

FRANCHISE DISCLOSURE DOCUMENT



Lightspeed Restoration, LLC
A Delaware Limited Liability Company
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As a LIGHTSPEED RESTORATION™ franchisee, you will offer water and fire damage restoration and indoor air quality services to residential and commercial customers.

The total investment necessary to begin operation of a LIGHTSPEED RESTORATION™ franchise ranges from \$154,230 - ~~\$252,500~~\$348,500. This includes ~~\$107,000~~\$108,500 - ~~\$108,500~~\$204,500 that must be paid to the franchisor or its affiliates.

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 ~~Jonathan Thiessen~~Aaron Cady, 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, (949) 404 1100, ~~jonathan.thiessen@gohfc.com~~aaron.cady@gohfc.com.

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: March 11, 2024 as amended August 8, 2024

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 Exhibits C and D and 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 an 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 BC 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 LIGHTSPEED RESTORATIONTM 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 LIGHTSPEED RESTORATIONTM franchisee?	Item 20 or Exhibits C and D and E list 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 [EF](#).

Your state may also 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:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California or 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 California or Texas than in your own state.
2. **Spousal Liability**. Your spouse must 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 your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments**. You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Short Operating History**. The franchisor is at an early state of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **Unregistered Trademark**. The primary logo that you will use in your business is not federally registered. If the franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.
6. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
7. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

8. ~~New Franchise Concept.~~ ~~We do not have a proven concept for the business model we are seeking to~~ Sales Performance Required. 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 ~~name and trademarks have no name recognition~~ investment.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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STATE SPECIFIC ADDENDA
[TO DISCLOSURE DOCUMENT](#)

EXHIBITS:

- A: Franchise Agreement, ~~State Addendum and~~ Schedules and State Specific Addendum
1. Personal Guaranty
 2. Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names
 3. Electronic Funds Withdrawal Authorization
 4. Site Selection Addendum
 5. State Specific Addendum to Franchise Agreement
- B: Three Territories Addendum to Franchise Agreement
- ~~B~~: ~~Financial Statements~~
- C: Financial Statements
- D: List of Franchisees
- ~~D~~E: List of Terminated or Transferred Franchises
- ~~E~~F: State Franchise Administrators and Agents for Service of Process
- ~~F~~G: Operations Manual Table of Contents
- ~~G~~H: Consent to Transfer and Assumption of Franchise Agreement
- ~~H~~I: Veterans Addendum to Franchise Agreement
- I: Secured Promissory Note
- ~~J~~K: General Security Agreement
- ~~K~~L: Master Services Agreement
- ~~L~~M: Collateral Assignment of Lease
- ~~M~~N: State Effective Dates
- ~~N~~O: Receipts

FRANCHISE DISCLOSURE DOCUMENT

ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, "we," "us," "LSR" and/or "our" all refer to Lightspeed Restoration, LLC, the franchisor. "You" or "your" refer to the person who buys the LIGHTSPEED RESTORATION™ franchise. If you are a company, "you" or "your" includes your owners.

Franchisor, Parents, and Affiliates

Franchisor

We conduct business under the name LIGHTSPEED RESTORATION™. Our principal address is 777 International Parkway, Suite 300, Flower Mound, Texas 75022. We are a Delaware limited liability company formed December 15, 2022. We have been offering franchises for businesses that perform water and fire damage restoration and indoor air quality services in residential and commercial properties under the LIGHTSPEED RESTORATION™ trademark since June 2023. We do not engage in any other business activities and have not offered franchises in any other line of business.

Parents

We have five parents. Our immediate parent is Home Franchise Concepts, LLC ("HFC"), and our ultimate parent is JM Family Enterprises, Inc. ("JMF"). JMF controls HFC through JM Family Holdings, Inc., TCP HFC, Inc., and Home Franchise Concepts Parent, LLC. JMF is majority-owned by the James M. Moran Intervivos Trust Number Two. HFC's principal business address is 19000 MacArthur Boulevard, Suite 100, Irvine, California 92612. JMF's principal business address, and the principal business address of our other parents (other than HFC), is 100 Jim Moran Boulevard, Deerfield Beach, Florida 33442.

Affiliates

We have eleven affiliates.

Our affiliate, Budget Blinds, LLC ("BB"), a franchisor of window covering businesses, was incorporated as a California corporation on October 5, 1992 and converted to a California limited liability company on November 24, 2015. It began offering BUDGET BLINDS® franchises in March 1994. It has never offered franchises in other lines of business.

Our affiliate, Organized Spaces, LLC ("OS") was incorporated in California on January 24, 2006 under the name "Closet Tailors, Inc.". On May 18, 2006, Closet Tailors, Inc. converted to a California limited liability company named "Closet Tailors, LLC". On May 5, 2010, Closet Tailors, LLC changed its name to "Tailored Living, LLC" and on January 24, 2022, Tailored Living, LLC changed its name to "Organized Spaces, LLC". From 2006 until 2010 Closet Tailors, Inc. and Closet Tailors, LLC conducted business as CLOSET TAILORS® and offered franchises

closets, pantries, storerooms, utility rooms, basements and attics. From 2011 until 2022, OS conducted business as TAILORED LIVING® and its franchisees offered the same services as were offered under the CLOSET TAILORS® franchise but with the addition of garage organizing units and storage and organizing accessories and garage flooring. In November 2022, OS replaced the TAILORED LIVING® franchise offering with two separate offerings, THE TAILORED CLOSET™ and PREMIERGARAGE®. Other than the foregoing, OS has never offered franchises in other lines of business.

Our affiliate, American Decorative Coatings, LLC dba "Concrete Craft" ("ADC"), a franchisor of decorative concrete businesses, is a Delaware limited liability company that was organized on October 17, 2014. It began offering CONCRETE CRAFT® franchises in March 2015. It has never offered franchises in other lines of business.

Our affiliate, AdvantaClean Systems, LLC ("ACS"), began offering ADVANTACLEAN® franchises in 2006 for restoration and remediation services that make residential and commercial buildings clean, safe, healthy and energy efficient. Prior to January 1, 2019, ACS operated as a corporation, AdvantaClean Systems, Inc. (formerly named "LCR Advantage Systems, Inc."). ACS offered franchises that offered and sold HVAC installation and maintenance services under the trademark "AdvantaClean Air" from April 2009 to March 2010 at which time it ceased offering and selling these franchises. Other than the foregoing, ACS has never offered franchises in any other line of business.

Our affiliate, HFC KTU LLC ("KTU"), a franchisor of kitchen and bathroom improvement and remodeling businesses, was organized as a Delaware limited liability company on December 7, 2020 and began offering KITCHEN TUNE-UP® and BATH TUNE-UP® franchises in January 2021. KTU's predecessor, DCHFamily, Inc. f/k/a KTU Worldwide, Inc. ("KTUW") began offering KITCHEN TUNE-UP® franchises in 1998. KTU has never offered franchises in other lines of business.

Our affiliate, Two Maids Franchising, LLC ("TMF"), a franchisor of residential cleaning service businesses, was organized as an Alabama limited liability company on August 14, 2013 and began offering TWO MAIDS & A MOP® franchises in August 2013. It has never offered franchises in other lines of business.

Our affiliate, Aussie Pet Mobile, Inc. ("APM"), a franchisor of mobile pet grooming businesses, was organized as a California corporation on February 22, 1999 and began offering AUSSIE PET MOBILE® franchises in October 1999. APM has never offered franchises in other lines of business.

Our affiliate, Order Processing Services, LLC ("OPS"), a California limited liability company, sells certain products to some of our affiliates' franchisees.

Our affiliate, Loss Control and Recovery, LLC ("LCR"), a Florida limited liability company, facilitates and administers jobs with national accounts for ACS franchisees but has never offered franchises in any line of business.

Our affiliate, AdvantaClean Equipment Rental, LLC ("ACER"), a Delaware limited liability company, rents disaster remediation equipment to our franchisees, ACS franchisees, ACGD

parties. ACER has never offered franchises in any line of business.

Our affiliate, BB Commercial Solutions, LLC ("BBCS"), a California limited liability company, promotes light commercial business for the benefit of our affiliates' franchisees but has never offered franchises in any line of business.

Our affiliate, National Restoration Solutions, LLC ("NRS"), a Delaware limited liability company, facilitates and administers jobs with national accounts for LSR franchisees but has never offered franchises in any line of business.

None of our affiliates have never operated a business of the type we franchise, nor have they offered franchises of the type we franchise. ACS offers franchises that perform some of the air quality services provided by our franchisees but which otherwise focus on light environmental remediation services including mold removal and remediation, moisture control, air duct cleaning, radon testing and mitigation and sanitization. Although a small number of ACS franchisees perform water and fire remediation, the majority focus on the foregoing routine services.

The principal business address of BB, OS, ADC, APM, BBCS and OPS is 19000 MacArthur Boulevard, Suite 100, California 92612. LCR's and ACER's principal business address is 110 N. Freeport Parkway, Suite 140, Coppell, Texas 75019. KTU's principal business address is 14 Main Street, Suite 1C, Aberdeen, South Dakota 57401. TMF's principal business address is 505 20th Street North, Suite 975, Birmingham, Alabama 35203.

Predecessors

We have no predecessors.

Agents for Service of Process

Our agents for service of process are listed in Exhibit EF.

The Business We Offer

LIGHTSPEED RESTORATION™ franchises ("Franchised Businesses") specialize in offering and selling 24/7 restoration and remediation services to insurance companies and commercial and residential customers who have suffered a water, fire or other casualty ("Restoration and Remediation Services") within a defined protected territory ("Protected Territory"). You do not need any specific prior experience in these areas of service to operate the Franchised Business.

You will offer Restoration and Remediation Services to the general public, which will include residential and commercial properties, as well as insurance companies. The market for Restoration and Remediation Services is well developed, and there will be competition from other national and regional chains and local businesses that offer the same or similar services within the Protected Territory you are granted. Certain Restoration and Remediation Services are seasonal or in the nature of a natural disaster emergency response and may be affected by climate, weather or other environmental conditions.

Courtney Caldwell - Director of Marketing

Courtney Caldwell has been our Director of Marketing since January 2023. She holds the same position for ACS since May 2022. From July 2017 until April 2022, Ms. Caldwell was Director of Branding and Communications for milliCare Floor and Textile Care in Spartanburg, SC.

Becky Lewis - Director of Programs and Administration

Becky Lewis has been our Director of Programs and Administration since January 2023. She holds the same position for ACS since September 2021. From March 2017 until September 2021 Ms. Lewis was Franchise Development Manager and Project Manager for milliCare Floor and Textile Care in Spartanburg, SC.

Steve Hurte - Technical Director

Steve Hurte has been our Technical Director since January 2023. He holds the same position for ACS since February 2021. Prior to assuming this role, Mr. Hurte was one of ACS's Regional Operations Managers from May 2017 until February 2021.

Home Franchise Concepts, LLC:

Andrew G. Skehan - Chief Executive Officer and Director

Andrew Skehan has been HFC's Chief Executive Officer and a director of HFC since August 1, 2022. Prior to joining HFC, Mr. Skehan was President - North America of Krispy Kreme, Incorporated in Charlotte, North Carolina from November 1, 2017 to July 31, 2022.

Jonathan Thiessen – Chief Development Officer

~~Jonathan Thiessen has been Chief Development Officer of HFC since January 2019.~~

Jennie Amante - Executive Vice President and General Counsel

Jennie Amante has been HFC's Executive Vice President and Secretary since December 2015. She has been General Counsel for HFC since October 2004.

Heather Cates - Chief Marketing Officer

Heather Cates has been HFC's Chief Marketing Officer since April 1, 2021. Prior to assuming this role, Ms. Cates was BB's Senior Marketing Director since January 2021. From October 2018 until December 2020, Ms. Cates was Executive Director of Consumer Marketing, Facial

Aesthetics for Allergan (now Abbvie) in Irvine, California.

Amir Yeganehjoo - Chief Financial Officer

Amir Yeganehjoo has been HFC's Chief Financial Officer since January 3, 2023. Prior to assuming this role, Mr. Yeganehjoo was Senior Vice President, Finance, Treasury and Investor Relations for European Wax Center in Dallas, Texas from October 2020 until December 2022, Head of Corporate Finance for Chewy.com in Fort Lauderdale, Florida from January 2020 until September 2020 and held various positions with Gamestop Corp. in Grapevine, Texas from 2014 until September 2020, most recently Senior Director, Corporate Finance since 2019.

Aaron Cady – Vice President of Franchise Development

Aaron Cady has been HFC's Vice President of Franchise Development since March 2023. Prior to assuming this role, Mr. Cady was our Director of Franchise Development from March 2019 to February 2023.

ITEM 3. LITIGATION

In the Matter of: Aussie Pet Mobile, Inc. and Ian Moses (Administrative Proceeding before the Securities Commissioner of Maryland; Case No. 2004-0162 - 2005)

On January 25, 2006, Aussie Pet Mobile, Inc., while under previous ownership, entered into a Consent Order with the Securities Division of the Office of the Attorney General of Maryland (the "Division") that required the franchisor to cease and desist from taking certain actions and to make certain representations. While the Consent Order contained no monetary sanctions, it required the franchisor to cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law. The Consent Order also required the franchisor to rescind the franchise agreements that had been entered into with a former franchisee whom the Division found had not received proper disclosure, and to represent that (a) other Maryland franchisees had received proper disclosure, and (b) the franchisor had developed and implemented new franchise law compliance procedures.

Other than this one action, there is no litigation required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

You will pay us an Initial Franchise Fee of \$5,000 when you sign the franchise agreement for your first territory.

We discount the Initial Franchise Fee by 15% for new franchisees who are currently-serving or honorably discharged veterans of the United States armed forces and their

spouses. If you are a veteran, active service member or spouse of a veteran or active service member of the United States armed forces, you will therefore pay a discounted Initial Franchise Fee of \$4,250. There is no Initial Franchise Fee payable under a subsequent franchise agreement.

If you are purchasing your franchise from us (rather than from an existing franchisee) and you are not a veteran, active service member or spouse of a veteran or active service member of the

United States Armed Forces, you will also pay us an Initial Territory Fee of \$44,000 for the first territory you obtain under your first franchise agreement. We discount the Initial Territory Fee by 15% for new franchisees who are currently-serving or honorably discharged veterans of the United States armed forces and their spouses. If you are a veteran, active service member or spouse of a veteran or active service member, you will therefore pay a discounted Initial Territory Fee of \$37,400.

~~The Initial Franchise Fee and Initial Territory Fee are payable in a lump sum or, if you meet our credit standards, \$35,200 may be paid in installments over 5 years at 10% interest.~~

If you enter into ~~a second~~multiple franchise agreements ~~for a second territory~~ at the same time as the first, the Additional Territory Fee will be \$34,000 per additional territory. Otherwise, for any subsequent franchise agreement and territory, the Additional Territory Fee will be the same as the then-current Initial Territory Fee.

The Initial Franchise Fee and the Initial and Additional Territory Fee(s) are payable in a lump sum or, if you meet our credit standards, \$22,000 for the first territory and \$17,000 for each additional territory purchased at the same time as the first may be paid in installments over 5 years at 10% interest. The balance is payable in a lump sum.

Prior to opening, you must purchase from us the required equipment, products and services package, which includes items such as vehicle wrap, dehumidifiers, air movers, air scrubbers, negative air machines, and other equipment and supplies related to the operation of your franchise (the “Initial Equipment Package”). The price of the Initial Equipment Package is \$58,000 for up to two (2) territories plus applicable sales tax and shipping charges. If you purchase three (3) territories, the price of the Initial Equipment Package is \$86,000 plus applicable sales tax and shipping charges. Shipping will be invoiced separately once supplier has determined those charges. Franchisee is responsible for filing and payment of any and all sales, use and excise taxes on the Initial Equipment Package to any state, county, municipal, or other governmental agency or subdivision which may have jurisdiction over the territory. Payment for the Initial Equipment Package must be received by us at least 30 days prior to the start of training.

You may send additional persons to Initial Training with our approval. If you do so, you must pay us \$1,500 per additional person.

None of the fees described in this Item are refundable under any circumstances.

ITEM 6. OTHER FEES

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty ²	<p><u>For one or two territories, Fthe greater of: (a) the monthly Royalty fee as calculated in the table below or (b) \$500 per month for the first year and \$1,000 per month thereafter.</u></p> <p><u>For three territories, the greater of the minimum Royalty and the monthly Royalty fee set forth in the tables in footnote 2.</u></p>	Bank deposits to be reported by the 5 th of the month for the preceding month. Funds drawn on the 15 th of the month, in arrears or the next business day if the 15 th falls on a weekend or public holiday.	See note 2.
National Advertising Fund Payment ³	<p><u>For one or two territories, Fthe greater of 2% of your Bank Deposits³ for the preceding month or \$500.</u></p> <p><u>For three territories, for the first year, the greater of 2% of your Bank Deposits⁴ for the preceding month or the amount set forth in footnote 3.</u></p>	Same as royalty.	See Item 11.
Advertising Cooperative Fees	Not currently imposed. If imposed in future, will not exceed the National Advertising Fund payment.	Same as royalty.	See Item 11.
Technology Fee ⁵	<p><u>For one or two territories, Ccurrently \$750 per month for first territory; \$250 for second and subsequent contiguous territories. Additional non-contiguous territories then-current fee for a first territory.</u></p> <p><u>For three territories, for first year, the Technology Fee for multiple territories is as set forth in the table in footnote 5.</u></p>	Same as royalty.	Intended to partially reimburse us for costs of technology platforms and tech support.
Additional Email Account Fees ⁴⁶	\$25 per additional account per year.	Invoiced in December for payment in January on same date as royalty.	Email accounts added during the year invoiced pro-rata as added.
Training for Additional Personnel ⁵⁷	\$1,500 per additional attendee.	One week before training begins.	Travel, accommodation, and meals are due as required by service providers.

TYPE OF FEE¹	AMOUNT	DUE DATE	REMARKS
Additional Territory Fee	An amount equal to the then-current initial Territory Fee if you buy an additional territory in the future.	When you purchase additional territories.	Availability of additional territories is at our discretion.
National Account Fees	We negotiate each program individually with the National Account.	No more often than monthly.	We may charge you fees or a percentage of the job in exchange for National Account leads. You may opt out of servicing any National Account.
Encroachment Payment	100% of your gross sales in another franchisee's territory.	When you make sales in another franchisee's territory in violation of your franchise agreement.	As an alternative to termination of your franchise for operating in another franchisee's territory.
Fees on Transfer	If selling to a new franchisee, greater of \$24,950 or 6% of sale price up to a maximum of \$50,000. If selling to an existing franchisee, \$5,000 transfer fee per territory.	Before transfer.	Payable when you sell your franchise. No charge if your franchise is assigned to a corporation or similar entity that you control.
Transfer Lead Referral Fee	Our then-applicable lead referral fee, currently \$15,000 or the amount of any broker fees that we must pay a third party (not an employee of ours).	On a transfer of your franchise agreement to a buyer who was already listed in our sale database at the time you and the buyer began discussing a sale.	Intended to partially reimburse us for our costs in developing leads who then purchase from existing franchisees.
Renewal Fee	\$5,000	When you sign a renewal franchise agreement.	
Insufficient or Late Payment Fee	Currently \$300, subject to change.	On due date of Royalty, National Advertising Fee and Technology Fee, if payment not made in full.	Payable if there are insufficient funds in your account to cover withdrawal of amounts due or payment is late.
Convention Fee	Currently \$750 plus travel, accommodation and some meals. Fee will vary depending on venue and location but will not exceed \$2,000 annually.	Same as Royalty. Paid in monthly installments, in advance. Travel, accommodation and meals are due as required by service providers.	Attendance at Convention is mandatory. You will be charged for one attendee even if you do not attend.
Optional Meetings and Trainings	As determined by us, but generally \$100 - \$1,500 depending on venue and mode of delivery plus travel, accommodation and some meals.	By registration date. Travel, accommodation and meals are due as required by service providers.	

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Audit	Cost of inspection or audit.	Upon demand.	If audit is required due to your failure to report or your records and procedures are insufficient to determine Gross Revenue or audit reveals Gross Revenue or Continuing Royalty are understated by 5% or more, you must pay all costs of audit.
Insurance Reimbursement	You must reimburse our costs	Upon demand.	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us.
Costs and Attorneys' Fees ²	Varies	Upon demand	If you breach the franchise agreement and we prevail in any arbitration or litigation, you will owe us our reasonable attorneys' fees and costs.
Indemnification	Varies	Upon demand	You must reimburse us for costs and expenses related to certain claims against us.

