedule D, **Acknowledgment Addendum**, is amended by adding the following language:

"Pursuant to Minnesota Rule 2860.4400J, the foregoing acknowledgments contained in this section shall not be construed as a waiver of my rights."

11. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

12. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota state franchise law (MINN. STAT. §§ 80C.01 through 80C.22) are met independently without reference to this Addendum.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

_____

BY: _____

_____, President

ADDENDUM TO THE FRANCHISE AGREEMENT
HOUSEMASTER SPV LLC

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **HOUSEMASTER SPV LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

WHEREAS, Franchisor and Franchisee have contemporaneously entered into a Franchise Agreement (the "Agreement") and wish to amend certain items of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the franchised Business that you will operate under the Agreement was made in the State of New York, and/or (b) Franchisee is a resident of New York and will operate the franchised Business in New York.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties hereby agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 4.B, **Renewal**, and Section 10.D.6, **General Release**, are amended by adding the following:

> "All rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied."

3. Section 10.G, **Transfer by Us**, is amended by adding the following:

> Franchisor shall not assign its rights and obligations except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the Franchisor's obligations under its franchise agreement.

4. Section 12.C, **Termination by You**, is amended to provide that Franchisee may terminate the Franchise Agreement on any grounds available to Franchisee pursuant to applicable law.

5. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended by adding the following:

> "The foregoing choice of law shall not be considered a waiver of any right conferred upon us or you by the provisions of Article 33 of the General Business Law of the State of New York."

6. Section 13.B, **Claims**, is amended to add the following:

> "However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the provisions of Article

33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied."

7. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York state franchise law (N.Y. GEN. BUS. LAW §§ 680 through 695) are met independently without reference to this Addendum.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

_____

BY: _____

_____, President

ADDENDUM TO THE FRANCHISE AGREEMENT
HOUSEMASTER SPV LLC

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOUSEMASTER SPV LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the franchised Business that Franchisee will operate under the Agreement was made in the State of North Dakota, and/or (b) Franchisee is a resident of North Dakota and the franchised Business will be located in North Dakota.

NOW, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 9.D, **Noncompetition Covenants**, is amended by adding the following: "Covenants not to compete are generally considered unenforceable in the State of North Dakota pursuant to Section 9-08-06 of the North Dakota Century Code."

3. Section 4.B, **Renewal**, and Section 10.D.6, **General Release**, are amended by adding the following: "North Dakota franchisees are not required to sign a general release upon the renewal of the franchise agreement. Consequently, any provision of a franchise agreement as it applies to the requirement that franchisees execute a general release upon renewal does not apply to North Dakota franchisees."

4. Section 14.G.1, **Applicable Law and Waiver** and Section 14.H., **Venue**, are amended by adding the following: "Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, this Agreement will be governed by the laws of the state of North Dakota. North Dakota Franchisees are not required to consent to the jurisdiction of courts outside of North Dakota. The consent to the jurisdiction of the courts of the state of Texas shall be inapplicable to franchises operating under the North Dakota Franchise Investment Law."

5. Section 14.I, **Waiver of Jury,** is amended by adding the following: "North Dakota franchisees are not required to waive their right to a jury trial. Consequently, Section 14.I does not apply to North Dakota franchisees"

6. Section 14.K, **Waiver of Punitive and Consequential Damages**, is amended by adding the following: "North Dakota franchisees are not required to consent to a waiver of exemplary and punitive damages. Consequently, Section 14.J of the Agreement does not apply to North Dakota franchisees."

7. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law (N.D. CENT. CODE §§ 51-19-01 through 51-9-17) are met independently without reference to this Addendum.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, _____, _____.

FRANCHISOR:

_____

BY: _____

_____, President

ADDENDUM TO THE FRANCHISE AGREEMENT
HOUSEMASTER SPV LLC

FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOUSEMASTER SPV LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of Rhode Island, and/or (b) Franchise is a resident of Rhode Island and the Franchised Business will be located in Rhode Island.