1. All fees are imposed and collected by and payable to us. Upon our written request, you must sign any document we require to authorize us to withdraw continuing royalties, National Advertising Fees and any other ongoing fees directly from your bank account. All fees are nonrefundable. All fees in our current offering are uniformly imposed.
2. Section 8.1(b) of the Franchise Agreement requires you to deposit all proceeds from the Franchised Business into a dedicated bank account ("Bank Deposits"). ~~You~~

Up to Two Territories

If you are purchasing one or two territories, you must pay us a blended rate Royalty calculated each month equal to: the greater of: (a) \$500 per month for the first year and \$1,000 per month thereafter; or (b) the amount calculated in accordance with the following table:

Monthly Royalty	Bank Deposits for YTD
8.0%	0 - \$500,000
7.0%	\$500,000.01 - \$1,000,000
6.0%	\$1,000,000.01 - 2,500,000
5.0%	\$2,500,000.01 and above
2.0%	Non-Core Subcontracted Services*

*Non-Core Subcontracted Services are services other than Restoration and Remediation Services (as defined in Item 1) that are performed by others based on a traditional overhead and profit markup. For example, reconstruction services, garment cleaning. Documentation we specify must be provided to us upon request.

Three Territories

If you are purchasing three territories, you must pay us a blended rate Royalty calculated each month equal to the greater of: (a) the minimum royalty set forth in the Minimum Royalty table below; and (b) the amount calculated in accordance with the following table:

<u>Monthly Royalty</u>	<u>Bank Deposits for YTD</u>
<u>8.0%</u>	<u>0 - \$500,000</u>
<u>7.0%</u>	<u>\$500,000.01 - \$1,000,000</u>
<u>6.0%</u>	<u>\$1,000,000.01 - 2,500,000</u>
<u>5.0%</u>	<u>\$2,500,000.01 and above</u>
<u>2.0%</u>	<u>Non-Core Subcontracted Services*</u>

Minimum Royalty for Three Territories

	<u>Territory 1</u>	<u>Territory 2 (purchased at same time as Territory 1)</u>	<u>Territory 3 (purchased at same time as Territories 1 and 2)</u>
<u>Months 1-6</u>	\$500	\$0	\$0
<u>Months 7-12</u>	\$500	\$500	\$0
<u>Month 13 and thereafter</u>	\$1,000	\$1,000	\$1,000

Because there can be delays in receiving payment after services are completed (due to the need for customers to file insurance claims, for example), you are not required to pay Royalty until you receive payment. For this reason, Royalty is calculated based on your actual Bank Deposits.

Bank Deposits include the total of your Bank Deposits for each separate franchised territory you own and include Bank Deposits from sales in Gray Areas and other franchisees' territories (such as permitted under the franchise agreement when responding to natural disasters). If you have more than one franchise agreement with this Royalty schedule, Bank Deposits are averaged across all of your territories for purposes of this calculation. For example, if you have two territories, the Bank Deposits for both of your territories are added together and divided by two to arrive at the average Bank Deposits for each territory.

3. If you purchase three territories, for the first year, the minimum monthly National Advertising Fund payment depending on the number of territories is as follows:

	<u>Territory 1</u>	<u>Territory 2 (purchased at same time as Territory 1)</u>	<u>Territory 3 (purchased at same time as Territories 1 and 2)</u>
<u>Months 1-6</u>	\$500	\$0	\$0
<u>Months 7-12</u>	\$500	\$500	\$0

~~You must pay us the greater of: (a) the monthly Royalty as calculated above or (b) \$500 per month for the first year and \$1,000 per month thereafter for each of your territories.~~

34. Up to a maximum of \$2,000,000 in Bank Deposits annually. If you have more than one franchise agreement, Bank Deposits are averaged across all of your territories for purposes of calculating your monthly payment for each territory.
5. If you purchase three territories, for the first year, the current Technology Fee payment depending on the number of territories is as follows:

	<u>Territory 1</u>	<u>Territory 2 (purchased at same time as Territory 1)</u>	<u>Territory 3 (purchased at same time as Territories 1 and 2)</u>
<u>Months 1-6</u>	<u>\$750</u>	<u>\$0</u>	<u>\$0</u>
<u>Months 7-12</u>	<u>\$750</u>	<u>\$250</u>	<u>\$0</u>
<u>Month 13 and thereafter</u>	<u>\$750</u>	<u>\$250</u>	<u>\$250</u>

- 46. Your principals each receive a free basic email account.
- 57. First two attendees are free. You are also responsible for costs of travel, accommodation and some meals for additional attendees.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

UP TO TWO TERRITORIES

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ¹	\$5,000	Lump sum or financed through us	When you sign the franchise agreement	Us
Initial Territory Fee ²	\$44,000 - <u>\$78,000</u>	Lump sum or partially financed through us	When you sign the franchise agreement	Us
Travel and Living Expenses While Training ³	\$1,000 - \$1,500 per person	As incurred	During training	Restaurants and other third parties
In -Person Training for Additional Personnel (\$1,500 per person) ⁴	\$0 - \$1,500	Lump sum	One week before training begins	Us
Vehicle ⁵	\$0 - \$49,000	As arranged	Prior to start of training	Vendor
Real Estate Rent and Security Deposits ⁶	\$1,000 - \$5,000	Lump sum	At the signing of lease	Landlord
Initial Equipment Package ⁷	\$58,000	Lump sum	30 days prior to start of training	Us
Technology Systems Package ⁸	\$0 - \$3,000	As Incurred	Prior to start of training	Vendors
Office Equipment, Furniture and Supplies ⁹	\$400 - \$1,000	As Incurred	As Incurred	Vendors
Credit Card Processing Technology	\$30 - \$500	Lease, finance or lump sum	Upon opening	Vendor
Auto Insurance ¹⁰	\$1,800 - \$3,500	Lump sum or monthly installments	Before opening and during the year	Insurance company or broker
Commercial General Liability, Contractor's Environmental Liability, Professional Liability,		Lump sum or		Insurance

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Contractor's ²¹ Equipment, Employment Practices, Workers' Compensation, Property Insurance ¹¹	\$3,000 - \$4,000	monthly installments	Before opening	company or broker
Contractor's License and Bonds ¹²	\$0 - \$1,500	Lump sum	As required by applicable law	Bonding or insurance company, Government agencies
Licenses and Certifications ¹³	\$3,000 - \$5,000	As incurred	As incurred	Government agencies, and/or vendors venders
Professional Fees	\$2,000 - \$5,000	As incurred	As incurred	Attorney, accountant and business advisor
Initial Marketing	\$10,000 - \$15,000	As incurred	As incurred	Vendors
Additional Funds - Before Opening and First 3 months ¹⁴	\$25,000 - \$50,000	As incurred	As incurred	Various
TOTAL¹⁵	\$154,230 - \$252,500 286,500			

THREE TERRITORIES

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	<u>METHOD OF PAYMENT</u>	<u>TIME OF PAYMENT</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u>
<u>Initial Franchise Fee¹</u>	<u>\$5,000</u>	<u>Lump sum</u>	<u>When you sign the franchise agreement</u>	<u>Us</u>
<u>Initial Territory Fee²</u>	<u>\$112,000</u>	<u>Lump sum or partially financed through us</u>	<u>When you sign the franchise agreement</u>	<u>Us</u>
<u>Travel and Living Expenses While Training³</u>	<u>\$1,000 - \$1,500 per person</u>	<u>As incurred</u>	<u>During training</u>	<u>Restaurants and other third parties</u>
<u>In -Person Training for Additional Personnel (\$1,500 per person)⁴</u>	<u>\$0 - \$1,500</u>	<u>Lump sum</u>	<u>One week before training begins</u>	<u>Us</u>
<u>Vehicle⁵</u>	<u>\$0 - \$49,000</u>	<u>As arranged</u>	<u>Prior to start of training</u>	<u>Vendor</u>
<u>Real Estate Rent and Security Deposits⁶</u>	<u>\$1,000 - \$5,000</u>	<u>Lump sum</u>	<u>At the signing of lease</u>	<u>Landlord</u>
<u>Initial Equipment Package⁷</u>	<u>\$86,000</u>	<u>Lump sum</u>	<u>30 days prior to start of training</u>	<u>Us</u>
<u>Technology Systems Package⁸</u>	<u>\$0 - \$3,000</u>	<u>As Incurred</u>	<u>Prior to start of training</u>	<u>Vendors</u>
<u>Office Equipment, Furniture and Supplies⁹</u>	<u>\$400 - \$1,000</u>	<u>As Incurred</u>	<u>As Incurred</u>	<u>Vendors</u>
<u>Credit Card Processing Technology</u>	<u>\$30 - \$500</u>	<u>Lease, finance or lump sum</u>	<u>Upon opening</u>	<u>Vendor</u>
<u>Auto Insurance¹⁰</u>	<u>\$1,800 - \$3,500</u>	<u>Lump sum or monthly installments</u>	<u>Before opening and during the year</u>	<u>Insurance company or broker</u>
<u>Commercial General Liability, Contractor's Environmental Liability, Professional Liability, Contractor's Equipment, Employment Practices, Workers' Compensation, Property Insurance¹¹</u>	<u>\$3,000 - \$4,000</u>	<u>Lump sum or monthly installments</u>	<u>Before opening</u>	<u>Insurance company or broker</u>
				<u>Bonding or</u>

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	<u>METHOD OF PAYMENT</u>	<u>TIME OF PAYMENT</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u>
<u>Contractor's License and Bonds¹²</u>	<u>\$0 - \$1,500</u>	<u>Lump sum</u>	<u>As required by applicable law</u>	<u>insurance company, Government agencies</u>
<u>Licenses and Certifications¹³</u>	<u>\$3,000 - \$5,000</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Government agencies, and/or vendors</u>
<u>Professional Fees</u>	<u>\$2,000 - \$5,000</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Attorney, accountant and business advisor</u>
<u>Initial Marketing</u>	<u>\$10,000 - \$15,000</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Vendors</u>
<u>Additional Funds - Before Opening and First 3 months¹⁴</u>	<u>\$25,000 - \$50,000</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Various</u>
<u>TOTAL¹⁵</u>	<u>\$250,230 - \$348,500</u>			

None of the fees or payments you make to us are refundable. Whether payments to others are refundable depends upon the arrangements you make with them. Except as disclosed in Item 10, we do not offer direct or indirect financing for any of the above items. The above table assumes that you operate your Franchised Business from a leased commercial office/warehouse, which is approximately 1,500 to 2,000 square feet.

Actual costs will vary by location depending on a number of factors, including market conditions and the geographic location of your Franchised Business.

1. Payable only with your first franchise agreement. The Initial Franchise Fee is discounted by 15% if you are a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, as more particularly described in Item 5.
2. If you are buying your Territory from us rather than from an existing franchisee, when you sign a franchise agreement you must pay us either: (a) an Initial Territory Fee of \$44,000; or (b) an Additional Territory Fee of \$44,000; or (c) if you are buying your first two Territories simultaneously, an Initial Territory Fee of \$44,000 and a discounted Additional Territory Fee of \$34,000, for a total of \$78,000. If you buy a second Territory at a later time, the Additional Territory Fee will be the same as the then-current Additional Territory Fee. The Initial Territory Fee is discounted by 15% if you are a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, as more particularly described in Item 5. The low amount in the Up to Two Territories table represents the Initial Territory Fee for a single territory. The high amount represents the Initial and Additional Territory Fees for two territories with the Additional Territory Fee for the second territory discounted by \$10,000. The amount in the Three Territories table represents the Initial Territory Fee of \$44,000 plus two Additional Territory Fees, each of \$34,000.

3. There is no charge for the initial training program for the franchisee and up to one employee of the Franchised Business. The training program is described in Item 11. Our estimate is for transportation, meals and lodging in excess of \$1,000 while attending the training. We provide you with a travel voucher of \$1,000 to attend initial training.
4. Subject to space availability, we will allow additional people associated with you to attend Academy training at your request. We do not charge for the Academy training for you or your manager and one other attendee, but may charge a training fee of up to \$1,500 for each additional trainee. The high estimate assumes one additional attendee.
5. This is a commercial vehicle, typically a work van, that is upfitted to our system standards and specifications for operation in connection with the LIGHTSPEED RESTORATION® Business. Our low estimate assumes you lease the vehicle with a \$0 down lease. Our high estimate assumes you will pay for your Vehicle in cash, which will cost approximately \$49,000. If you choose to lease or finance the purchase of your Vehicle, your actual payments will depend on your credit worthiness, as determined by the lender or supplier, and the lease options you select. You should not purchase your Vehicle for cash unless you will still have at least that same amount available as additional working capital to operate your business. From time to time your affiliation with HFC may allow for discounts on your Vehicle and our recommendation is to check with your Regional Operations Manager before purchasing or leasing.
6. You will need an office/warehouse location with sufficient space, initially between 1,500 and 2,000 square feet. Rent may vary depending on location, size, length of lease and general market conditions. Lease security deposits will vary depending upon a number of different factors, such as occupancy rate, length of lease, personal vs. corporate signature, and your personal financial history. Our high and low estimates represent three months²¹ rent of commercial space between 1,500 and 2,000 square feet. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.
7. Prior to opening, you must purchase from us the required equipment, products and services package, which includes items such as vehicle wrap, dehumidifiers, air movers, air scrubbers, negative air machines, and other equipment and supplies related to the operation of your franchise (the "Initial Equipment Package"). The price of the Initial Equipment Package is \$58,000 for up to two (2) territories plus applicable sales tax and shipping charges. The price of the Initial Equipment Package is \$86,000 for three (3) territories plus applicable sales tax and shipping charges.
8. You must purchase the Technology System comprised of the computer hardware and software we designate for use in connection with your Franchised Business prior to commencing operations. You must purchase the components of the Technology System from third-party suppliers. The Technology System includes: (i) a business-class laptop computer with performance capabilities sufficient to run all of the software required to operate your Franchised Business; (ii) a laser printer meeting our standards and specifications; (iii) most current versions of QuickBooks online, Xactimate software licenses, Encircle restoration industry software, Microsoft Office and antivirus software; (iv) two tablets with internet access and a smartphone. See Item 8 for additional information on our computer hardware and software requirements. Our low estimate assumes that you already have the required Technology System, and the high estimate assumes you will need to purchase all of the components. We expect that you will obtain financing or leasing from a third party. Franchisee can acquire leasing on their own for said package. See Item 11 of this disclosure document for additional information.

9. You are required to establish a functional office with a desk, file cabinet, chairs, miscellaneous office supplies, etc. We estimate that your office equipment, furniture and supplies will cost between \$400 and \$1,000, depending on what items you already have that are available for use.
10. See Item 8 for insurance requirements.
11. Only required in states that require a contractor's license. You should ensure you can meet the experience requirement to obtain a contractor's license if one is required in your state. If not, you will need to hire or contract with someone who does.
12. You must acquire a general business license, any specialty licenses required by your state or federal agency, and any third-party certifications required by us. You should ensure you can meet the experience requirement to obtain any specialty licenses. If not, you will need to hire or contract with someone who does.
13. This category estimates an additional cash reserve available to cover initial operating expenses during the first three months of operation. The amount of additional funds that you may need varies based on a variety of factors, including whether you choose to have an office outside your home, the number of employees you choose to hire and the salary and other benefits you choose to pay, gasoline purchases and vehicle maintenance expenses, the extent to which you are actively involved in operating your business, your skill, experience and business acumen, local competition, local economic conditions (including rent and wage scales and the cost of supplies), and the actual sales levels that you reach during the initial 3-month period. We have based this estimate on the experience of our United States AdvantaClean franchisees. The "Additional Funds" category is not the only source of cash, but is in addition to cash flow from operations.
14. These estimates are based on our experience in offering and selling ACS franchises since 2006, as well as estimates we have received from third-party vendors.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business in accordance with our methods, standards, and specifications, which we prescribe in our Confidential Operations Manual ("Manual") and various other confidential manuals, writings, and other information prepared by us for your use in operating the Franchised Business. We may periodically change our standards and specifications at our sole discretion, and you must comply with all changes.

Approved Products and Services

All vehicles, supplies, equipment and inventory used by you in the Franchised Business must meet our then-current System standards and specifications, including but not limited to branding requirements (including color and label requirements), which we will establish and modify at our discretion. You may incur an increased cost to comply with such changes.

We reserve the right to require you to purchase certain items necessary to establish and operate your Franchised Business in accordance with our standards and specifications from us, our Affiliate or approved suppliers.

You must offer for sale all of the Approved Products and Services that we designate as

mandatory and only the Approved Products and Services. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of inventory as specified in the Manual, to adequately satisfy consumer demand. You must offer, use and sell all private label products which we may now or in the future designate for sale by System franchisees.

You must participate in our corporate phone tracking system (currently Invoca) which utilizes dynamic telephone numbers to track the source of your leads. The Invoca service is paid for from the National Advertising Fund.

Some suppliers may provide us with test equipment for use in our training center, advertise in our newsletters, and may also sponsor events and/or rent booth space at our Annual Convention or regional meetings.

Designated and Approved Suppliers

You must purchase from us certain supplies and restoration equipment, and inventory required for the initial establishment of your Franchised Business. We strongly recommend and expect that you enter into a leasing arrangement with a third party for your commercial van and certain other equipment/supplies you must purchase from us, and your payments made in connection with these financed or leased items will be paid to that third-party financing/leasing provider and not us or our Affiliate. We may derive rebate revenue from required purchases or leases by franchisees.

We are the only approved supplier for your initial purchase of the following items: (i) all restoration (drying, dehumidification, deodorization, etc.) equipment and certain other supplies necessary to operate the Franchised Business and offer and sell the Approved Products and Services; and (ii) other materials and merchandise bearing the Proprietary Marks. Following your initial purchase of the above items from us, you may purchase these items from our approved suppliers, and you may purchase merchandise with our Proprietary Marks from us or a local vendor.

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase product samples and other supplies, services, computer hardware and software, and other equipment from us or from approved or designated suppliers that we will specify, from time to time, in the Manual and otherwise in writing. We, our Affiliate or a designated third party may be one of several, or the only, approved supplier of any item. We reserve the right to require you to purchase any products and services, including equipment, supplies, computer hardware and software, directly from us or our Affiliate. We and our Affiliate have the right to realize a profit or otherwise derive revenue on any products or services that we, our Affiliate or our approved suppliers supply and/or provide to you.

We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are required to purchase from only that supplier (each a "System Supplier"). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with our

proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System Franchised Businesses. You recognize that such products and services are essential to the operation of your Franchised Business and to the System generally. Your failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System Franchised Businesses' inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay System Suppliers as and when due.

We estimate that 70% to 80% of your purchases and leases in establishing the Franchised Business and 50% to 60% of your total purchases and leases in operating the Franchised Business will be subject to the restrictions described above.

You must use products purchased from us or approved suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

Ownership Interest in Suppliers; Revenue Derived from Franchisee Purchases

Our Affiliate, ACER, is an approved supplier of rental equipment to our franchisees. Apart from ACER, neither we, our other Affiliates nor any of our officers currently own an interest in any of our third party approved suppliers.

We may retain rebates or marketing allowances (collectively, "Allowances") we receive from suppliers. We may use all Allowances received for any purpose that we and our affiliates deem appropriate. During 2023 we received Allowances of \$1,907, or 1.5% of our total revenue of \$125,220 from this source.

We and our Affiliates reserve the right to derive revenue from the required purchases you make from us and our Affiliates. We did not derive any revenue from required purchases from us and our Affiliates for the year ended December 31, 2023.

Alternative Product or Supplier Approval

We approve suppliers on a case by case basis. Approved suppliers are listed in the Manual. We approve suppliers after careful review of the quality of the products they provide to us and our franchisees. In deciding whether to approve suppliers, we consider reputation, product quality, prices, consistency, reliability, financial capability of the supplier, labor and customer relations, frequency and cost of delivery, delivery network capability, standards of service, including prompt attention to complaints, and other criteria. We may also condition approval of suppliers on the willingness of the supplier to provide discounts to us and/or our franchisees, to contribute to advertising costs, to pay us rebates or to make other financial concessions. If you would like us to consider another supplier, you or the supplier must submit to us a written request for approval and you or the supplier must provide us with samples of the supplier's products or work. We will review the supplier and notify you and the supplier whether we will approve it as an additional supplier. We expect to complete a review of a proposed new supplier within 30 days after receiving all necessary information and materials. We reserve the right to charge a reasonable fee for evaluating a supplier. We do not furnish our standards and specifications to you or suppliers as we deem them confidential.

If we revoke our approval of a supplier, we will do so in writing.

We do not provide any material benefit to you if you buy from sources we approve, but we may default you under your Franchise Agreement based on your failure to make required purchases from our approved suppliers or otherwise in accordance with our standards and specifications.

Approved Location

You must operate your LIGHTSPEED RESTORATION™ Business from a leased office/warehouse located within the Protected Territory, which meets our standards and specifications. You will need approximately 1,500 to 2,000 square feet, which includes office space and storage space for the equipment and inventory.

We must approve any proposed location prior to you entering into any lease for the proposed location. You must secure the Approved Location within one hundred eighty (180) days of executing the Franchise Agreement in the event in you have not already obtained our approval prior to executing the Franchise Agreement.

Advertising and Promotional Materials

We must approve all self-generated advertising materials prior to publication or use.

Insurance

You must purchase and maintain, at your own expense, insurance covering the operation and location of your LIGHTSPEED RESTORATION™ Business as we may require. You must purchase the required insurance at least 30 days before opening your LIGHTSPEED RESTORATION™ Business or upon signing a lease for the Approved Location. The limits described in the paragraph below are the minimum amounts that you are required to purchase. If you sign a lease or contract that requires a higher amount than provided below, then you must obtain the higher level of coverage under the terms of the lease or contract. If you sign a lease or contract that does not require as much coverage, you must still purchase enough insurance to meet our requirements.

Presently, our insurance requirements are as follows: (i) Commercial General Liability insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate limit per location, which will include products and completed operations coverage, personal and advertising injury, fire damage liability and medical payments coverage; and it will be provided on an occurrence form; (ii) Automobile Liability and Physical Damage insurance in the amount of \$1,000,000 Combined Single Limit coverage for all owned, non-owned and hired vehicles and include physical damage coverage with deductibles not higher than \$1,000 for comprehensive and collision damage; (iii) Contractor's Equipment Floater insurance to cover the mobile equipment used in your Franchised Business; (iv) Employment Practices Liability insurance in the amount of \$250,000 aggregate including third party endorsement and naming Franchisor as Co-Defendant; (v) Workers' Compensation and Employer's Liability statutory

coverage and Employer's Liability insurance in the amount of \$1,000,000 by accident, \$1,000,000 by disease-policy limit, \$1,000,000 by disease each accident; (vi) Contractor's Environmental Liability insurance in the amount of \$1,000,000 to cover environmental claims, including mold; (vii) Contractor's Professional Liability insurance in the amount of \$1,000,000 to cover errors and omissions claims; (viii) Property Insurance for one hundred percent (100%) of the replacement cost of your business personal property; and, notwithstanding the foregoing, (ix) you may, but are not required to, obtain Umbrella Liability insurance to be excess over Commercial General Liability, Automobile Liability and Employer's Liability. Also, the Contractor's Pollution (Section 9.1.6) and Professional Liability policies (Sections 9.1.6 and 9.1.7, respectively) may be combined with the Commercial General Liability policy. We also recommend, but do not require, that you obtain cyber insurance.

We must approve all insurance carriers in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Reports. Our acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. You must carry insurance required by the lease of your Approved Location or by any of your lenders or equipment lessors and such workers' compensation insurance

as may be required by applicable law. You must deliver a certificate of insurance to us at least 20 days before opening your Franchised Business and 10 days before any renewal of the required policies as evidence that all insurance requirements have been met. All insurance policies you hold will be primary to any policy or policies held by us or our affiliates.

All liability policies will list us as an additional insured except the Employment Practices Liability policy will provide us coverage. The Commercial General Liability policy shall contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates, and will be primary and non-contributory to any insurance we might carry. We reserve the right to modify required insurance coverage during the course of your franchise agreement based on changes in risk factors for which you will comply upon written notice from us.

Computer Hardware and Software

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. See Item 11 of this disclosure document for additional information regarding our computer hardware and software purchasing requirements.

Purchasing and Distribution Cooperatives; Rebate Programs

We currently do not have any purchasing or distribution cooperatives, however we reserve the right to establish these types of cooperatives in the future. We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchises. There are currently no purchasing or distribution cooperatives for Franchised Businesses.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	3.2	Items 7, 11 and 12
b. Pre-opening purchases/ leases	3.2, 8.1(a), 8.9	Items 7 and 8
c. Site development and other pre-opening requirements	3.2, 8.1, 8.5(a), 8.8, 8.9	Items 6, 7, 8 and 11
d. Initial and ongoing training	7	Item 11
e. Opening	8.1(a)	Items 11
f. Fees	4, 5.2, 7.3, 7.10, 8.1(c), 8.2(c)(i), 0, 9.1(b)(vii), 10.6, 11.4	Items 5, 6, 7, and 11
g. Compliance with standards and policies/ operations manual	3.4, 6.2, 6.7, 6.8, 7.2, 8	Item 8 and 11
h. Trademarks and proprietary information	6, 7, 8.4(f), 8.5, 8.17, 8.22	Items 13 and 14
i. Restrictions on products/ services offered	8.2, 0	Item 8, 12 and 16
j. Warranty and customer service requirements	8.1	Item 15
k. Territorial development and sales quotas	Not Applicable	Items 12 and 17
l. Ongoing product/ service purchases	8.1, 8.2, 0	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	3.4, 5.2, 8.1	Items 6, 8 11, 12
n. Insurance	8.9	Items 7 and 8

	Obligation	Section in Franchise Agreement	Disclosure Document Item
o.	Advertising	4.4, 8.6	Items 6 and 11
p.	Indemnification	13.3	Item 6
q.	Owners' participation/ management/ staffing	8.1	Items 11 and 15
r.	Records and reports	8.10	Item 6
s.	Inspections and audits	8.10	Items 6 and 11
t.	Transfer	9	Item 17
u.	Renewal	5.2	Item 17
v.	Post term obligations	12	Item 17
w.	Noncompetition covenants	8.14	Item 17
x.	Dispute Resolution	11	Item 17

ITEM 10. FINANCING

If you meet our credit standards, we will, at your request, provide financing as shown below.

To obtain financing, you must sign a Secured Promissory Note and General Security Agreement substantially in the form of Exhibits ~~I and J~~ and K to this disclosure document. No separate personal guaranty is required to obtain financing. Payments begin with the first royalty due date. The note can be prepaid without penalty at any time during its term. The General Security Agreement grants us a security interest in substantially all of your assets to secure your payments under the Secured Promissory Note. You waive your right to notice of a collection action and to assert any defenses to collection against us.

Key terms are as follows:

Item Financed	Amount Financed	Minimum Down Payment	Term (months)	Rate of Interest Plus Finance Charge	Monthly Payment	Prepay Penalty	Liability Upon Default	Loss of Legal Right
<u>Part of Initial Territory Fee</u>	<u>\$22,000</u>	<u>\$0</u>	<u>60</u>	<u>10%</u>	<u>\$467.43</u>	<u>None</u>	<u>Lose franchise, pay unpaid balance, attorney fees, and costs</u>	<u>Waive notice</u>
Initial Franchise Fee and <u>Part of Initial Additional Territory Fee for Second and Subsequent Territories purchased at the same time as the first (per Additional Territory)</u>	\$35,200 <u>7,500</u>	\$0	60	10%	\$747.90 <u>371.82</u>	None	Lose franchise, pay unpaid balance, attorney fees, and costs	Waive notice

We do not receive any direct or indirect payments or other consideration from any person for the placement of financing.

Although we have never done so, we have a right to sell your promissory note at a discount rate to a third party which may be immune under the law to any defenses to payment

you may have against us. We do not guarantee any notes, leases, or obligations.

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

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

Pre-Opening Obligations

Before you open your LIGHTSPEED RESTORATION™ Business, we will provide you with the following assistance:

1. Define your Protected Territory (Franchise Agreement, § 1.17). The definition of Protected Territory will be inserted in the Franchise Agreement and disclosed to you at least seven days before you sign the Franchise Agreement.
2. Allow you to use our Marks (Franchise Agreement § 6.1).

3. As discussed in Item 11, provide an initial training program (Franchise Agreement § 7.1).

4. Provide you with our list of all Approved Products and Services, items and equipment needed to open your LIGHTSPEED RESTORATION™ Business, along with our proprietary list of Approved Suppliers for those items (as applicable). (Franchise Agreement, § 7.4). We do not provide you with these items or any other equipment, signs, fixtures, opening inventory or supplies directly. You purchase these items from Approved Suppliers. We provide you with written specifications for some items of equipment.

5. Grant and provide you access to our Manual, which includes access to our confidential and proprietary information, including our standards and specifications. You must operate the LIGHTSPEED RESTORATION™ Business in accordance with the Manual and all applicable laws and regulations. The Manual may be amended or modified to reflect changes in the System. You must keep the Manual confidential, and may not copy any part of any Manual without our consent. (Franchise Agreement, §§ 7.2 and 8.5). The table of contents for our Operations Manual as of the Issuance Date of this Disclosure Document is attached as Exhibit ~~FG~~. The Operations Manual contained 108 pages as of that date.

6. Provide you proprietary information for use in connection with the training of your staff. (Franchise Agreement, § 7.2).

7. Supply you with those items and services you are required to purchase from us or our Affiliate, provided you pay for these items prior to, or upon delivery (as we may require). (Franchise Agreement, § 7.4).

8. Provide you with a dedicated phone number which you must use in connection with your LIGHTSPEED RESTORATION™ Business and in all marketing items. (Franchise Agreement, § 8.8).

9. Provide you with assistance in coordinating a lead generation program. (Franchise Agreement, § 7.5).

10. Conduct a launch visit shortly after the opening of your LIGHTSPEED RESTORATION™ Business. (Franchise Agreement, § 7.5).

Site Selection and Time to Opening

We require that you find a commercial office/warehouse located within the Protected Territory, which meets our standards and specifications within one hundred eighty (180) days after you sign the Franchise Agreement or such longer period as we may approve in our discretion. We have ~~thirty (30)~~ days to approve or disapprove the site as a location for the Franchised Business. We will approve the site if it meets our standards and specifications which include signage and livery consistent with our brand standards, easy access to major roads and streets, minimum square

footage of 1,500 square feet, overhead doors, running water, restrooms and, if applicable, ability to drive work vehicle into warehouse in extreme cold weather. Your failure to obtain a site for the Franchised

Business that meets our standards and specifications within the above timeframe will constitute a noncurable default under the Franchise Agreement, and the Franchise Agreement may be terminated.

You will need approximately 1,500 to 2,000 square feet, which includes office space and storage space for the equipment and inventory. We may (but are under no obligation to): (i) provide you with standards and/or guidelines for your office/warehouse location; and/or (ii) otherwise assist you in locating a suitable location to operate your LIGHTSPEED RESTORATION™ Business. (Franchise Agreement, § 3.2). We do not own the location and then lease it to you. We do not provide assistance with conforming the premises to local ordinances and building codes.

We estimate that it will take between 90 and 180 days for you to commence operations of your LIGHTSPEED RESTORATION™ Business and complete our Initial Training Program and otherwise comply with all of your other pre-opening obligations under your Franchise Agreement. The actual length of this period will depend upon factors such as whether you can acquire acceptable financing arrangements, our training schedules, and time necessary to obtain zoning permits, licenses, and variances in your area.

Post-Opening Obligations

After you open your LIGHTSPEED RESTORATION™ Business, we will provide you with the following assistance:

1. Police the Marks and distinguishing characteristics as necessary (in our sole discretion) to protect the System (Franchise Agreement § 6.6).
2. Train you and/or your staff as we develop new products, services and methods (Franchise Agreement § 7.9).
3. Make our representatives available to you during normal business hours for consultation and guidance with respect to the operation and management of the Franchised Business (Franchise Agreement § 7.7).
4. Establish and maintain a website that provides information about the LIGHTSPEED RESTORATION™ System and identifies you and our other franchisees (Franchise Agreement § 8.15).
5. Operate a toll-free telephone number to be displayed on the LIGHTSPEED RESTORATION™ website that customers call for routing to the appropriate franchisee (Franchise Agreement § 8.8).
6. We will establish and administer our CRM System, including Telematics/GPS and our Call Center, as we deem advisable to manage prospective and existing LIGHTSPEED RESTORATION™ customers and route/assign work orders/inquiries as we deem necessary in our sole discretion. (Franchise Agreement, §§ 8.1(d) and 8.4).
7. We will administer and maintain our National Advertising Fund as described in further detail below. (Franchise Agreement, § 4.4).

~~You will agree in your Franchise Agreement that we are not joint employers of your employees and other personnel. We do not and will not share or codetermine any of your employees' essential terms and conditions of employment. More specifically, in no case do we have any authority to determine or set your employees': (1) wages, benefits, and other compensation; (2) hours of work and scheduling; (3) the assignment of duties to be performed; (4) the supervision of the performance of duties; (5) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) the tenure of employment, including hiring and discharge; and/or (7) working conditions related to the safety and health of employees. You alone have sole authority to determine any or all of your employees' essential terms and conditions of employment.~~

Advertising

You must pay the greater of 2% of your Bank Deposits for the immediately preceding month or \$500 each month to the National Advertising Fund. This amount may be increased at any time, but cannot exceed 3% of your Bank Deposits (Franchise Agreement § 4.4(a)).

We will administer the National Advertising Fund. We will spend National Advertising Fees for local, regional and national advertising, and public relations programs and initiatives as we deem necessary or appropriate for the promotion or protection of the System including website development and maintenance, public relations, media costs, commissions, digital marketing, market research, creative and production costs (Franchise Agreement § 4.4(e) and (f)).

The money in the National Advertising Fund will be used primarily for local, regional and national advertising, to enhance the LIGHTSPEED RESTORATION™ image, and to develop marketing support (Franchise Agreement § 4.4). As of the year ended December 31, 2023, we spent the National Advertising Fund as follows:

26% Production (website maintenance, content creation, new technology platforms)

41% Media Placement and SEO (digital advertising, email marketing, social media, local pay-per-click support)

14% Administrative

19% Other (analytics tools, call tracking)

We use several advertising agencies to provide us with advertising materials and assist with media planning and buying in various types of media. We also provide in-house advertising support.

Businesses owned by us or our shareholders and affiliates or former ADVANTACLEAN® franchisees who converted to LIGHTSPEED RESTORATION™ may contribute to the National Advertising Fund at a different rate or not at all. We alone will determine all matters involving advertising, public relations, and promotional campaigns. On a national or regional basis, we may impose an additional assessment on affected franchisees for special advertising or promotional activities if two thirds of all affected LIGHTSPEED RESTORATION™ Franchised Businesses agree in writing (Franchise Agreement § 4.4(d)).

Some local advertising is funded by the National Advertising Fund. You will also place your own local advertising. You are required to invest the amount set forth in the Manual (currently 4%

franchisees. You are required to participate.

[We do not have an advertising council comprised of franchisees, and have not current plans to create an advertising council comprised of franchisees.](#)

You may not develop, create, generate, own, lease, or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, Web site, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols, or terms confusingly similar to any of them without our express prior written consent (Franchise Agreement § 6.7). You may not use the Marks to promote the Franchised Business via social media without our prior written consent (Franchise Agreement § 6.8).

[We have no obligation to assist you in prices for your Franchised Business. You are solely responsible for setting the prices at which you will sell products and services through the Franchised Business.](#)

Computer and Software

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (a) a compatible computer system that complies with our standards and specifications and is capable of operating financial and other business software; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; and (d) Internet access mode and bandwidth (collectively, the “Computer System”). (Franchise Agreement, § 8.4).

Presently, you are required to purchase the Technology Systems Package, which includes the computer hardware that meets our Computer System standards and specifications. We also have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and/or tools that you must use, including our CRM software and ProfitKeeper (collectively, the “Required Software”), field operations software tools which may change from time to time (collectively, the “Required Software Tools”), which you must license from us; and (b) updates, supplements, modifications, or enhancements to the Required Software and the Required Software Tools, which you must install. At our request, you must purchase or lease, and thereafter maintain, the hardware necessary to support Required Software and the Required Software Tools. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. There are no contractual limitations on the frequency or cost of required upgrades. Since computer technology is evolving rapidly, it is difficult to predict the extent of required upgrades or your estimated costs.

The CRM System is a proprietary integrated customer and business management system, which includes customized software, which facilitates the flow of business-related information between the Franchisor, the Franchisee, and the Franchisee's customers. The CRM System will be managed and maintained by either the Franchisor, a third-party company selected by the Franchisor, or a combination of both. (Franchise Agreement, § 8.4(a)).

We may modify the specifications and the components of the Computer System from time to time, and may require you to obtain specified computer hardware and/or software, including a license to use proprietary software developed by us or others, as well as service and support contracts for the hardware and software. The Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System. The estimated cost of purchasing the Computer System is approximately \$0 to \$3,000. If you lose or damage your laptop computer or tablet computer, you must replace it, which could cost up to \$3,000. We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the LIGHTSPEED RESTORATION™ Business to us. (Franchise Agreement, § 8.4).

We have the right to independently access, monitor, and retrieve any data you input or collect electronically, including access to your Computer System or for any other purpose we deem necessary. You must deliver to us all access codes, static internet protocol ("IP") addresses and other information to facilitate our access to the data within 30 days of opening the LIGHTSPEED RESTORATION™ Business (Franchise Agreement, § 8.4).

We are the sole owners of all databases, lists, templates, programs and any other software components that have been created and/or customized by or for us using the CRM System, Computer System and/or Required Software and/or Required Software Tools (collectively, the "Proprietary Software"). In the future, we may customize the Proprietary Software and create programs that conduct other activities. You are required to obtain the computer hardware that is necessary to implement the Proprietary Software and comply with all of our specifications and standards as provided in the Manual. This Proprietary Software will be our proprietary product and the information collected from it will be our confidential information. (Franchise Agreement, § 8.4).

You are required to participate in any System-wide computer network, intranet system, extranet system or community portal that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or ongoing training as we designate. You must use the computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above. (Franchise Agreement, § 8.4)

Training and Certifications

Training and certifications consist of two phases: (1) third party industry certifications; and (2) Academy training. The following third party industry certification classes and completion of associated tests are a prerequisite to attending Academy training.

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THIRD PARTY INDUSTRY CERTIFICATIONS

Subject	Hours of In-Person Classroom or Online Training	Hours of Hands On Training	Location
Micro Asbestos Awareness	2	0	Online
OSHA 10 Construction Safety	10	0	Online
Lead Awareness	4	0	Online
IICRC Water Damage Restoration Technician (WRT)	24	0	Online and Various Third Party Locations
IICRC Applied Microbial Remediation Technician (AMRT)	32	0	Various Third Party Locations
NADCA - ASCS	8	0	Online
TOTAL	80	0	

TRAINING PROGRAM

Subject	Hours of In-Person Classroom or Virtual Training	Hours of Hands On Training	Location
Sanitization/Disinfecting	1	1	Coppell, TX
Mold Remediation	4	8	Coppell, TX
Water Damage Mitigation	8	12	Coppell, TX
Fire Restoration/Odor Control	4	4	Coppell, TX
Duct Cleaning	4	4	Coppell, TX
Subject	Hours of In-Person Classroom	Hours of Hands On Training	Location

In addition to the above pre-opening training, you are required to complete the FSRT and OCT certification courses offered through the IICRC within 12 months of opening or prior to performing fire restoration work, whichever is the earlier. It is highly recommended that you complete the ASD certification courses offered through the IICRC after your first year in business.

For your first franchise agreement with us, training for up to two people is provided without charge. We provide you with a travel reimbursement paid by ACH for \$1,000 towards your travel, accommodation, meals and other incidental costs of attending training. Any such costs in excess of \$1,000 are payable by you.

There is no training requirement for franchise agreements other than your first one with us.

If we have room at a training session, you may send additional people to in-person training.

We will train one additional person at the same training session as the original trainee at no additional charge. Additional people may attend either the same or later in-person training sessions, subject to class availability, by paying a charge of \$150 per person per day. You must also pay all other costs associated with in-person training, including lodging and airfare, meals, and wages for your employees during training.

You or your manager must complete the initial training program to our satisfaction before you begin operating the Franchised Business. At the initial training program, we give you access to proprietary information for use in training your staff. The materials we provide remain our sole property. Initial training is conducted as needed, usually every other month.

Upon reasonable notice and at no charge to you, we may require you or your designated personnel to attend additional training courses, seminars, conferences or other programs that we consider relevant or appropriate to the successful operation of the System. You must pay all costs you and your employees incur while attending any additional training programs, including costs of travel, hotel and meals. We currently hold regional meetings, but do not require attendance. We have the right to make attendance mandatory.

ITEM 12. TERRITORY

Approved Location

You must operate your LIGHTSPEED RESTORATION™ Business from an Approved Location, which must be a leased commercial office/warehouse. Your Approved Location will need approximately 1,500 to 2,000 square feet of secure storage for the office and equipment and inventory. Your Approved Location must be within the Protected Territory granted to you under the Franchise Agreement. You may not relocate your LIGHTSPEED RESTORATION™ Business without our written consent, which we will not unreasonably withhold provided that the new location meets our then-current criteria for an Approved Location.