NOW, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended by adding:

> Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act (19 R.I. GEN. LAWS §§ 19-28.1-1 through 19-28.1-34) are met independently without reference to this Addendum.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____
_____, individually

Accepted as of the _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

_____
BY: _____

_____, President

ADDENDUM TO FRANCHISE AGREEMENT
HOUSEMASTER SPV LLC

FOR RESIDENTS OF SOUTH DAKOTA

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between _____, a _____ with an address of 1010 North University Parks Drive, Waco, TX 76707 ("Franchisor") and _____, individually, with an address of _____ "Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of South Dakota, (b) Franchisee is a resident of South Dakota, and/or (c) the Franchised Business will be located or operated in the State of South Dakota.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 14.G.1, **Applicable Law and Waiver** and Section 14.H., **Venue**, are amended by adding the following: "Notwithstanding anything to the contrary, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota. However, as to contractual and all other matters, this Agreement and all of its provisions will be and remain subject to the application, construction, enforcement and interpretation under the governing law in Section 14.G.1. Notwithstanding anything to the contrary contained in Section 14.H, under South Dakota law any provision in this Agreement that designates jurisdiction or venue, or that requires Franchisee to agree to jurisdiction or venue, in a judicial forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota."

3. Section 12.B, **Termination by Us**, is amended by adding the following: "Notwithstanding the provisions of the Franchise Agreement, you will be provided with 30 days' written notice and opportunity to cure any breach of this Agreement, any failure to meet performance and quality standards or any failure to make payments of License Fees required by this Agreement."

4. Schedule D, **Acknowledgment Addendum**, is amended by adding the following language: "Notwithstanding anything to the contrary contained in this Agreement, under South Dakota Codified Laws, Section 37-5B-21, any acknowledgment provision, disclaimer or integration clause, or other provision having a similar effect, in this Agreement will not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this Chapter of the Law or a rule or order under this Chapter."

5. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchise Investment law (S.D. Codified Laws §§ 37-5B-1 through 37-5B-53) are met independently without reference to this Addendum.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

_____

BY: _____

_____, President

ADDENDUM TO THE FRANCHISE AGREEMENT
HOUSEMASTER SPV LLC

FOR THE STATE OF ~~WASHINGTON~~WISCONSIN

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOUSEMASTER SPV LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") ~~to amend and revise the Franchise Agreement as follows:~~.

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of ~~Washington~~Wisconsin, (b) Franchisee is a resident of ~~Washington~~Wisconsin, and/or (c) the Franchised Business will be located or operated in the State of ~~Washington~~Wisconsin.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the Agreement is hereby amended as follows:

~~1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.~~

~~2. The following paragraphs are added to the end of the Agreement:~~

~~In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.~~

~~RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~

~~In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.~~

~~A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with this franchise.

3. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum.

The undersigned does hereby acknowledge receipt of this addendum.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, in _____, ____.

FRANCHISOR:

_____

By: _____

_____, President

_____

~~ADDENDUM TO THE FRANCHISE AGREEMENT~~
~~HOUSEMASTER SPV LLC~~
~~FOR THE STATE OF WISCONSIN~~

~~This Addendum to the Franchise Agreement is entered into this _____ day of _____, 20___, between **HOUSEMASTER SPV LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee").~~

~~WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of Wisconsin, (b) Franchisee is a resident of Wisconsin, and/or (c) the Franchised Business will be located or operated in the State of Wisconsin.~~

~~NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the Agreement is hereby amended as follows:~~

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 prohibits the termination, cancellation, non-renewal or substantial change of the competitive circumstances of a franchise agreement without good cause and provides that 90 days prior written notice of termination, cancellation, non-renewal or substantial change of the competitive circumstances of a franchise agreement must be given to the Franchisee. The Franchisee has 10 days to cure the non-payment of fees to franchisor and 60 days to cure any other deficiency and, if the deficiency is so cured within the applicable cure period, the notice of termination is void.

2. The Wisconsin Fair Dealership Law will supersede any conflicting terms of the Franchise Agreement.

3. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____

_____, individually

Accepted as of the _____ day of _____, 20__, in _____, _____.