Protected Territory

You will not receive an exclusive territory. You may face competition from other franchisees,

control. Our affiliate, ACS, sells ADVANTACLEAN® franchises for services that are similar to but more limited than the services you will offer. For example, although they may do so, most ADVANTACLEAN® franchisees do not offer 24/7 emergency services but rather scheduled services such as mold remediation and air duct cleaning. All ACS outlets are franchisee owned and operated. We do not sell franchises in territories in which there is an existing ADVANTACLEAN® franchisee and ACS does not sell franchises in territories in which there is an existing LIGHTSPEED RESTORATION™ franchisee. Therefore, we do not expect conflicts between franchisees of each system regarding territory, customers and franchisor support. ACS operates from 110 N. Freepoint Parkway, Suite 140, Coppell, Texas. We operate from separate business premises than ACS although we share training facilities at the HFC Experience Center which is located at 110 N. Freepoint Parkway, Coppell, Texas.

During the term of the Franchise Agreement, we will grant you a Protected Territory. The size of your Protected Territory may vary from other System franchisees based on the location and demographics surrounding your Premises. Typically, a Protected Territory will consist of a minimum population of 200,000, depending upon geography, demographics, and other factors. The demographics, geography, and other factors we use in defining your Territory are based upon information provided to us by third-party sources that we select in our sole discretion.

While you will not receive any exclusive rights to provide our Approved Products and Services within your Protected Territory, your Protected Territory will be protected in that we will not sell another LIGHTSPEED RESTORATION™ franchise that provides the same/competing services within your Protected Territory. The Call Center will generally route appointments in your Protected Territory to you, but appointments are not guaranteed to be assigned to you. Circumstances where appointments in your Protected Territory may be routed to other franchisees instead of, or in addition to, you include: (i) where the work is in the nature of an emergency and (a) you do not respond to the assignment within a time period appropriate under the circumstances, or (b) you are not able to perform the required services for the customer within an appropriate time period; (ii) the work is of such a large scope, complexity and/or commercial nature that your business alone is not capable of performing the work; or (iii) a portion of the Protected Territory has been subjected to a natural disaster or catastrophe.

You may not intentionally direct your advertising or marketing at customers in other franchisees' territories. You must obtain our prior written approval before selling products or services in unassigned Gray Area outside your assigned Protected Territory. Generally, we will grant permission for you to operate in Gray Area.

If we give you permission to operate in Gray Area, we have the right to sell or assign it or any part of it at any time, without notice to you. You will not have a right of first refusal or option to buy a territory that was formerly designated as a Gray Area.

Under the franchise agreement, your territorial protection will not depend upon the volume of sales generated nor on your penetration of the potential market. Except as described in this Item, there are no circumstances under which we may modify your territorial rights during the term of the franchise agreement.

You do not have any options, rights of first refusal or similar rights to acquire additional

franchises.

National

Accounts

We and our Affiliate have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any entity that owns or otherwise has responsibility for a building or common services in more than one location whose business is not confined to one particular franchisee's territory, regardless of the contract amount of the services to be performed (a "National Account"). We or any party we may designate shall have the right to perform the services for the National Account within your Protected Territory. Any dispute as to whether a particular customer or account is a National Account will be determined by us, and our determination will be final and binding. You are not entitled to any right to compensation or consideration for work performed by others in your Protected Territory for National Accounts. If we or our Affiliate authorize you to perform work for a National Account, you must enter into our then-current form of Master Services Agreement.

Existing Customers or Relationships

Franchisees may from time to time work with customers who have been referred to them via an existing relationship with a referral source (such as an insurance adjuster, for example) or with customers who have multiple locations who only want to deal with the franchisee who first contracted with the customer, despite some of the customer's locations being in other franchisees' territories. In these cases, other franchisees will be permitted to perform work in your Protected Territory for such customers, provided the referral source or customer is already recorded in the CRM System as being a referral source or customer of the other franchisee.

Rights Reserved By Us

We and our affiliates also reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other LIGHTSPEED RESTORATION™ Businesses using the Proprietary Marks and System at any location outside of the Protected Territory; (ii) acquire, be acquired, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by your LIGHTSPEED RESTORATION™ Business, within or outside your Protected Territory without compensation to you; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the LIGHTSPEED RESTORATION™ Business under marks other than the Proprietary Marks at any location; (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement; (v) have LCR provide support to you and your LIGHTSPEED RESTORATION™ Business and/or, without compensation to you, perform work within the Protected Territory, including the provision of labor, materials, equipment, and project management on projects in the Protected Territory, as well as charge you its then-current fee to provide such services; (vi) without compensation to you, designate and service National Accounts; (vii) service, route, and/or assign any and all customer work orders and inquiries received through our CRM System and/or Call Center; and (viii) use the Proprietary Marks and System, and

prohibited under your Franchise Agreement.

Our affiliate, ACS, operates a franchise system under a different trademark that sells goods or services that are the same or similar to those that you will sell. The LIGHTSPEED RESTORATION™ franchise system is 24/7 water restoration services whereas the ADVANTACLEAN® franchise system is focused on light environmental services with incidental water restoration services. ACS operates under the trademark ADVANTACLEAN® and all outlets are franchisee owned and operated. We do not grant LIGHTSPEED RESTORATION™ franchises in the territories of ACS franchisees and we do not grant ADVANTACLEAN® franchises in the territories of LSR franchisees. ACS and we maintain physically separate offices but share training facilities. In areas that are not franchised by either ACS or us (known as "gray areas"), ACS franchisees and our franchisees may each perform work in the gray area. We will not refer LSR leads to ACS franchisees and ACS will not refer ACS leads to LSR franchisees unless there is no franchisee of that brand ready, willing and able to perform the work. ACS provides support to ACS franchisees exclusively and we provide support to LSR franchisees exclusively.

In the event of a natural disaster or other similar catastrophic situation, as we determine in our sole discretion, LCR and other LIGHTSPEED RESTORATION™ Businesses may be permitted to provide support to you and/or perform work in the Protected Territory, including the provision of labor, materials, equipment, and project management on projects in the Protected Territory, and you will not be entitled to any proceeds from the provision of these services performed by third parties within the Protected Territory.

Alternate Channels of Distribution

We, our affiliates, or third parties may distribute our and our affiliates' products and services in your Protected Territory, including those already developed and those yet to be developed, through alternate channels of distribution that we may choose. These alternate channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that we deem appropriate. This does not give you the right to: (i) to distribute such products or services; or (ii) to share in any of the proceeds that a party received through these alternate channels. You are not permitted to sell products and services through alternate channels either within or without the Protected Territory.

Call Center and Servicing Customers Within in Your Territory

Under the Franchise Agreement, you must ensure that all initial calls made to your LIGHTSPEED RESTORATION™ Business are forwarded to our System-wide Call Center, which is part of our proprietary CRM System. We reserve the right to outsource our Call Center services. Once a customer's call is routed to our Call Center and we have set up an assignment, we will route that customer's work to you if the customer's location (where the work will be performed) is within your Protected Territory, unless: (i) we determine that the work is in the nature of an emergency and

(a) you do not respond to the work assigned to you within a time period we deem appropriate under the circumstances, or (b) you are not able to perform the required services for the customer within a time period we deem appropriate in our sole discretion; (ii) the work is of such a large scope and/or

RESTORATION™ Business is not capable of performing the work requested in accordance with our System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case we may route the work to you and additional franchisees, or other franchisees, or our affiliate, for completion); or (iii) the work is mistakenly routed to another franchisee or affiliate- owned business due to either the customer providing incorrect information to our Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; or (iv) you are not operating the LIGHTSPEED RESTORATION™ Business in compliance with the Franchise Agreement; or (v) an area that includes your Protected Territory has been subjected to a disaster or catastrophe as determined solely by us.

It is important for us to have the right to route customers from our Call Center as described in this Item so that we can protect the integrity and goodwill of our System, and also account for inadvertent mistakes by our customers and our Call Center. You do not have any right to share in the Gross Revenue generated from customers that are serviced within your Territory unless your LIGHTSPEED RESTORATION™ Business is assigned and subsequently services that customer.

Minimum Gross Revenue Volume

Under the Franchise Agreement, you must achieve and maintain the minimum Gross Revenue volume that we set in the Manual as it may be amended from time to time. The current minimum Gross Revenue volume is \$0. If we set a minimum and you fail to achieve it, we may terminate this Agreement upon notice to you.

ITEM 13. TRADEMARKS

You will have the right to operate your business under the Marks described below and to use other Marks we designate, under the LIGHTSPEED RESTORATION™ System.

SERIAL NUMBER	MARK	FILING DATE
97718526	LIGHTSPEED RESTORATION	December 15, 2022
97764819	(Mod) 	January 23, 2023

All trademark applications have been filed on the Principal Register of the United States Patent and Trademark Office. All required affidavits have been filed.

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the principal trademark.

There are no active determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving any the Proprietary Marks.

Currently, there is no litigation pending or otherwise that limits our ability to use or license the Marks to you or any other franchisee. There are no other agreements that will affect our right to use, and license you to use, the Proprietary Marks in any manner material to the System and franchises offered in this disclosure document.

Your right to use the Proprietary Marks granted under the Franchise Agreement is non-exclusive, and we retain the right, among others: (i) to use the Proprietary Marks for selling products

and services; (ii) to grant others licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and (iii) to develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

All your usage of the marks and any goodwill you establish will be for our exclusive benefit and you retain no rights in the Proprietary Marks on the termination or expiration of the Franchise Agreement. You may not use the Proprietary Marks as a part of any corporate or trade name or as part of a domain name, or an electronic address, nor may you use any trade name, trademark, service mark, emblem or logo other than the Proprietary Marks, as we may designate. You must prominently display the Proprietary Marks on the items we designate, including signs and packaging materials. You must obtain fictitious or assumed name registrations we require or under applicable law. You must identify yourself as the owner of the LIGHTSPEED RESTORATION™ Business by placing your name on the LIGHTSPEED RESTORATION™ Business and on all checks, invoices, receipts, contracts and other documents that bear any of the Proprietary Marks, and on all printed materials your name must be followed by the phrase “a LIGHTSPEED RESTORATION™ franchisee” or any other phrase as we direct. Upon termination or expiration of the Franchise Agreement, you are required to de-identify your LIGHTSPEED RESTORATION™ Business, removing all of our trademarks, logos or other proprietary items that we specify.

You must immediately notify us of any information that you acquire concerning any use by others of names or marks which are the same, or confusingly or deceptively similar to any of the Proprietary Marks. At our request, you must assist us to protect and maintain our interest in the Proprietary Marks, and we will pay or reimburse your reasonable costs incurred in rendering such assistance, unless we are required to take action to protect our interests because of your wrongful acts or those of any person under your control.

We are not obligated to protect you from the use of the Proprietary Marks in your Protected Territory by third parties. Although our right to pursue any third-party infringers of our Proprietary Marks is optional, as a company policy, we may elect to aggressively protect our rights under the Proprietary Marks. If at any time we consider it to be advisable (in our sole discretion) for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice from us and at your expense. We are not obligated to reimburse you for the costs you incur in complying with our directions or the loss of revenue or expenses caused by any modification or discontinuance of a Proprietary Mark. We are not required to protect you against third party claims of trademark infringement or unfair competition, however, we reserve the right to assist in the defense of such matters.

You must immediately notify us of any apparent infringement or challenge to your use of any proprietary Mark, or any claim by any person of any rights in any Proprietary Mark. You agree not to communicate with any person other than us, our attorneys of choice and your attorneys in connection with any such claim or challenge. If we choose to take over or control the defense of any claim or challenge, the cost of such defense will be paid by us, provided that if any claim or challenge is caused by your wrongful acts, we may require that you indemnify us for any claims or damages we incur. This includes paying all of our attorneys’, experts’ or other professional fees

we may incur to defend any claim or challenge resulting from any of your wrongful acts. In limited

instances, if we take over any claim or challenge, we may reimburse you for the reasonable expenses you incur in connection with cooperating with us, as we deem necessary in our sole discretion.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We claim common law copyright and trade secret protection for several aspects of the System including, without limitation, our Manual, training materials, advertising, and business materials. We do not own any registered patents.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our patented and/or copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information that we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the LIGHTSPEED RESTORATION™ Business (the "Confidential Information"). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

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

You (or your principals) must devote your personal full-time attention, skill and best efforts to the management and operation of the LIGHTSPEED RESTORATION™ Business and to promote and increase the demand for our products and services within the Protected Territory. You (or your principals) agree not to own, maintain, engage in, be employed by or have any interest in any other business other than the LIGHTSPEED RESTORATION™ Business. You agree that you may not, without our prior written consent, engage in any commercial activity that: (i) is not performed for the sole and direct benefit of the LIGHTSPEED RESTORATION™ Business; (ii) may benefit or promote any other business; and (iii) may be injurious to the LIGHTSPEED RESTORATION™ Business or the goodwill associated with the Proprietary Marks and System. Your (or your principals') violation of these terms will be a material breach of the Franchise Agreement, and we may terminate the Franchise Agreement with notice and without an opportunity to cure.

Upon your written request, we may permit you to employ a manager to manage the day-to-day operations of the LIGHTSPEED RESTORATION™ Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by us in writing prior to hiring; and (ii) successfully completes our Initial Training Program before assuming any managerial responsibility. The LIGHTSPEED RESTORATION™ Business must, at all times, be staffed with at least one individual who has successfully completed the Initial Training Program. In the event that a

Designated Manager resigns or is otherwise terminated, the replacement must be trained pursuant to our then-current

standards. The new Designated Manager must successfully complete training within 30 days of hiring. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of the Franchise Agreement. The Designated Manager is not required to hold an equity interest in the franchised business. You are required to obtain signing of non-competition covenants similar to those set forth in Section 8.14 of the Franchise Agreement from your Designated Manager.

We require the franchisee to be a company or a corporation by the time business commences. Anyone who has direct or indirect control of the company or corporation or a direct or indirect beneficial interest in the company or corporation must sign the Personal Covenant and Guarantee attached to the franchise agreement as Schedule 1. If you are married, your spouse also must sign the Personal Covenant and Guarantee.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all products and services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of inventory as specified in the Manual, to adequately satisfy consumer demand. You must offer, use and sell all private label products which we may now or in the future designate for sale by System franchisees.

All products and services you use or offer for sale from your LIGHTSPEED RESTORATION™ Business must comply with our standards and specifications. Our standards and specifications are set forth in the Manual, which is revised from time to time. You are responsible for ensuring that your LIGHTSPEED RESTORATION™ Business meets these standards at all times. We have the right to inspect your LIGHTSPEED RESTORATION™ Business or attend a project site for quality control purposes. We have the right to change our System from time to time.

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ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

ITEM 17: THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	5.1	10 year initial term
b. Renewal or extension of term	5.2	2 consecutive 5 year terms
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	5.2	Pay renewal fee and sign franchise agreement in our then-current form, not be in default, make necessary upgrades to the Franchised Business. The new franchise agreement may have materially different terms and conditions from our current franchise agreement.
d. Termination by franchisee	None	You may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	None	Not Applicable.
f. Termination by franchisor with cause	10.1	We can terminate (i) if you commit a material default, or (ii) if a condition occurs, the non-occurrence of which was presumed.
g. "Cause" defined - curable defaults	10.3	You have 7 days to cure service mark violations (must begin the cure within 24 hours after notice). You have 30 days to cure defaults not listed in Section 10.2.
h. "Cause" defined - non-curable defaults	10.2	Non-curable grounds for termination include: adjudication as a bankrupt, assignment for the benefit of creditors, admission of insolvency, abandonment of the Franchised Business, mutual agreement to terminate, material misrepresentation relating to the acquisition of the Franchised Business or engaging in conduct reflecting materially and unfavorably upon the operation and reputation of the Franchised Business or the Marks, failure to comply with any federal, state or local law applicable to

		the Franchised Business within 10 days of notification of noncompliance, repeated breaches whether or not corrected after notice, repeated failure to comply with the Franchise Agreement, whether or not corrected after notice, seizure of Franchised Business, final judgement against Franchisee not satisfied within 30 days, conviction of felony or misdemeanor involving moral turpitude, failure to pay fees to Franchisor within 5 days after receiving written notice, continued operation of Franchised Business would result in imminent danger to public health and safety, any other franchise agreement between Franchisor and Franchisee is terminated, repeated audit reveals understatement of Gross Revenues by 5% or more, if Franchisee loses right to operate Franchised Business from Approved Location, failure to achieve minimum Gross Revenue volume.
PROVISION	SECTION IN- FRANCHISE- AGREEMENT	SUMMARY
i. Franchisee's obligations on termination/non-renewal	12.1	Obligations include removal of LIGHTSPEED RESTORATION™ marks and payment of amounts due us. You must assign all telephone numbers relating to the business to us. (See r. below)
j. Assignment of contracts by franchisor	9.1	We may assign the franchise agreement if we determine the transferee is financially capable of performing our obligations and if the transferee agrees to assume such obligations.
k. "Transfer" by franchisee - defined	1.19, 9.2	Includes transfer of contract or assets or any ownership change.
l. Franchisor approval of transfer by franchisee	9.2(b)	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	9.2(b)	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, all money due and owing to us paid by you, and current agreement signed by new franchisee. (Also see r. below).
n. Franchisor's right of first refusal to acquire franchisee's franchisee's	9.3	We can match any offer for your Franchised Business.

business		
o. Franchisor's option to purchase franchisee's business	12.2	Upon your termination, we may purchase personal property used in connection with the operation of the LIGHTSPEED RESTORATION™ Business by: (i) providing you with notice of our election to do so within 60 calendar days of the expiration/termination of your Franchise Agreement; and (ii) pay you the book value for such personal property within 60 days of providing you with this notice.
p. Death or disability of franchisee	9.6	Heir or successor must complete initial training within 30 days after the date of transfer.
q. Non-competition covenants during the term of the franchise	8.14	Subject to state law, you may have no involvement in competing business anywhere in U.S. or in any other country where we have applied to register our trademarks.
PROVISION	SECTION IN- FRANCHISE- AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	8.14, 12.1	Subject to state law, you may not engage in any competing business for 2 years within the former territory or within 25 miles of any LIGHTSPEED RESTORATION™ territory. You must totally de-identify when your franchise rights have ended.
s. Modification of the agreement	14.3	No modifications generally, but Manual and specifications are subject to change.
t. Integration/merger clause	14.2	Only the terms of this franchise disclosure document, the franchise agreement and Manual are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	11.1 - 11.4	Except for certain claims, and subject to state law, all disputes must be arbitrated or mediated in Orange County, California or Dallas County, Texas.
v. Choice of forum	11.4, 11.6	Subject to applicable state law, claims for equitable or injunctive relief must be conducted in California or Texas.
w. Choice of law	14.1	Federal law applies to arbitration and trademark issues. The law of your state applies to amendment of your franchise agreement, the maximum rate of interest that can be charged, and post-termination non-competition issues.

		Except as required by applicable law, Texas law applies to all other issues.
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ITEM 18. PUBLIC FIGURES

We do not currently use any public figure to promote our System.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 our management by contacting Steve Willis at Lightspeed Restoration, LLC, at 777 International Parkway, Suite 300, Flower Mound, Texas 75022, telephone (877) 800-2382, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

**ITEM 20. TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS ENDING
DECEMBER 31, 2021, 2022 AND 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	19	+19
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	0	0	0
	2022	0	0	0
	2023	0	19	+19

ITEM 20. TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
OTHER THAN LIGHTSPEED RESTORATIONTM FOR YEARS
ENDING DECEMBER 31, 2021, 2022 AND 2023

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0

ITEM 20. TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS ENDING
DECEMBER 31, 2021, 2022 AND 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
AL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
FL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
KY	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
LA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
MN	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
TN	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	0
VA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	8	0	0	0	0	8
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	19	0	0	0	0	19

ITEM 20. TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ENDING
DECEMBER 31, 2021, 2022 AND 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

ITEM 20. TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2024³

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate- Owned - <u>Owned</u> Outlets in the Next Fiscal Year
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	1	0
Arkansas	0	0	0
California	0	1	0
Colorado	0	2	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	2	3	0
Georgia	0	2	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	2	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	2	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0

Montana	0	0	0
Nebraska	0	0	0
Nevada	0	1	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	1	1	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	1	0
Oregon	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	2	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	0	2	0
Utah	0	1	0
Vermont	0	0	0
Virginia	2	0	0
Washington	0	0	0
Washington, DC	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
Total	5	21	0

Attached to this disclosure document as Exhibit [CD](#) is a list of all current franchisees as of January 5, 2024, with the address and telephone number of each of their businesses.

There is no trademark-specific franchisee organization associated with the franchise system being offered in this disclosure document.

If we grant you this franchise, your contact information may be disclosed to other prospective franchisees when you leave the franchise system.

In some instances, current and former franchisees will sign provisions restricting their ability to speak openly about their experience with the LIGHTSPEED RESTORATION™ System. You may wish to speak to current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the last three fiscal years, some franchisees have signed confidentiality provisions that would restrict their ability to speak openly about their experience with our System.

ITEM 21. FINANCIAL STATEMENTS

Exhibit B includes our audited financial statements as of and for the year ended December 31, 2023 and as of December 31, 2022. As we have not been in business for three years, we cannot include the requisite financial statements.

ITEM 22. CONTRACTS

The following agreements are proposed for use in this state in connection with the franchise we offer:

TITLE OF AGREEMENT	EXHIBIT	SIGNED BY
Franchise Agreement	Exhibit A	You and us
Personal Covenant and Guarantee	Schedule 1 to Exhibit A	All people having direct or indirect <u>“Control”</u> * over the Franchisee or a direct or indirect beneficial ownership interest in Franchisee, including any spouse of Franchisee.
Conditional Assignment of Franchisee’s Telephone Numbers, Facsimile Numbers and Domain Names	Schedule 2 to Exhibit A	You and us
Electronic Funds Withdrawal Authorization	Schedule 3 to Exhibit A	You and us
Site Selection Addendum	Schedule 4 to Exhibit A	You and us
Three Territories Addendum to Franchise Agreement	Exhibit B	You and us (only if you purchase three territories)
Consent to Transfer and Assumption of Franchise Agreement	Exhibit GH	You, new franchisee and us
Veteran’s Addendum to Franchise Agreement	Exhibit HI	You (only if you are a veteran) and us
Secured Promissory Note	Exhibit IJ	You (Obligor)
General Security Agreement	Exhibit JK	You (Pledgor) and us
Master Services Agreement	Exhibit KL	You and us

TITLE OF AGREEMENT	EXHIBIT	SIGNED BY
Collateral Assignment of Lease	Exhibit LM	You and us

**"Control" means possession of the direct or indirect power to direct or cause the direction of your management and policies, whether through the ownership of voting securities, by contract, or otherwise.*

ITEM 23. RECEIPTS

Attached as the last page of this disclosure document is a receipt. Please sign it, date it **as of the date you receive the disclosure document** and return it to us. A duplicate of the receipt is attached for your records.

Hawaii

HAWAII DISCLAIMER

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 REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES 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.

Registered agent in Hawaii authorized to receive service of process:

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, HI 96813

- (1) Item 1 is amended to add the following:

The name and address of our agent in this state authorized to receive service of process is: the Commissioner of Securities of the Department of Commerce and Consumer Affairs, 335 Merchant Street, Honolulu, Hawaii 96813.

- (2) Item 17, Summary column for (i) is amended to add the following:

Under Hawaii law, on termination or refusal to renew the franchise, you are entitled to be compensated for the fair market value, at the time of the termination or expiration of the franchise,

of your inventory, supplies, equipment and furnishings purchased from us or a supplier we designated; except that personalized materials that have no value to us need not be compensated for. If we refuse to renew the franchise for the purpose of converting your business to one we own and operate, we, in addition to the remedies described above, will compensate you for the loss of goodwill. We may deduct from the compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment and furnishings under this requirement, and may offset from the compensation any moneys you owe us.

- (3) Item 20 is amended to add the following:

Registrations are effective or proposed registrations will shortly be on file in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Proposed registrations or filings for these franchises are or will be shortly on file in no other state. No states have refused, by order or otherwise, to register these franchises.

No states have revoked or suspended the right to offer these franchises.

- (4) There are no states in which a proposed registration of these franchises has been withdrawn.
- (5) 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.

Illinois

Many states have statutes concerning the relationship between franchisor and franchisee. These statutes deal with such matters as renewal and termination of franchises. Provisions of this sort will prevail over inconsistent terms in a franchise agreement. Illinois has such a statute, Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1 et seq.

The franchise agreement provides for termination upon bankruptcy. A provision in a franchise agreement that terminates the franchise upon bankruptcy of the franchisee may not be enforceable under Title 11, U.S. Code § 101.

Item 5 of the disclosure document is revised to state:

"Based upon the franchisor's financial condition, the Illinois Attorney General's Office 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 17v (Choice of Forum) is amended to state "None for equitable/injunctive relief and California for arbitration/mediation proceedings" under the heading for "Summary."

The franchise agreement includes a choice of law clause designating another state's law as the governing law. Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Item 17 w. is amended to state "none" under the heading for "Section in franchise agreement" and "not applicable" under the heading for "Summary."

The franchise agreement requires you to sign a release of claims as a condition of transfer or renewal of the franchise. Under the law of Illinois, any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise disclosure law of Illinois is void. Accordingly, insofar as the franchise agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the franchise agreement. This provision will not prevent the franchisor from requiring you to sign a release of claims as part of a negotiated settlement of a dispute.

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.

A National Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you.

Maryland

Item 5 of the disclosure document is revised to state:

“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.”

Amendments to Item 17 of the disclosure document:

Item 17v (Choice of Forum) is amended to state: "The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

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

The franchise agreement says that we may require you to sign a release of claims as a condition of renewal or transfer of your franchise. The release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within three years after the franchise is granted.

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 the franchise.

Minnesota

Items 5 and 7 of the disclosure document are revised to state:

"Based upon the franchisor's financial condition, the Minnesota Department of Commerce 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."

Minnesota Stat. § 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from: (i) requiring litigation to be conducted outside Minnesota; (ii) requiring waiver of a jury trial; and (iii) requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. Nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (i) any of the franchisee's rights as provided for in the Minnesota Franchise Act; or (ii) 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 Minn. Stat. § 80C.14, subd. 3-5, which require good cause and, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a release that would relieve any person from liability imposed by Minnesota Statutes, Chapter 80C.

The franchisee cannot be required to consent to the franchisor obtaining injunctive relief.

The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J). Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Stat. § 80C.17, subd. 5.

Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

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.

Insufficient funds fees and related interest and attorneys' fees are governed by Minnesota Stat. § 604.113, which puts a cap of \$30 on initial service charges and requires notice and the opportunity to cure prior to assessing interest and attorney's fees.

Amendments to Item 17 of the disclosure document:

The franchise agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

The franchise agreement requires application of the laws of a state other than Minnesota. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

The franchise agreement requires you to sign a release of claims as a condition of transferring a franchise. Minn. Rule 2860.4400J prohibits us from requiring you to sign a release of claims arising under the Minnesota Franchise Law. Therefore, any release we require you to sign will exclude claims arising under the Minnesota Franchise Law.

The Agreements provide that we are entitled to a temporary injunction or decree of specific performance without bond if we can demonstrate to a court of competent jurisdiction that there is substantial likelihood of your breach or threatened breach of any of the terms of the Agreements. The Agreements are amended to provide that we are entitled to seek a temporary injunction or decree of specific performance under these circumstances, not that we are necessarily entitled to obtain this relief.

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 [EF](#) 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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE 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 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 a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. 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.

C. 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 application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Other than the foregoing, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;

(b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that 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 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®, 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.

North Dakota

Item 5 of the disclosure document is revised to state:

“Based upon the franchisor's financial condition, the North Dakota 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 and the franchisee has commenced doing business.”

In North Dakota, the disclosure document is amended as follows to conform to North Dakota law:

Item 17(r) is amended to omit any requirement to execute a general release upon renewal of the franchise agreement.

Item 17(i) is amended to omit any requirement to comply with subclause (xv).

Item 17(r) is amended to add the following: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

Item 17(u) is amended to omit any reference to the location of mediation or arbitration.

Item 17(v) is amended to state “None” under the heading for “Section in franchise agreement” and “None” under the heading for “Summary”.

Item 17(w) is amended to replace “Texas” with “North Dakota”.

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.

South Dakota

Based upon the franchisor's financial condition, the South Dakota Securities Regulation Office 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.

Virginia

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Lightspeed Restoration, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement 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.

Washington

Based upon the franchisor's lack of operating history, the Securities Division 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 and the franchisee is open for business.

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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.

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 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.



FRANCHISE AGREEMENT

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1. Personal Guaranty
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3. Electronic Funds Withdrawal Authorization
4. Site Selection Addendum

[STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT](#)

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is entered into as of _____ ("Effective Date"), between Lightspeed Restoration, LLC, a Delaware limited liability company ("Franchisor"), and _____, a(n) _____ proposing to do business in the state of _____ as _____ Lightspeed Restoration of _____ ("Franchisee"). Franchisee will begin operation under this Agreement on _____ ("Operating Date").

RECITALS

a) Franchisor is engaged in the administration and development of programs for the operation of Franchised Businesses that offer and sell Restoration and Remediation Services in residential and commercial properties that make homes and buildings clean, safe, healthy and energy efficient.

b) Franchised Businesses are established and operated using the System and Marks, as well as other proprietary information owned by, and identified with, Franchisor. Franchisor is the owner of the Marks, the System, and all rights in respect of each of them. Franchisor's activities in general, and its franchise program in particular, are undertaken to develop, maintain, and enhance the Marks and Franchisor's overall reputation in retail sales and related services relating to Restoration and Remediation Services.

c) Franchisee wishes to be franchised by the Franchisor to use the System, the Marks, and the goodwill of Franchisor to conduct a Franchised Business. Franchisor is willing to grant to Franchisee a franchise for the System and the Marks, in accordance with the provisions of this Agreement and the Manual, as amended from time to time, on the terms and conditions set forth below.

d) Franchisee acknowledges that, in the administration of this Agreement and in taking actions with respect to its relationship with Franchisee, Franchisor must take into account the needs of all people operating under the Marks, the effect upon those people as a whole, and the need to protect the Marks for the benefit of those people and Franchisor.

1. DEFINITIONS

1.1 Affiliate

An "Affiliate" of Franchisor or Franchisee, as the case may be, means all people in the following categories when they are conducting business activities related to Franchisor or Franchisee: (a) all people who Control, are Controlled by, or are under common Control with, Franchisor or Franchisee; (b) all direct or indirect shareholders, partners, members, or owners of Franchisor or Franchisee, regardless whether they Control Franchisor or Franchisee; and (c) all officers, directors, employees, and agents of Franchisor or Franchisee and of Franchisor's or Franchisee's other Affiliates.

1.2 Approved Location

The term **"Approved Location"** means the approved office/warehouse space located in the Protected Territory that meets Franchisor's then-current standards and specifications for an Approved Location.

1.3 Approved Products and Services

The term "Approved Products and Services" means products and services related to Restoration and Remediation Services as approved by Franchisor from time to time.

1.4 Call Center

The term **"Call Center"** means a centralized call center established or outsourced by Franchisor for the purpose of accepting telephone, internet and other inquiries from potential customers and forwarding such customer information to the appropriate franchisee.

1.5 Company-Owned Operation

The term **"Company-Owned Operation"** or **"COO"** means a business or businesses similar to some or all aspects of the Franchised Business owned and operated by Franchisor or its Affiliate for its own account.

1.6 Control

The term "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract, or otherwise.

1.7 CRM System

The term **"CRM System"** means a proprietary integrated business management system, which includes customized software, which facilitates the flow of business-related information between Franchisee, Franchisor, and Franchisee's customers.

1.8 Franchised Business

The term "Franchised Business" means maintaining and operating a retail operation for the sale of Approved Products and Services to customers located in the Protected Territory, in accordance with the System and using the goodwill associated with the Marks, all upon the terms and conditions stated in this Agreement. For purposes of this Agreement, a customer is located in the Protected Territory if the location where the Franchised Business's services will be performed is located in the Protected Territory.

1.9 Gray Area

The term **"Gray Area"** means an area adjoining the Protected Territory that is not part of any other franchisee's territory, nor an area served by a Company-Owned Operation.

1.10 Gross Revenue

The term "Gross Revenue" means the aggregate of all revenues, sales and other income of Franchisee from whatever source derived, including Gray Area, regardless of whether collected by Franchisee, arising out of, in connection with or relating to the Franchised Business including, without limitation, (a) income from the sale of any products or other items; (b) income from any services provided; and (c) all proceeds from any business interruption insurance, but excluding (i) all refunds and discounts made in good faith to a customer; (ii) any sales, use, retail sales and equivalent taxes which are collected by Franchisee for or on behalf of any governmental or other public body and actually remitted to such body; and (iii) the value of any coupon, voucher or other allowance authorized by Franchisor and issued or granted to customers of Franchised Business which is received or credited by Franchisee in full or partial satisfaction of the price of any product or service offered in connection with the Franchised Business. Franchisor reserves the right to institute policies in the Manual or otherwise in writing and from time to time, regarding the inclusion in Gross Revenue of any pre-paid goods and services (including, without limitation, gift cards and gift certificates) and delivery and redemption thereof.

1.11 Manager

The term "Manager" means the employee or agent of Franchisee who has been designated by Franchisee as the person responsible for the day-to-day operation of the Franchised Business and who has successfully completed initial training. If Franchisee is an individual, Franchisee may be the Manager.

1.12 Marks

The term "Marks" means "LIGHTSPEED RESTORATION™" and all other proprietary marks registered or pending with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logotypes, insignias, designs, and other commercial symbols which Franchisor uses and authorizes others to use to identify the Franchised Business.

1.13 Materials

The term "Materials" means all forms, contracts, agreements, signs, displays, stationery, and other items permitted or required by Franchisor to be used in the operation of the Franchised Business.

1.14 National Account

The term "National Account" means any business or businesses under common control, ownership, or branding, which operate locations in or deliver products and services beyond one protected territory, regardless of the volume of products and/or services to be purchased by the customer. Any dispute as to whether a particular customer is a National Account will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding.

1.15 Non-Core Services

The term "Non-Core Services" means services other than Restoration and Remediation Services performed by Franchisee under subcontract including but not limited to reconstruction services.

1.16 Manual

The term "Manual" means the Franchisor's Manual, which contains mandatory and suggested specifications, standards and operating procedures for the System, which may be modified and/or supplemented by Franchisor at any time as Franchisor deems advisable in its sole discretion, including Franchisor's proprietary and confidential operations manual for operating a Franchised Business. The Manual may cover such topics as pre-opening procedures, systems and procedures, personnel policies, specifications for vehicles, supplies, equipment and inventory, marketing, accounting and bookkeeping and related matters as may be incorporated from time to time.

1.17 Protected Territory

The term "Protected Territory" means the geographic area described in the attached Data Sheet which is incorporated herein by reference.

1.18 Restoration and Remediation Services

The term "Restoration and Remediation Services" includes: (i) performance of 24-hour emergency mitigation, cleaning and restoration services for properties damaged by water, fire and other approved property damage events; (ii) cleaning, sealing and maintenance of air ducts, dryer vents, coils and ventilation systems; (iii) mold remediation, microbial sampling, testing and indoor air quality assessments; (iv) a variety of solutions that improve the condition and performance of basements, crawlspaces and attics; (v) moisture control, waterproofing, dehumidification, ventilation, and other related products and services that improve the condition and performance of those areas; and (vi) other products, services and events that Franchisor may approve and modify from time to time.

1.19 System

The term "System" means Franchisor's proprietary operating system, the distinguishing characteristics of which include: (i) Franchisor's proprietary standards and specifications for certain products and services used in connection with providing Franchisor's Approved Products and Services to customers; (ii) certain proprietary products developed by Franchisor; (iii) Franchisor's standards and specifications for sales techniques, marketing and advertising programs; (iv) the CRM System, including its telematics, GPS, and the Call Center; (v) proprietary initial and ongoing training programs; and (vi) standards and specifications for operating the Franchised Business in the manner set forth in this Agreement and the Manual.

1.20 Transfer

The term "Transfer" means any direct or indirect sale, assignment, transfer, conveyance,

delegation of duties, gift, declaration of trust, pledge, mortgage, hypothecation, or other encumbrance, voluntarily or involuntarily, by operation of law or otherwise, whether as a single transaction or as part of a series of transactions, of any interest in a person, this Agreement, or all or substantially all of the assets of a person.

2. THE FRANCHISED BUSINESS

2.1 Grant of Franchise

Franchisor grants to Franchisee, and Franchisee accepts, a franchise ("Franchise") to participate in and use the System by conducting the Franchised Business solely within the Protected Territory in strict accordance with this Agreement and the Manual, from the Operating Date until the end of the Term, unless sooner terminated. **Nothing contained in this Agreement may be interpreted as a guarantee of success.** Franchisee retains the right to conduct businesses and perform services other than the Franchised Business, but subject to the restrictions on engaging in competitive activities under Section 8.14, and subject to all other applicable provisions of this Agreement and the Manual. Franchisee may not use the Marks, all or any part of the System, or any of Franchisor's other proprietary information in connection with any other businesses or services without the express prior written permission of the President or other executive officer of Franchisor, which permission, if granted, will bring the other businesses or services within the scope of the Franchised Business.

2.2 Protected Territory

(a) Except as provided in paragraphs (b), (c), (d) and (e) of this Section, during the Term, Franchisor will not establish or operate within the Protected Territory, or license any third party to establish or operate within the Protected Territory, any other business that sells Restoration and Remediation Services using the System and the Marks.

(b) National Accounts. Franchisor will have the exclusive right, on behalf of itself, its Affiliates, Franchisee, and/or other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to National Accounts, including National Accounts that Franchisee has solicited or serviced. Franchisee may not solicit any National Accounts outside of the Protected Territory, or solicit any National Accounts within or outside of the Protected Territory who are already under contract with Franchisor.

- (i) Franchisee acknowledges and agrees that Franchisor shall have the right, exercisable in its sole discretion, to (i) provide, directly or through any other licensee or franchisee using the Marks, such services to the National Account customer location(s) within the Protected Territory and/or (ii) contract with another party to provide such services to the National Account customer location(s) within the Protected Territory, on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account customer.
- (ii) Franchisee agrees that neither the direct provision by Franchisor or a franchisee, licensee, or designee of Franchisor of services to National Account customers as authorized above, nor Franchisor's contracting with another party to provide such services as authorized above, shall constitute a violation of the grant of license contained in this Agreement or any other provision of this

even if such services are delivered from a location within the Protected Territory. Franchisee disclaims any right to compensation or consideration for work performed by others in the Protected Territory pursuant to this Section.

(c) Existing Customers or Relationships. Franchisees may from time to time work with customers who have been referred to them via an existing relationship with a referral source (such as an insurance adjuster) or with commercial customers who have multiple locations who wish to deal only with the franchisee who first contracted with that customer, despite some of the customer's locations being in other franchisees' territories. Franchisee acknowledges and agrees that another franchisee shall be permitted to perform work in the Territory for such customers provided the referral source or customer is already recorded in the CRM System as being a referral source or customer of the other franchisee.

(d) Franchisee acknowledges that, from time to time, opportunities may arise to participate in joint marketing efforts with other LIGHTSPEED RESTORATION™ franchisees. If Franchisee is afforded the opportunity to participate in joint marketing efforts but declines to do so, the participating LIGHTSPEED RESTORATION™ franchisee must offer any leads for the Protected Territory generated as a result of the joint marketing effort to Franchisee on reasonable terms and conditions (including maximum lead fees per referral) specified from time to time in the Manual. If the participating franchisee complies with Franchisor's guidelines on the offering terms for the leads and Franchisee declines to accept the lead on the terms offered, then the participating franchisee will not be required to turn over the lead to Franchisee and the participating franchisee may instead work the lead in the Protected Territory without compensation to Franchisee.

(e) Franchisee agrees that if, as a result of Franchisee's default of this Agreement and as an alternative to termination, Franchisor withholds customer leads generated on Franchisee's behalf by Franchisor as described in Sections 8.15(e) and 10.6 of this Agreement, Franchisor may provide or grant other franchisees the right to provide sales, installations or other services with respect to those customer leads in the Protected Territory until Franchisee cures the breach.

Except to the limited extent expressly provided in paragraph (a) of this Section the rights granted to Franchisee under this Agreement are non-exclusive and Franchisor expressly reserves all other rights, including the exclusive, unrestricted rights, directly and indirectly, itself and through its employees, representatives, franchisees, licensees, assigns, agents, and others: (i) to own and operate, and to franchise others to own and operate, businesses using the System and the Marks at any location outside the Protected Territory, (ii) to solicit, sell to, and service National Accounts and the clients of those National Accounts, wherever located (including within the Protected Territory), subject to compliance with paragraph (b) of this Section 2.2 and Section 8.19, (iii) to acquire or be acquired by a company that operates and/or licenses similar businesses within the Protected Territory without using the System and the Marks, (iv) to acquire or be acquired by a manufacturer of products associated with Restoration and Remediation Services, (v) to sell Restoration and Remediation Services through any other means that do not involve both the System and the Marks (including within the Protected Territory), (vi) to advertise and promote the System and the Marks at any location within or outside the Protected Territory, (vii) to have Franchisor's Affiliate, Loss Control and Recovery, LLC ("LCR"), provide support to Franchisee and the Franchised Business and/or perform work within the Protected Territory, including the provision of labor, materials, equipment, and project management on projects in the Protected Territory, as well as charge Franchisee its then-current fee to provide such services; (viii) to exercise its rights under Section 2.3 of this Agreement in the event of catastrophe(s); (viii) to designate and service National

Accounts as set forth more fully in this Section; (ix) service, route, and/or assign any and all customer work orders and inquiries received through the CRM System and/or Call Center in accordance with Section 2.5 of this Agreement; and (x) use the Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in this Agreement.