FRANCHISOR:

_____

BY: _____

_____, President

EXHIBIT N

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

California:	April 1, ~~2024, as amended July 1, 2024~~2025
Hawaii:	~~May 3, 2024, as amended July 9, 2024~~[PENDING]
Illinois:	April 1, ~~2024, as amended July 1, 2024~~2025
Indiana:	~~April 29, 2024, as amended July 1, 2024~~[PENDING]
Maryland:	~~SEE SEPARATE FDD~~[PENDING]
Michigan:	April 1, ~~2024, as amended July 1, 2024~~2025
Minnesota:	~~May 22, 2024, as amended July 30, 2024~~[PENDING]
New York:	April 1, ~~2024, as amended July 1, 2024~~2025
North Dakota:	~~April 16, 2024, as amended July 1, 2024~~[PENDING]
Rhode Island:	~~April 14, 2024, as amended July 3, 2024~~[PENDING]
South Dakota:	~~April 5, 2024, as amended July 1, 2024~~[PENDING]
Virginia:	~~April 19, 2024, as amended July 15, 2024~~[PENDING]
Washington:	~~April 27, 2024, as amended July 1, 2024~~[PENDING]
Wisconsin:	~~April 9, 2024, as amended July 2, 2024~~[PENDING]

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPTS

RECEIPT (YOURS)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this franchise disclosure document and all agreements carefully.

If HOUSEMASTER SPV LLC 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, the franchisor or an affiliate in connection with the proposed franchise sale.

New York, if applicable, requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Iowa and Michigan, if applicable, require 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 HouseMaster SPV LLC 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, DC 20580 and the state agencies listed in Exhibit B.

The name, principal business address, and telephone number of the Franchise Sellers offering the franchise are: Joshua McCormick, HouseMaster SPV LLC, 1010 North University Parks Drive, Waco, Texas 76707, (732) 823-4087 ~~Mark Elson, HouseMaster SPV LLC, 1010 North University Parks Drive, Waco, Texas 76707, (800) 526-3939~~
Additional Sellers/telephone numbers:

Name/Contact Information for Broker or Additional Franchise Seller, if any (Address for additional Franchise Seller is same as above): _____

ISSUANCE DATE: APRIL 1, ~~2024, AS AMENDED JULY 1, 2024~~2025

I RECEIVED A DISCLOSURE DOCUMENT DATED APRIL 1, ~~2024, AS AMENDED JULY 1, 2024~~2025, THAT INCLUDED STATE ADDENDA AND THE FOLLOWING EXHIBITS: (A) Franchise Agreement with Schedules; (B) Agencies/Agents for Service of Process; (C) Financial Statements of Franchisor; (D) Parent Guarantee; (E-1) Current Franchisees in the United States as of December 31, ~~2023~~2024; (E-2) Franchisees in the United States who left the System in the past 12 months as of December 31, ~~2023~~2024; (F) Option to Purchase Agreement; (G) Renewal Addendum; (H) General Release [sample]; (I) PROTRADENET Agreement; (J-1) HomeGauge License Agreement; (J-2) Inspection Support Net Agreement; (J-3) Software System User and Maintenance Agreement; (K) Table of Contents of Manuals; (L) Assignment and Consent Agreement; (M) State Addenda and (N) State Effective Dates.

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

RECEIPT (OURS)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this franchise disclosure document and all agreements carefully.

If HOUSEMASTER SPV LLC 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, the franchisor or an affiliate in connection with the proposed franchise sale.

New York, if applicable, requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Iowa and Michigan, if applicable, require 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 HouseMaster SPV LLC 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, DC 20580 and the state agencies listed in Exhibit B.

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Additional Sellers/telephone numbers:

Name/Contact Information for Broker or Additional Franchise Seller, if any (Address for additional Franchise Seller is same as above):	_____ _____ _____ _____

ISSUANCE DATE: APRIL 1, ~~2024, AS AMENDED JULY 1, 2024~~2025

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_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name