2.3 Events of Catastrophe

In the event of a natural disaster or other similar catastrophic situation, as Franchisor determines in its sole discretion, LCR and other System franchisees may be permitted to provide support to Franchisee and/or perform work in the Protected Territory, including the provision of labor, materials, equipment, and project management on projects in the Protected Territory, and Franchisee will not be entitled to any proceeds from the provision of these services performed by third parties within the Protected Territory.

2.4 Alternate Channels of Distribution

Franchisee acknowledges and agrees that certain of Franchisor's or its affiliates' products and services, whether now existing or developed in the future, may be distributed in Franchisee's Protected Territory by Franchisor, Franchisor's affiliates, or other third parties that Franchisor designates, in such manner and through such channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that Franchisor deems appropriate. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute the products and services as described in this Section 2.4; or (ii) to share in any of the proceeds received by any such party therefrom.

2.5 Right to Service Customers in Protected Territory; Use of Call Center

(a) Franchisee must ensure that all initial calls made to the Franchised Business are forwarded to the Call Center, which is part of the CRM System. Once a customer's call is routed to the Call Center and assigned to the Franchised Business, Franchisor will route that customer's work to Franchisee if the customer's location (where the work is to be performed) is within the Protected Territory, unless: (i) Franchisor determines that the work is in the nature of an emergency and (a) Franchisee does not respond to the assignment within a time period Franchisor deems in its sole discretion appropriate under the circumstances, or (b) Franchisee is not able to perform the required services for the customer within a time period Franchisor deems appropriate in its sole discretion; (ii) the work is of such a large scope, complexity and/or commercial nature that Franchisor determines, in its sole discretion, that Franchisee is not capable of performing the work requested in accordance with System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case Franchisor may route the work order to Franchisee and additional franchisees, or other franchisees, or Franchisor's Affiliate, for completion); (iii) the work order is mistakenly routed to another franchisee or Affiliate-owned business due to either the customer providing incorrect information to a Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; (iv) Franchisee is not operating the Franchised Business in compliance with this Agreement; or (v) Franchisor reasonably determines that a portion of the Protected Territory has been subjected to a disaster or catastrophe.

(b) Franchisee agrees and acknowledges that Franchisor's rights under this Section are necessary to: (i) maintain uniformity across the System and ensure that all work performed under the Marks meets Franchisor's System standards for customer service; and (ii) account for inadvertent mistakes by Franchisor's customers and the Call Center. Franchisee further acknowledges that it does not have any right to share in the Gross Revenue generated from customers that are serviced within the Protected Territory unless Franchisee is assigned, and subsequently provides services to, such customers.

2.6 Reserved Rights

Nothing contained in this Agreement will accord Franchisee any right, title or interest in or to the Marks, System, operational techniques, service concepts, proprietary information, or goodwill of Franchisor, except only those rights granted by this Agreement.

2.7 Area and Scope of Operation

Franchisee will only conduct its Franchised Business within the Protected Territory and Franchisee's Approved Location must be located within the Protected Territory.

Except as to Gray Area, Franchisee may provide sales and services only with respect to locations within the Protected Territory. Franchisee must (i) diligently and effectively promote, market, and engage in the Franchised Business within the Protected Territory, (ii) develop, to the best of its ability, the potential for the Franchised Business from within the Protected Territory, (iii) operate the Franchised Business so as to maximize the total Gross Revenue of the Franchised Business, and (iv) devote and focus its full-time attention and efforts to that promotion and development.

Unless otherwise instructed by Franchisor, Franchisee may operate in Gray Area. Any operations in Gray Area are subject to sale of the territory to another franchisee, to initiation of a Company-Owned Operation in the Gray Area, and to Franchisor's rules and regulations.

Franchisee does not receive any right of first refusal or other rights of any type to a Gray Area by virtue of operations in that Gray Area. Franchisor may sell any Gray Area territory at any time, without advance notice to Franchisee. Upon notice from Franchisor, Franchisee will immediately cease all marketing activities in any Gray Area. Franchisor may give a notice to cease marketing without regard to whether the Gray Area has been sold to another franchisee. After Franchisor gives notice to cease marketing, Franchisee may (for a maximum of 30 days) complete contracts for which orders were completed before Franchisor gave Franchisee notice to cease marketing in the area. Any contracts which cannot be completed within 30 days must be assigned to the franchisee purchasing the former Gray Area for reasonable compensation.

Franchisee's Initials: _____

3. LOCATION OF BUSINESS

3.1 Approved Location

The Approved Location is at the following address:

Franchisee must operate the Franchised Business only from the Approved Location. Franchisee will need to lease a minimum of 1,500 square feet of commercial real estate for the office/warehouse and to securely store equipment/inventory. The office may be located in the warehouse, provided that it meets Franchisor's standards and specifications. Franchisor may provide Franchisee with standards and specifications for the design and layout of the premises of the Approved Location, and Franchisor must review and approve any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. Franchisee must secure its Approved Location within one hundred eighty (180) days of executing this Agreement in the event the parties have not agreed on an Approved Location prior to executing this Agreement. If Franchisor has not approved a location from which Franchisee must operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into Franchisor's prescribed form of Site Selection Addendum (as attached as Schedule 4), the terms of which will govern the parties' site selection obligations. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent.

3.2 Site Location.

Franchisee shall operate the Franchised Business from an approved office/warehouse space within the Territory that meets Franchisor's then-current standards and specifications for an Approved Location. Franchisee will need to lease a minimum of 1,500 square feet of commercial real estate for Franchisee's office and to securely store all equipment and inventory. Franchisor may provide Franchisee with standards and specifications for the design and layout of the premises of the Approved Location, and Franchisor must review and approve any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties shall enter into Franchisor's prescribed form of Site Selection Addendum, the terms of which shall govern the parties' site selection obligations.

3.3 Relocation

If, for any reason, the Franchisee cannot continue to occupy the Location, Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Protected Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location. Franchisor may require Franchisee to reimburse Franchisor for its reasonable costs and expenses associated with evaluating Franchisee's relocation request and/or any locations proposed by Franchisee for relocation.

3.4 Franchised Business Appearance and Construction

Franchisee agrees that the Franchised Business must conform to Franchisor's standards and specifications for the appearance, layout, and design of a Franchised Business. Franchisee is solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at the Approved Location and must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law.

3.5 Use of Premises

The location of Franchisee's Approved Location approved by Franchisor in accordance with this Agreement shall be used solely for the purpose of operating the Franchised Business, unless otherwise approved in writing by Franchisor. Franchisee must obtain Franchisor's prior written consent to conduct any other business or commercial activity from the Approved Location.

4. PAYMENTS BY FRANCHISEE

4.1 Franchise Fee

If Franchisee is not a party to another franchise agreement with Franchisor, Franchisee will pay to Franchisor an Initial Franchise Fee of \$5,000. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America upon signing of this Agreement by Franchisee. The Initial Franchise Fee is not refundable.

4.2 Territory Fee

If Franchisee is purchasing the Protected Territory from Franchisor (rather than an existing franchisee) Franchisee also will pay Franchisor a Territory Fee of \$44,000. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America, upon signing of this Agreement by Franchisee. The Territory Fee is not refundable.

4.3 Continuing Royalty

(a) Throughout the Term of this Agreement, Franchisee will pay a Continuing Royalty calculated each month in arrears equal to the greater of: (a) the percentage of bank deposits calculated below; or (b) a minimum monthly Continuing Royalty of \$500 for the first 12 months of the Term and \$1,000 thereafter:

Monthly Royalty	Bank Deposits for Year to Date
8.0%	0 - \$500,000
7.0%	\$500,000.01 - \$1,000,000
6.0%	\$1,000,000.01 - \$2,500,000
5.0%	\$2,500,000.01 and above
2.0%	Non-Core Subcontracted Services

Deposits for work performed in Gray Area are to be included. Non-Core Subcontracted Services are services other than Restoration and Remediation Services that are performed by others under subcontract, for example, reconstruction services. If requested by Franchisor, Franchisee must provide such documentation for Non-Core Subcontracted Services as Franchisor prescribes.

If Franchisee has more than one franchise agreement with Franchisor containing this Continuing Royalty provision, the deposits for each franchised business thereunder are averaged for purposes of this calculation. For example, if Franchisee has two franchise agreements, the bank deposits for both franchised businesses are added together and divided by two to arrive at the average deposits for each franchised business for purposes of calculating the Continuing Royalty payable under each franchise agreement.

If Franchisee renews this Agreement, the amount of the Continuing Royalty throughout the renewal term will be the Continuing Royalty provided for in the then-current form of Franchise Agreement being issued by Franchisor.

(b) The Continuing Royalty payable for any month for which bank deposits have not been reported when due as required by Section 8.4(b) shall be calculated based on imputed deposits of \$60,000 for the month. If, once the late deposit reporting has been received, Franchisor determines that the deposits for that month were: (a) less than \$60,000, the overpayment of Continuing Royalty shall be applied to the Continuing Royalty for the month following the month in which the deposits were reported; or (b) more than \$60,000, the underpayment of Continuing Royalty shall be added to the Continuing Royalty for the month following the month in which the late deposit reporting was received by Franchisor.

(c) Payments of Continuing Royalty are not refundable.

4.4 National Advertising Fund

(a) Throughout the Term of this Agreement, Franchisee will pay Franchisor a monthly National Advertising Fee equal to the greater of two percent (2%) of Franchisee's monthly bank deposits for the previous month (capped at \$2,000,000 in bank deposits per year) or \$500. Monthly National Advertising Fund payments are paid in arrears. Franchisor may increase this amount but not above 3% of Franchisee's monthly bank deposits. Deposits for work performed in Gray Area are to be included.

(b) Payments of National Advertising Fee are not refundable.

(c) Franchisor may in the future establish the LIGHTSPEED RESTORATION™ National Support Services Network, under which qualified representatives will be able to respond to inquiries from customers of LIGHTSPEED RESTORATION™ franchisees. The costs for these services may be reimbursed partially or wholly from the National Advertising Fund ("Fund").

(d) On a national or regional basis, Franchisor may impose an additional assessment upon some or all of its franchisees for special designated advertising or promotional activities, if 2/3 of all affected LIGHTSPEED RESTORATION™ franchisees agree to that assessment in writing.

(e) The National Advertising Fees will be contributed to the Fund for such national, regional, local and other advertising and public relations programs and initiatives as Franchisor, in its sole discretion, may deem necessary or appropriate for the promotion or protection of the System. The Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to Franchisee, or to any franchisees, with respect to the Fund. Franchisor has the absolute right to direct the creative concepts, materials, endorsements and media used in the advertising and public relations programs, as well as the placement and allocation of the programs.

(f) The Fund will be used and expended for website development and maintenance, public relations, media costs, commissions, Internet marketing, market research costs, creative costs and production costs including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to advertising, promotional and public relations programs and initiatives undertaken by Franchisor. Franchisor reserves the right to place and develop such advertisements and promotions and to market on behalf of the System, either directly or through advertising agencies retained or formed for such purpose.

(g) The Fund will be accounted for separately from the other funds of Franchisor. The Fund may not be used to defray any of Franchisor's general operating expenses, except for any reasonable salaries that Franchisor may incur in activities reasonably related to the Fund's advertising and promotional programs (including, without limitation, conducting market research, managing programs supported by the Fund, and retaining outside agencies), and an administrative fee of 15% of the annual aggregate National Advertising Fees received by Franchisor. Any sums remaining in the Fund at the end of a fiscal year must carry over in the Fund to the next fiscal year.

(h) Franchisee acknowledges and agrees that the Fund is intended to maximize general public recognition and patronage of businesses for the benefit of the System as a whole, and that Franchisor undertakes no obligation in administering the Fund to ensure that any particular Franchisee benefits directly or pro-rata from the placement or conduct of such advertising and promotion.

(i) The Fund may not be used for any initiative intended solely to market the sale of franchises. Franchisee acknowledges and agrees, however, that certain activities supported by the Fund, including, without limitation, maintenance of the website, public relations activities, and community involvement activities, may include information about franchising opportunities.

(j) No interest on unexpended National Advertising Fees will be imputed for the benefit of or payable to Franchisee and no interest on Franchisor expenditures in excess of National Advertising Fees collected will be imputed for the benefit of, or payable to, Franchisor.

(k) Franchisor will determine the cost, form of media, content, format, production, timing, location (including regional or local concentration and seasonal exposure) and all other matters relating to advertising, public relations, and promotional campaigns.

(l) On or before March 31 of each year, if requested in writing by Franchisee, Franchisor will deliver to Franchisee a summary statement of receipts and expenditures of the Fund relating to the preceding calendar year, certified to be correct by an officer of Franchisor.

4.5 Technology Fee

Throughout the Term of this Agreement, Franchisee will pay Franchisor, in advance, a monthly Technology Fee in the amount specified in the Manual. The Technology Fee is applied towards the cost of operating, upgrading and supporting Franchisor's technology platforms including the CRM System, required computer hardware and software, hosting services and solutions, and any other technology used in the operation of the Franchised Business. Because changes to technology are dynamic and not predictable within the Initial Term, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, the Technology Fee is subject to change from time to time. Payments of Technology Fee are not refundable.

4.6 Convention Fee

Franchisor may hold a convention of franchisees on an annual basis or at such other interval as Franchisor may from time to time determine ("Convention"). Franchisee will pay Franchisor a Convention registration fee ("Convention Fee") for one individual to attend Convention. The amount of the Convention Fee will vary depending upon the location of the city and venue where the Convention will be conducted. The Convention Fee does not cover the costs associated with travel, lodging or other miscellaneous expenses associated with the Convention. Convention Fees for additional persons attending Convention will be collected at time of registration. If Franchisee does not attend Convention, the Convention Fee is still payable.

4.7 Means and Time of Payment

Franchisee must authorize Franchisor to withdraw Continuing Royalty fees, National Advertising Fees, Technology Fees and all other fees due under this Agreement directly from Franchisee's bank account. Funds to cover fees must be available for withdrawal from Franchisee's bank account from the first day of each month in which payment is due. Franchisee must immediately make arrangements with its bank to authorize these withdrawals. Franchisee must sign any document required by Franchisor to enable its payment to Franchisor of Continuing Royalties, National Advertising Fees, Technology Fees and any other ongoing fees by electronic funds transfer, pre-arranged draft, sweep of its bank account or any other method of funds transfer, at Franchisor's option.

4.8 Late or Insufficient Funds Fee

Late or dishonored payments or payments not paid in full due to insufficient funds will be subject to a late or insufficient funds fee in the amount specified in the Manual.

4.9 No Accord or Satisfaction

If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due under this Agreement, the payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No statement on any payment or in any letter accompanying any payment or elsewhere will constitute or be construed as an accord or satisfaction.

4.10 Fees for Optional Referrals

Unless Franchisee has advised Franchisor in writing of its election not to participate in a particular referral program, Franchisee must pay the referral fees required by the program for any customer referrals Franchisee receives from the program. All referral fees payable as a result of Franchisee's participation in a particular referral program managed by Franchisor are payable to Franchisor at the times specified for the program, but no more frequently than monthly.

4.11 Consumer Price Index

Each fixed amount payable under this Agreement may be increased on April 1 annually by the increase, if any, in the Consumer Price Index for All Urban Consumers for the prior year ended December 31.

5. TERM

5.1 Initial Term

The initial term of this Agreement ("Term") is ten (10) years from the Operating Date, unless sooner terminated under the provisions of this Agreement.

In the event this Agreement is executed in connection with a renewal of an existing franchise agreement or with the grant of a second additional term, Section 5.2 below is deemed deleted and is of no force or effect.

5.2 Additional Term

(a) Subject to the terms and conditions contained in this Section 5.2, Franchisee may extend its franchise relationship for two additional five-year terms, upon the following conditions:

- (i) Franchisor will notify Franchisee of the expiration date of the Term of this Agreement and will transmit to Franchisee a copy of its then current franchise agreement and franchise disclosure document approximately 180 days before the expiration of the Term.
- (ii) After receipt by Franchisee of the then current franchise agreement complete in all material respects, but not later than 30 business days after receipt by Franchisee of the notice, franchise agreement and disclosure document, Franchisee will sign and return the then current franchise agreement. Upon receipt, Franchisor will sign one copy and return it to Franchisee. The new agreement will become effective concurrently upon expiration of the Term of this Agreement. If Franchisee fails or refuses to sign and return to Franchisor the new franchise agreement within the time frame stated in this Section, all of Franchisee's rights and options to enter into an additional franchise agreement will expire.
- (iii) Franchisee will pay a \$5,000 renewal fee at the time the new franchise agreement is signed by Franchisee.

connection with, the Marks which may be created by Franchisee, its employees, agents and subcontractors and any other party with whom Franchisee contracts to have the Materials produced will become the sole property of Franchisor, including copyright and trademark rights, and Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors, and any other party with whom it may contract to have the Materials produced, to promptly sign any and all appropriate documents in this regard. Franchisee agrees to join with Franchisor in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee will consent in writing to the cancellation and will join in any cancellation petition. The expense of any of the foregoing recording activities will be borne by Franchisor.

(b) Franchisor has advised Franchisee that the name "LIGHTSPEED RESTORATION™" may have been used by other people in the conduct of Restoration and Remediation Services businesses prior to Franchisor's registration of its Mark and that those prior users may have the legal right to continue to use the name "LIGHTSPEED RESTORATION™" in the geographical area in which they have used it. Franchisor has further advised Franchisee that the mechanisms for determining whether a particular trade name is being used by another person (i) vary substantially from locale to locale and Franchisor cannot assure Franchisee that the name "LIGHTSPEED RESTORATION™" is not currently being used in the Protected Territory; (ii) may require a search of local trademark and Mark registration records, fictitious business name filings, or both, or some other records maintained by city, county, or state agencies or entities; and (iii) may be imperfect and fail to reveal some protected uses. Franchisee understands that, before signing this Agreement and accepting the Protected Territory, Franchisee should have obtained advice from local counsel regarding the appropriate search and protection mechanisms and have conducted an appropriate search and investigation in the Protected Territory to determine whether there is any prior user of the name "LIGHTSPEED RESTORATION™".

(c) The name "LIGHTSPEED RESTORATION™" may be in use by other businesses in the United States who are not Franchisor's franchisees or in any way affiliated with Franchisor. Franchisee acknowledges that Franchisee is responsible for finding out whether the name "LIGHTSPEED RESTORATION™" is already being used in the Protected Territory. As a material part of the consideration for Franchisor's grant of a franchise to Franchisee, Franchisee waives any claim that Franchisor is liable to Franchisee for damages or losses resulting from any prior use of the name "LIGHTSPEED RESTORATION™" by anyone else. Nothing in the preceding sentence, however, will be considered to limit a party's respective obligations under 6.6 below.

6.2 Acts in Derogation of the Franchisor's Rights

(a) Franchisee agrees that the Marks are the exclusive property of Franchisor. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership by virtue of Franchisee's licensed use of the Marks or otherwise. Ownership and title of the Marks and Franchisor's manuals, bulletins, instruction sheets, forms, methods of operation, and goodwill are and will remain vested solely in Franchisor, and Franchisee's right of use is only co-extensive with the Term of this Agreement. Franchisee acknowledges that the materials and information now and from now on provided and/or revealed to Franchisee under this Agreement (including the contents of the Manual) are confidential trade secrets of Franchisor and are revealed in confidence, and Franchisee will keep and respect the confidences so reposed, both during and

documents necessary, in

unique address assigned to each page of a Web site) at any level or address; or (iii) on or in connection with any Internet home page, Web site, bulletin board, newsgroup, chat-group, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet- related activity, without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time. Franchisee may not link to or frame any part of Franchisor's Web site (including the Franchisee Page, if any) to any other Web site or authorize any third party to link to or frame any part of Franchisor's Web site (including the Franchisee Page, if any) without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time.

(b) Except as provided below, Franchisee may not use, nor authorize any third party to use, the Marks to advertise, promote, offer, or sell any goods or services through the Internet, if those goods or services are the same as or similar to those (i) which are offered at or from the Franchised Business; (ii) which bear any of the Marks; or (iii) which are otherwise offered or sold under the Marks. Franchisee may, however, use the Marks to sell goods or services through the Internet in compliance with the Manual or with Franchisor's prior written consent, but then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time.

(c) Franchisor is the owner of, and will retain all right, title, and interest in and to the domain name "LIGHTSPEED RESTORATION™", the URL: www.lightspeedrestoration.com, all existing and future domain names, URLs, addresses and subaddresses (including the Franchisee Page subaddresses), all computer programs and computer code (e.g., HTML, Java) used for or on Franchisor's Web site, excluding any computer programs and computer code owned by third parties (collectively, "Software"), all text, images, sounds, files, video, designs, animations, layout, color schemes, trade dress, concepts, methods, techniques, processes and data prepared for, used on or in connection with, displayed on, or collected from or through Franchisor's Web site (collectively, "Content"), and all intellectual property rights in or to any of them.

6.8 Use of Marks in Social Media

(a) Franchisee may not promote the Franchised Business or use the Marks in any manner on any social media site existing now or in the future (including, without limitation, on blogs, vlogs, Facebook, LinkedIn, Twitter, Instagram, Flickr, Tumblr, Pinterest, Google+, Vine and Snap Chat) or on file-, audio- or video-sharing sites, other than in accordance with Franchisor's written standards. Franchisor has final authority over all social media marketing, and Franchisee must comply with Franchisor's brand standards regarding use of social media in the operation of the Franchised Business. Franchisee may not post communications about the Franchised Business or the System that would disclose the System's confidential or proprietary information, violate any relevant laws, regulations or guidelines or violate the terms of use imposed by the social media site. Franchisee may not post communications about the Franchised Business or the System on any public-facing social media site that is not authorized by Franchisor for use by Franchisee. Franchisee must ensure that policies it adopts for its employees' social media use are consistent with the requirements for social media advertising set forth herein.

(b) Franchisor is under no obligation to provide Franchisee with access to branded social media pages or other social media assets. Any social media pages or other social media assets that Franchisor, in its sole discretion, chooses to make available to Franchisee will be provided only on condition that Franchisee updates them regularly. Any such social media pages or other social media assets maintained by Franchisee shall be deemed “advertising” and shall be subject to all terms of this Section 6.8. Franchisor has the right, but not the obligation, to conduct social media campaigns on behalf of all, or any subset of, Franchisees via local social media.

6.9 Copyrights

(a) Franchisee acknowledges that Franchisor owns the worldwide copyrights and other intellectual property rights to all components of the System that are original works of authorship subject to copyright, including, without limitation, the Manual, marketing materials, website text, artwork, photographs, musical compositions, sound recordings, audiovisual works, computer software, and architectural designs (collectively, the “Copyrighted Materials”). Franchisee acknowledges and agrees that it may not make translations, copies, adaptations of or modifications to the Copyrighted Materials without the prior written consent of Franchisor.

(b) Neither this Agreement nor the operation of the Franchised Business in any way gives Franchisee any interest in the Copyrighted Materials other than the right to use the Copyrighted Materials solely in connection with the Franchised Business, solely in accordance with the terms and conditions of this Agreement and solely during the term of this Agreement.

(c) Franchisee acknowledges that Franchisor will own the copyrights and all other rights to translations, modifications and adaptations of or to the Copyrighted Materials made by Franchisee from time to time. Franchisee hereby assigns to Franchisor its copyrights and economic rights and waives any moral rights and similar rights with respect to the translated, modified or adapted Copyrighted Materials, and agrees to execute any and all instruments and documents, render such assistance and perform such acts and things as may, in the opinion of Franchisor, be necessary or advisable in the furtherance of such assignment and waiver. Franchisee will require the same assignment, waiver and covenant in favor of Franchisor by Franchisee's officers and employees and by any independent contractors or other third parties who translate, modify or adapt the Copyrighted Materials.

7. TRAINING AND INITIAL AND ONGOING ASSISTANCE

7.1 Initial Training

(a) Unless the Initial Franchise Fee was waived under Section 4.1, immediately before the Operating Date, Franchisor will provide training to Franchisee's Manager in the System, including instruction in Approved Products and Services and other aspects of the Franchised Business, and Franchisor's policies and procedures (“Initial Training”). Franchisor will determine the duration of and the time(s) and place(s) at which the Initial Training will be conducted. The Manager must complete Initial Training before the Operating Date and within one hundred eighty

(180) days from the date this Agreement is fully executed. Franchisor will provide the Initial Training to additional responsible management people as requested by Franchisee, subject to the provisions of Section 7.3. Before beginning the Initial Training, the Manager must deliver to Franchisor a signed confidentiality agreement in the form from time-to-time included in the

(b) Franchisor will provide Franchisee with a \$1,000 travel voucher to attend initial training. Franchisee is responsible for all costs of transport, accommodation, meals and incidental expenses in excess of \$1,000.

7.2 Proprietary Materials

At Initial Training or other training programs (if any), Franchisor will provide to Franchisee proprietary information for use in connection with the training of Franchisee's staff. At Initial Training, Franchisor will grant Franchisee electronic access to the Manual for Franchisee's use during the Term of this Agreement. Franchisor may also from time to time make available to Franchisee for purchase certain materials relevant to the System and the Franchised Business. Franchisee may not, and may not allow its employees or others, to copy, reproduce, disseminate, or otherwise reveal to third parties any of the foregoing proprietary information and related materials without Franchisor's express prior written consent.

7.3 Additional Attendees

Provided there is sufficient room in an Initial Training class, Franchisor will allow additional responsible management people designated by Franchisee to attend Initial Training. People attending Initial Training must have a demonstrable relationship to the management and operation of the Franchised Business by Franchisee. Prior to beginning training, each person must deliver to Franchisor a signed confidentiality agreement in the form from time-to-time included in the Manual. Franchisor will not assess a training fee for Franchisee and Franchisee's Manager. Franchisor reserves the right to assess a reasonable charge, not to exceed \$150 per day per person, for training additional attendees. At Franchisor's discretion, any additional trainees may not be allowed to participate in field trips or vendor visits during the Initial Training.

7.4 Initial Supplies

Franchisor will provide Franchisee with a list of all items and equipment needed to open the Franchised Business, along with the proprietary list of Approved Suppliers for those items (as applicable), with which Franchisee must comply.

7.5 Initial Marketing and Opening Assistance

Franchisor and/or its designated vendors will provide Franchisee initial marketing and opening assistance. These services may include assistance and coordination in connection with initial lead generation programs, start-up assistance and other coaching and support, which Franchisor (or its designee) will provide as Franchisor deems appropriate in its discretion. Franchisor shall also conduct a launch visit prior to the opening of the Franchised Business.

7.6 Staff Training

Franchisee and the Franchisee's management personnel attending Initial Training are responsible for training Franchisee's other staff and other management personnel in connection with their respective roles/positions at the Franchised Business. Franchisee may utilize certain of Franchisor's confidential information and proprietary materials, including the Manual, when conducting training but only to the extent necessary to conduct such training and only pursuant to Franchisor's confidentiality terms and conditions.

7.7 Ongoing Assistance

Franchisor may provide Franchisee continuing consultation and advice, as Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication, on-site visits, CRM, or other means.

7.8 On-Site Assistance

If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance at Franchisor's then-current training fee, plus expenses, including Franchisor's travel and lodging expenses, as Franchisor deems necessary in its sole discretion. Franchisor may also use the Manual to provide some self-serve training materials.

7.9 Staff Training Courses

(a) Franchisor may make available to Franchisee, from time to time, optional staff training courses, seminars, conferences, or other programs, in a suitable location in Franchisor's discretion. Franchisor may charge a reasonable fee for such optional courses. Franchisor reserves the right to exclude prospective trainees from any further training courses who have not attended prerequisite Franchisor training courses.

(b) Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at training courses, seminars, conferences, or other programs other than Initial Training that are considered by Franchisor to be relevant or appropriate to the successful operation of the System. Franchisor will charge no fees for such required training courses, seminars, conferences, or other programs.

(c) In connection with any staff training courses described in this Section 7.9, Franchisee will pay the travel, hotel and meal expenses for Franchisee's attendees.

7.10 Convention

Franchisor may, at its option, hold a convention or meeting of franchisees annually or at such other interval as Franchisor shall determine. Franchisee will pay the Convention Fee set forth in Section 4.6 and the travel, hotel and meal expenses for Franchisee and Franchisee's attendees.

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8. OPERATION OF BUSINESS

8.1 Franchisee Operational Requirements

(a) Opening Requirements. Franchisee shall open and commence operating the Franchised Business by the Operating Date. In addition to any other pre-opening obligations set forth in this Agreement, Franchisee is required to complete the following prior to commencing operations: (i) obtain all required licenses, certifications, permits and other governmental approvals necessary to operate the Franchised Business in the Protected Territory, and provide Franchisor with written proof thereof; (ii) purchase all required vehicles, equipment, supplies, and inventory in accordance with Franchisor's standards and specifications and, if appropriate, from Franchisor's Approved Suppliers, that Franchisee is required to purchase prior to opening; (iii) attend and successfully complete Franchisor's Initial Training Program as described in this Agreement, as well as any other pre-opening training Franchisor may prescribe; and (iv) provide Franchisor with any and all documents and information necessary for Franchisor to effectuate the EFT Program to automatically withdraw all payments due and owing Franchisor and its affiliates under the Franchise Agreement.

(b) Bank Deposits. Franchisee shall deposit all revenues from the Franchised Business into a bank account dedicated to the Franchised Business.

(c) Hours of Operation. Franchisee must operate the Franchised Business for at least those days and number of hours Franchisor specifies in the Manual. Notwithstanding the foregoing, Franchisee must be capable of responding to emergencies 24 hours per day/7 days per week/365 days per year.

(d) Call Center. Franchisee must comply with Franchisor's procedures for using the Call Center as Franchisor specifies in the Manual or otherwise in writing, including any fees Franchisee must pay in connection with administering and maintaining this service. Franchisor has the absolute right to receive all customer calls to the Franchised Business, and subsequently service, route and/or assign any work orders or inquiries resulting from such calls as it deems advisable in its sole discretion, regardless of whether the customer is located within Franchisee's Protected Territory. All Lightspeed Restoration-related phone numbers and internet lead sources are required to be ported to or directed to Franchisor.

(e) Maintenance of Premises and Project Sites. Franchisee must maintain the Franchised Business and all project sites in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Agreement and the Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

(f) Personnel/Staffing. Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the Franchised Business during working hours shall dress conforming to Franchisor's standards and shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the customers of the Franchised Business.

Franchisor and Franchisee are not joint employers of Franchisee's employees and other personnel. Franchisor does not and will not share or codetermine any of Franchisee's employees' essential terms and conditions of employment. More specifically, in no case does Franchisor have any authority to determine or set Franchisee's employees': (1) wages, benefits, and other compensation; (2) hours of work and scheduling; (3) the assignment of duties to be performed; (4) the supervision of the performance of duties; (5) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) the tenure of employment, including hiring and discharge; and/or (7) working conditions related to the safety and health of employees. Franchisee alone has sole authority to determine any or all of Franchisee's employees' essential terms and conditions of employment. Franchisee will indemnify Franchisor (under Section 13.3, below) for any actual or alleged claim that Franchisor and Franchisee are joint employers of any Franchisee employee or personnel and all claims arising out of or relating to Franchisee's employees and Franchisee's hiring, firing, and discipline decisions concerning those employees.

(g) Compliance with Manual and Training of Employees. Franchisee agrees to conduct the Franchised Business in accordance with the Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Manual, and shall continue such training and instruction as long as each employee is employed. The Manual shall set forth the practices, procedures and methods to be utilized in the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed as part of Franchisor's System.

(h) Management Participation. Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation or partnership) must devote his or her personal full-time attention and best efforts to the management and operation of the Franchised Business. Upon Franchisee's written request, Franchisor may permit Franchisee to employ a manager to manage the day-to-day operations of the Franchised Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by Franchisor in writing prior to hiring; and (ii) successfully completes Franchisor's Initial Training Program before assuming any managerial responsibility. The Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program as set forth in Section 7.1. In the event that Franchisee operates more than one Franchised Business, Franchisor may require Franchisee to have a properly trained Designated Manager who has been approved by Franchisor at each location. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Designated Manager of the Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated from the Franchised Business, the replacement must be trained pursuant to Franchisor's then-current standards. The new Designated Manager must successfully complete training within thirty (30) days of hiring. Franchisor reserves the right, without the obligation, to train the new Designated Manager directly. Franchisee and any Designated Manager(s) are not permitted to maintain other employment or engage in any other business activities during the term of this Agreement.

(i) Working Capital. Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

(j) Inventory. Prior to commencement of operations, Franchisee shall adequately

supply the Franchised Business with representative vehicles, supplies, equipment and inventory as

prescribed by the Franchisor, and any other items of the type, quantity and quality as specified by the Franchisor. Franchisee must, at all times, maintain sufficient levels of inventory, including Franchisor's proprietary products and other equipment and supplies used at project sites, as required by Franchisor to adequately meet consumer demand.

(k) Products with Proprietary Marks. Franchisee shall in the operation of its Franchised Business, use and display labels, forms, vehicles, supplies, equipment and inventory imprinted with the Proprietary Marks and colors as prescribed by the Franchisor.

(l) Market Research. Franchisor may, from time to time, conduct market research and testing to determine the viability of new products and services. Franchisee must cooperate by participating in such programs and by purchasing and promoting the sale of such test products and services, if required by the Franchisor.

(m) Customer Service. Franchisee must comply with any standards, specifications or methodologies that Franchisor establishes in the Manual or otherwise in writing regarding customer service requirements, warranties on any Approved Products or Services offered or sold by the Franchised Business, refund policies and other standards and specifications.

(n) Customer Relations. Except as otherwise specified by Franchisor in the Manual or otherwise, Franchisee must immediately resolve any customer complaints regarding the quality of the products and services of the Franchised Business or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee must use reasonable efforts to resolve the customer complaints as soon as practical. If Franchisor determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor believes that Franchisee has failed adequately to address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee must pay Franchisor immediately on demand.

(o) Standard Maintenance and System Conformity. Franchisee agrees to repair, refinish, replace, and/or otherwise refurbish the Franchised Business's Computer System, POS System, Required Software, vehicle(s), trailer(s), equipment, tools and the Approved Location's furnishings, fixtures, decor, and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Approved Location in the manner necessary to bring it into conformance with other franchises of the type Franchisor's franchisees are opening at the time of such direction. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Approved Location or its vehicles or equipment, does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate curative action within fifteen (15) days after receipt of such notice, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Approved Location and effect such maintenance on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

(p) Taxes. Franchisee will pay any and all personal property, income, sales, use, excise, ad valorem, and other taxes, regardless of source or nature, which may be imposed, levied, assessed, or charged on, against, or in connection with, the Franchised Business or any product or

service sold or furnished by Franchisee under this Agreement or otherwise, by any federal, state,

county, municipal, or other governmental agency or subdivision which may have jurisdiction over the Franchised Business or the products or services offered in connection with it.

8.2 Purchasing Requirements

(a) Compliance with Standards. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Manual and any revisions or amendments to same. Franchisee shall use the furnishings, supplies, fixtures, equipment, computer hardware and software, product samples and promotional materials that comply with Franchisor's then-current standards and specifications, which Franchisor will establish and modify from time to time at Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

(b) Designated and Approved Suppliers. Franchisee must use Franchisor's designated suppliers to purchase any items and/or services necessary to operate the Franchised Business. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase product samples and other supplies, services, furnishings, fixtures, computer hardware and software, and other equipment from Franchisor or from approved or designated suppliers as Franchisor shall specify, from time to time, in the Manual and otherwise in writing (each an "Approved Supplier"). Franchisee hereby acknowledges that Franchisor, Franchisor's affiliates and/or a third party may be one of several, or the only, Approved Supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit or otherwise derive revenue on any products or services that Franchisor, Franchisor's affiliates or Franchisor's Approved Suppliers supply and/or provide to Franchisee. Franchisor has the irrevocable right to modify, supplement or otherwise change its lists of Approved Suppliers and any items that must be purchased from such Approved Suppliers at any time, as Franchisor deems advisable in its sole discretion. Franchisor may provide Franchisee with notice of such modifications to these lists via the Manual or any other manner Franchisor deems appropriate.

(c) Supplier Approval. In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole, as well as the maintenance of Franchisor's Confidential Information. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers.

- (i) Franchisee, or the proposed supplier, must pay Franchisor in advance for Franchisor's reasonable costs that Franchisor estimates it will incur in connection with inspecting the alternate supplier, its facilities, and/or the previously non-approved item(s) proposed by Franchisee. If the costs Franchisor incurs are more than the amount Franchisee or the proposed supplier advanced, then Franchisor may withdraw additional funds through the EFT Program from Franchisee's designated bank account for the difference, or if the actual amount Franchisor incurs is less than the amount of the advancement, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.
- (ii) Franchisor will notify Franchisee in writing if Franchisee's request is approved within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied.
- (iii) Franchisor may, but is not obligated to, provide Franchisee's proposed supplier or provider with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement.
- (iv) Each supplier that Franchisor approves of must comply with Franchisor's requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract.
- (v) Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier.

(d) System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that Franchisee is required to purchase from only that supplier (each a "System Supplier"). These System Suppliers may provide, among other things, supplies, marketing services, fixtures, technology, software, and equipment, all in accordance with Franchisor's proprietary standards and specifications, or private label goods that Franchisor has authorized and prescribed for sale by System franchisees. Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due. Franchisee must use products purchased from Approved Suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose.

8.3 Authorized Products and Services

Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products or services for sale without having received Franchisor's prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory, as specified in the Manual, to adequately satisfy consumer demand. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees. In the event Franchisee wishes to offer any Approved Products or Services that Franchisor indicates requires additional training or certification from Franchisor or its designee, then Franchisee must complete such training and/or obtain such certification, at Franchisee's sole expense, prior to providing these specialized Approved Products and Services. Without limitation, fire remediation services require additional training and certification from Franchisor before such services may be performed. Franchisee will generally not be permitted to undertake such additional training until Franchisee has operated the Franchised Business for one year and has attained all certifications that Franchisor designates as prerequisites to such additional training. Franchisor may also require Franchisee to have achieved a certain level of Gross Revenue from the Franchised Business before being eligible to offer fire remediation services.

8.4 Computer Software and Hardware

(a) CRM System. The CRM System will be managed and maintained by either Franchisor, a third-party company selected by the Franchisor, or a combination of both. The CRM System includes software that manages customer / Franchisee / Franchisor interactions from demand generation and lead intake through invoicing and collections, Franchisor's websites, telematics, including GPS, and the Call Center, to which Franchisee is required to forward any and all calls made to the Franchised Business (and all telephone numbers associated therewith) so that Franchisor can receive/route/assign these customer calls through the CRM System as set forth more fully in this Agreement. Franchisee will have access to the CRM System through a unique login.

The CRM System is provided on an "AS IS" and "AS AVAILABLE" basis. Franchisor does not covenant any level, quality, continuity or standard of operation for the CRM System, or covenant that the CRM System will be free from defaults, viruses or other harmful components, operate on a continuous or uninterrupted basis, or provide secure access to the CRM or services provided thereby.

FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR WARRANTIES REGARDING THE QUALITY, ACCURACY, TIMELINESS, AVAILABILITY, SUITABILITY, RELIABILITY OF ANY SERVICE, OR SECURITY, USEFULNESS, LACK OF VIRUSES OR OTHER HARMFUL COMPONENTS, OR WARRANTIES REGARDING COMPLETENESS OF THE CONTENT OF THE CRM SYSTEM, OR WARRANTIES WITH RESPECT TO THE USE OR AVAILABILITY OF ANY INFORMATION, DATA, ITEM, APPARATUS, METHOD OR PROCESS INCLUDED IN THE CRM SYSTEM, OR THAT SUCH WILL MEET THE FRANCHISEE'S REQUIREMENTS, OR BE ERROR FREE OR NOT INFRINGE ON THE RIGHTS OF OTHERS, OR THAT DEFECTS WILL BE CORRECTED.

(b) Computer System. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) a compatible “back office” computer system that complies with Franchisor’s standards and specifications and is capable of operating designated and Required Software as defined in Section 8.4(c); (b) the CRM System; (c) a custom and proprietary point of sale system (the “POS System”), if Franchisor makes such a POS System part of its proprietary operating system in the future; (d) accounting software; (e) software applications and programs; (f) printers and other peripheral hardware or devices; (g) archival back-up systems; (h) Internet access mode and speed; and (i) physical, electronic, and other security systems (collectively, the “Computer System”).

(c) Required Software. Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs that Franchisee must use in connection with any component of the Computer System, including Franchisor’s CRM System software (the “Required Software”), which Franchisee shall install at Franchisee’s expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee’s expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System.

(d) Compliance with Requirements. At Franchisor’s request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisee expressly agrees to strictly comply with Franchisor’s standards and specifications for all items associated with Franchisee’s Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee’s Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section 8.4(d) shall be at Franchisee’s sole cost and expense.

(e) Franchisor’s Access. Franchisor may require that Franchisee’s Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee’s Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor’s right to access the information and data on Franchisee’s POS system and Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol (“IP”) addresses and other information to facilitate Franchisor’s access to the data described in this Section 8.4 within thirty (30) days of opening the Franchised Business.

(f) Proprietary Software. Franchisor has a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the “Proprietary Software”). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business, and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Manual. This Proprietary Software will be Franchisor’s proprietary product and the information collected therefrom will be deemed Franchisor’s confidential information.

(g) Computer Network. Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor online; (ii) view and print portions of the Manual, including any updates or modifications thereto; (iii) download approved marketing materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this Section.

Because changes to technology are dynamic and not predictable within the Term, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees: (a) that Franchisor will have the right to establish, in writing, reasonable new standards to address new technologies and data security, whether published in the Manual or otherwise in writing, and that Franchisor has the right to implement those changes in technology into the System; and (b) to abide by Franchisor's new standards (and with Franchised Business audits conducted by Franchisor or its designee to confirm Franchisee's compliance) as if this Section, and other technology provisions in this Agreement, were periodically revised for that purpose.

8.5 Manual

(a) Prior to commencing operation of the Franchised Business, Franchisor will provide Franchisee with secure access to the Manual. The Manual will remain confidential and the property of Franchisor, constituting a trade secret of Franchisor, and may not be shared, loaned out, duplicated, distributed or copied in whole or in part in any manner. The provisions of the Manual constitute provisions of this Agreement as if fully set forth herein. Franchisor will have the right to add to and otherwise modify the contents of the Manual from time to time in writing in any manner, including through the Manual, email, Franchisor's website, or any other means. Franchisee must always follow the directives in the Manual, as they may be modified by Franchisor from time to time. Such compliance by Franchisee is necessary to protect the integrity and reputation of the System.

(b) Franchisor agrees that although the modifications to the Manual may be material in that they may have an effect on the operation of the Franchised Business, they may not conflict with or materially alter the terms of this Agreement.

(c) All additions, deletions, or modifications to the Manual will be equally applicable to all similarly-situated franchisees. The Manual, as modified or amended from time to time, will not alter Franchisee's fundamental status and rights under this Agreement. References to the Manual made in this Agreement, or in any amendments or exhibits to this Agreement, will be considered to mean the Manual as amended from time to time.

8.6 Local Area Marketing

(a) Franchisee must use best efforts to promote and advertise the Franchised Business and participate in any local marketing and promotional programs that Franchisor establishes from time to time. In addition to the National Advertising Fee, Franchisor requires that Franchisee invest the amount specified in the Manual on approved local marketing and promotion.

(b) Franchisee has the right to conduct such advertising and promotions of the Franchised Business as Franchisee in its reasonable discretion desires, provided that:

- (i) Franchisee must advertise and promote only in a manner that will reflect favorably on Franchisor, Franchisee, the Approved Products and Services and the good name, goodwill and reputation thereof;
- (ii) Franchisee must submit all proposed advertising and promotions to Franchisor for its approval, which approval may not be unreasonably withheld or unduly delayed. Franchisee may not use any advertising or promotions until Franchisor has given its written approval of such advertising or promotions; and
- (iii) Franchisee hereby acknowledges that all rights, including, without limitation, all intellectual property rights, in all advertising and promotional material prepared by or on behalf of Franchisor are and will at all times remain the property of Franchisor.

8.7 Regional Advertising and Promotional Cooperative

Franchisor may, in Franchisor's discretion, designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative is established applicable to the Franchised Business, Franchisee must participate in the Cooperative. The following provisions will apply to each Cooperative:

(a) Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

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

(c) No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 8.6(b)(ii);

(d) Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative; however, the Cooperative may, by a two-thirds majority vote of its members, require a Cooperative contribution in excess of the Local Marketing Requirement;

(e) Each member franchisee must submit to the Cooperative its respective contribution

together with such other statements or reports as Franchisor may require or as may be required by

the Cooperative with Franchisor's approval;

(f) Franchisor may grant to Franchisee, in its sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from Franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final; and

(g) Franchisor will have the power to require any Cooperative to be formed, changed, dissolved, or merged at any time.

8.8 Telephone Numbers

(a) Franchisor will procure and supply the main telephone number associated with the Franchised Business.

(b) If Franchisee procures any additional telephone numbers associated with the Franchised Business, Franchisee must forward any and all calls made to such telephone numbers to the Call Center so that Franchisor can receive, route and assign these customer calls through the CRM System as set forth more fully in this Agreement. Franchisee must enter into the Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names more particularly set forth at Schedule 2 if Franchisee procures additional telephone numbers.

(c) Upon termination of this Agreement, for any reason, Franchisor will retain or change the telephone number relating to the Franchised Business in its sole discretion and Franchisee will do all things necessary or appropriate to transfer the telephone number to Franchisor, including paying any outstanding accounts with any directories and telephone service providers, and will not provide a call forwarding or telephone number referral with respect to any retained or disconnected telephone number. Furthermore, upon termination, Franchisee will not indicate in any manner it was previously affiliated with Franchisor.

(d) Franchisor may impose other requirements concerning telephones and telephone numbers in the Manual. Among other requirements that may be imposed in the Manual, Franchisor may require that Franchisee utilize call tracking technology as prescribed by Franchisor.

8.9 Insurance

(a) General. Franchisee must maintain, at Franchisee's expense, in full force and effect throughout the term of this Agreement, the types of insurance and the minimum policy limits specified in the Manual. In determining and modifying such requirements, Franchisor agrees to use reasonable business judgment and only require such insurance and minimum policy limits that are reasonable and customary in the Restoration and Remediation Services industry. The insurance policy or policies must be in effect at least thirty (30) days prior to opening the Franchised Business or upon signing a lease agreement for the Approved Location. The insurance policy or policies must protect Franchisee, Franchisor, and Franchisor's past, present, and future officers, directors, owners, managers, members, stockholders, affiliates, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising out of or occurring upon or in connection with the condition, operation, use, or occupancy of the Franchised Business and the Approved Location. Franchisee shall name Franchisor and its Affiliate, Loss Control and Recovery, LLC, as additional insureds under each policy, except for policies required by statute in Franchisee's

jurisdiction, including, but not limited to, workers²!

compensation and employer's liability insurance policies. Franchisor reserves the right to amend, modify, and/or supplement additional types of coverage and/or increase the required minimum amount of coverage upon providing Franchisee reasonable notice through the Manual or otherwise in writing by Franchisor. Franchisee's obligation to obtain coverage is not limited in any way by insurance that Franchisor maintains. Upon Franchisor's request or as specified in the Manual, Franchisee shall provide Franchisor with certificates of insurance evidencing the required coverage and any other documentation in connection therewith.

(b) Insurance Rating, Approval, and Certification. All insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Report. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Approved Location or by any of Franchisee's lenders or equipment lessors, and such workers' compensation insurance as may be required by applicable law. Franchisee must deliver a certificate of insurance to Franchisor at least twenty (20) days prior to opening the Franchised Business and ten (10) days prior to any renewal of the required policies, as evidence that all insurance requirements have been met. All insurance policies held by Franchisee will be primary to any policy or policies held by Franchisor or its Affiliates.

(c) Designees. All liability policies will list Franchisor and its Affiliate, Loss Control and Recovery, LLC, as additional insureds except the Employment Practices Liability policy where Franchisor and Loss Control and Recovery, LLC will be named as co-defendants. The Commercial General Liability policy shall contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates, and will be primary and non-contributory to any insurance Franchisor might carry. Franchisor reserves the right to modify required insurance coverage during the course of this Agreement based on changes in risk factors with which Franchisee will comply upon written notice from Franchisor.

(d) Claims Cancellation. Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours of Franchisee's receipt of said claims or cancellations. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certificate of insurance which demonstrates compliance with this Section 8.9.

(e) Failure to Maintain Insurance. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and a reasonable administrative fee for the costs incurred in connection with Franchisor obtaining the insurance.

(f) Modification of Requirements. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice and promptly supply Franchisor with a certificate of insurance evidencing the modification.

8.10 Reporting, Data, Records and Rights of Inspection

(a) Franchisor may, from time to time, specify in the Manual or otherwise in writing the information that Franchisee will collect and maintain on the Computer System (as defined in Section 8.4(b)), and Franchisee will provide to Franchisor such reports as Franchisor may from time to time prescribe in the Manual. Without limiting the generality of the foregoing, Franchisee must maintain, for at least ten (10) fiscal years from their preparation, full, complete and accurate records of all sales, marketing activities, contracts, estimates, authorizations, receipts, payroll and accounts payable and any other documents and records used in connection with the Franchised Business, in accordance with the standard accounting system described by the Franchisor in the Manual or otherwise specified in writing. Franchisee must also provide Franchisor with complete financial records for the operation of the Franchised Business as described in this Section 8.10 in accordance with generally accepted accounting principles. All data pertaining to the Franchised Business, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from, Franchisee's Computer System) is and will be owned exclusively by Franchisor without compensation to Franchisee. Copies and originals of such data must be provided to Franchisor on Franchisor's request. Franchisor by this Agreement licenses use of such data back to Franchisee for the Term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the Franchised Business.

(b) Franchisee will submit monthly Gross Revenue reports by the fifth day of the month for the immediately preceding calendar month in the form and via the method prescribed by Franchisor from time to time in the Manual or otherwise in writing.

(c) Franchisee will submit monthly profit and loss statements by the fifth day of the month for the immediately preceding calendar month in the form and via the method prescribed by Franchisor from time to time in the Manual or otherwise in writing.

(d) Franchisee will maintain during the Term, and for a period of 36 months following expiration or termination of this Agreement for any reason, complete and accurate records of all Gross Revenue, in the form and manner specified by Franchisor in the Manual. Franchisee shall perform timely reconciliation of all Gross Revenue and profit and loss statements and provide copies to Franchisor on request. Franchisor shall have the right to inspect or audit, or cause to be inspected or audited the financial books, records, bookkeeping and accounting records, documents or other materials (collectively, "Documents") in respect of the Franchise Business, including the right, without limitation, to have a person on the premises to check, verify and tabulate Gross Revenue, and/or to examine and make copies of all accounting and business records and procedures. Franchisor may require electronic records be provided in lieu of an in-person inspection or audit. If required by Franchisor, Franchisee will also provide Franchisor, at Franchisee's sole cost and expense, with a certification from Franchisee's accountant that the profit and loss statements and statements of Gross Revenue are true and correct. In the event that any such audit or inspection shall disclose an understatement of Gross Revenue, Continuing Royalty or other material financial information related to the Franchised Business, Franchisee shall pay to Franchisor, within fourteen (14) days after receipt by Franchisee of the inspection or audit report, the Continuing Royalty and other sums due on account of such understatement. Further, if such audit or inspection is made necessary by the failure of Franchisee to furnish Documents as herein required, or if it is determined by any such audit or inspection that

Franchisee's records and

procedures were insufficient to permit a proper determination of Gross Revenue for any year or part thereof to be made, or that Gross Revenue, Continuing Royalty or other material financial information for the period in question were understated by 5% or more of the Gross Revenue actually received, Franchisee shall immediately take such steps as may be necessary to remedy such default in accordance with any Franchisor requirement and Franchisee shall promptly pay to Franchisor all costs incurred in connection with such audit or inspection, including, without limitation, charges of an accountant and the travel expenses, room, board and compensation of employees of Franchisor or its designee who performed the audit or inspection. In the event any audit or inspection reveals any understatement of 5% or more of Gross Revenue, Franchisor has the right as it deems necessary to conduct further audits or inspections for up to two years thereafter, at Franchisee's expense for all costs and expenses of the subsequent audit or inspection. Franchisee acknowledges and agrees that if a subsequent audit or inspection reveals any understatement of Gross Revenues of 5% or more, in addition to any other available remedies, Franchisor will have the right to terminate this Agreement without any opportunity to cure in accordance with Section 10.2 of this Agreement. If Franchisee's records and procedures were insufficient to permit a proper determination of Gross Revenue, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Revenue for the period under consideration and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of the Continuing Royalty and other sums due on account of any understatement. Any such estimate shall be final and binding on Franchisee.

(e) Within two weeks of each calendar month end Franchisee will furnish Franchisor with a summary profit and loss statement in Franchisor's required form. Within 60 days after each of Franchisee's fiscal years end, Franchisee will furnish Franchisor with (i) a detailed profit and loss statement in Franchisor's required form together with a balance sheet for the Franchised Business for the previous fiscal year, (ii) a statement of gross sales for the previous fiscal year, and (iii) a list of Franchisee's business offices (including the addresses and telephone numbers of each), along with any further information Franchisor reasonably requests. All of the financial statements and information will be prepared according to the guidelines prescribed by Franchisor in the Manual, and will be certified by Franchisee, or in the case of a corporate Franchisee, by Franchisee's Chief Executive Officer or Chief Financial Officer, as being true and correct.

(f) Tax Returns. In addition to the information and materials set forth in Section 8.10(a), Franchisee agrees to maintain, and furnish to Franchisor within thirty (30) days of filing: (i) complete copies of all federal, state and local tax returns, including those detailing income, sales, value added, use and service taxes, as well as employee withholding, workers' compensation, and similar reports filed by Franchisee reflecting financial activities of the Franchised Business; and (ii) Franchisee's (or Franchisee's principals') personal federal, state and local tax returns.

(g) Franchisor may, at any time, use any financial report or statement, or any information derived from them, in aggregate form, as part of Franchisor's disclosure document or similar document.

8.11 Franchised Business Inspection

Franchisee agrees that, in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Franchised Business or attend a project site, confer with Franchisee and Franchisee's employees and customers, observe and evaluate Franchisee's sales techniques and operation methods, and perform any other

inspection which

Franchisor deems necessary to protect the standards of quality and uniformity of the System and Franchisee's performance under this Agreement, the Manual, and other standards and specifications required by Franchisor. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor. Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

8.12 Compliance with Laws

Franchisee will (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, some of which are subject of specific policies set forth in the Manual and which policies must be strictly adhered to; (ii) comply with all applicable wage and hour and other laws and regulations of the federal, state, or local governments; (iii) prepare and file all necessary tax returns; (iv) pay promptly all taxes imposed upon Franchisee or upon its business or property; and (v) at all times comply with the applicable licensing requirements if any, of a State Contractor's License Board (or its equivalent) and other appropriate organizations. Franchisee represents and warrants that it will obtain and maintain all necessary permits, certificates, and/or licenses necessary to conduct the Franchised Business in the Protected Territory. Franchisee will immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification will include all relevant details concerning the proceedings, according to the procedures described in the Manual.

8.13 Pricing

Franchisee is solely responsible for determining the prices of Approved Products and Services offered by the Franchised Business, however, Franchisee is required to comply with any maximum or minimum resale pricing restrictions Franchisor may implement so long as such pricing does not violate applicable law.

8.14 No Competing Businesses

(a) Franchisee acknowledges that, under this Agreement, Franchisee will receive valuable specialized training, trade secrets, and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of the System. Franchisee acknowledges that this specialized training, trade secrets, and confidential information provide a competitive advantage and will be valuable to Franchisee in the development and operation of the Franchised Business, and that gaining access to this specialized training, trade secrets, and confidential information is, therefore, a primary reason why Franchisee is entering into this Agreement.

(b) In consideration for this specialized training, trade secrets, confidential information, and rights, Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee will not during the Term, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any people, partnership, or corporation:

- (i) Divert or attempt to divert any business or customer of the Franchised Business to any "Competitor" (as defined below), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and

(f) Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

(g) Franchisee must require and obtain signing of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from its Manager. Additionally, at Franchisor's request, Franchisee will require and obtain signing of similar covenants to those identified in the preceding sentence from any personnel of Franchisee who have received or will have access to training from Franchisor. Franchisee will also require all people who Control Franchisee or who own (directly or indirectly) 10% or more of Franchisee to sign similar covenants. Any covenants required under this Section will be substantially in the form of this Section.

8.15 Franchisor's Web Site

(a) Franchisor has established and will maintain from time to time one or more sites on the Internet that may, among other things, facilitate orders, provide information about the System and the products and services that are offered at businesses operated under the Marks, and allow end-users to locate a nearby business operated under the Marks ("Franchisor's Web site"). Franchisor has sole discretion and control over the design and content of Franchisor's Web site. Franchisor may, at its sole option, from time to time, without prior notice to Franchisee: (i) change, revise, or eliminate the design, content, and functionality of Franchisor's Web site; (ii) make operational changes to Franchisor's Web site; (iii) change or modify the URL and/or domain name of Franchisor's Web site; (iv) substitute, modify, or rearrange Franchisor's Web site, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to, among other things, (A) comply with applicable laws, (B) respond to changes in market conditions or technology, and (C) respond to any other circumstances, (v) limit or restrict end-user access (in whole or in part) to Franchisor's Web site; and (vi) disable or terminate Franchisor's Web site without any liability to Franchisee.

(b) Franchisor may link Franchisor's Web site to the Web sites of third parties, including electronic service providers, Franchisor's Affiliates, and other providers of goods and services. Franchisor may also permit third parties to link (including links to interior pages of Franchisor's Web site, including the Franchisee Page) and frame Franchisor's Web site (including the Franchisee Page). Franchisor may place legal notices, disclaimers, Franchisor's Marks, corporate logos and slogans, advertisements, endorsements, trademarks, and other identifying information on Franchisor's Web site, all of which may be modified, expanded, or eliminated at Franchisor's option. Further, Franchisor may establish or participate in programs whereby Franchisor refers end-users to other Web sites, or Franchisor receives referrals from other Web sites. All consideration (monetary and non-monetary) received by Franchisor on account of the placement or sale of advertisements, endorsements, and sponsorships on Franchisor's Web site (including any Franchisee Page), and all consideration (monetary and non-monetary) received by Franchisor on account of affiliate programs, will belong only to Franchisor. Franchisor may also establish programs that encourage repeat visits to Franchisor's Web site by end-users.

(c) Franchisor's Web site may include one or more interior pages that identify LIGHTSPEED RESTORATION™ franchisees operating under the Marks, including the Franchised Business, by among other things, geographic region, address, telephone numbers, and other appropriate matters. Franchisor's Web site may also include one or more interior pages dedicated to franchise sales by Franchisor and/or relations with Franchisor's investors.

(d) Franchisor may, from time to time, establish one or more interior pages on Franchisor's Web site dedicated in whole or in part to the Franchised Business ("Franchisee Page"). Franchisor may permit Franchisee to customize or post certain information to the Franchisee Page, subject to Franchisee's compliance with the procedures, policies, standards, and specifications that Franchisor may establish from time to time. Any modifications (including customizations, alterations, submissions, or updates) to the content made by Franchisee for any purpose will be considered to be a "work made for hire" under the copyright laws, and therefore, Franchisor will own the intellectual property rights in and to the modifications. To the extent any modification does not qualify as a work made for hire as outlined above, Franchisee assigns those modifications to Franchisor for no additional consideration and with no further action required and will sign any further assignments as Franchisor may request.

(e) Without limiting Franchisor's general unrestricted right to permit, deny, and regulate Franchisee's participation on Franchisor's Web site in Franchisor's sole discretion, if Franchisee breaches this Agreement, or any other agreement with Franchisor or its Affiliates, Franchisor may disable or terminate the Franchisee Page and remove all references to the Franchised Business on Franchisor's Web site or redirect customer leads to other franchisees pursuant to Section 2.2(d) until the breach is cured.

(f) Franchisor has no control over the stability or maintenance of the Internet generally. As a result, Franchisor is not responsible for damage or loss caused by errors of the Internet. Furthermore, Franchisor is not liable for any direct, indirect, special, incidental, exemplary, or consequential damages arising out of the use of, or the inability to use, Franchisor's Web site or the Internet, including loss of profits, goodwill, or savings, downtime, or damage to or replacement of programs and data, whether based in contract, tort, product liability, or otherwise.

8.16 E-mail, Internet, Social Media and Other Media

(a) Franchisee must comply with Franchisor's requirements and policies (as described in the Manual or otherwise in writing) with respect to all digital media (including, but not limited to, Franchisor's web site) in connection with the Franchised Business and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, in social media or any other media, regarding the Franchised Business. Such activities include, without limitation, participation in any Internet blogs, vlogs or social media sites. Any such activities which are not expressly permitted in the Manual or otherwise in writing, or for which Franchisee has not previously received approval from Franchisor, will be subject to Franchisor's prior approval.

(b) Franchisee may advertise and promote the Franchised Business via social media, which must be comprised of pages, communications and content located on third party platforms using the Marks as specified by Franchisor (collectively, "Franchisee's Social Media"), provided that Franchisor is granted administrator access rights to Franchisee's Social Media. All uses of Franchisee's Social Media pages and communication channels and uses must be established in accordance, and at all times be in compliance with, the Manual.

(c) Franchisee agrees not to transmit or cause any other party to transmit consumer advertisements or solicitations by e-mail or other digital media without Franchisor's prior written consent as to: (a) the content of such advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement,

Franchisee agrees that it will be solely responsible for complying with any laws pertaining to sending e-mails,

including but not limited to the Controlling the Assault of Non-Solicited Pornography and Proprietary Marketing Act of 2003 (known as the CAN-SPAM Act of 2003).

(d) Franchisee must promptly discontinue any advertising or promotion using social media, whether or not previously agreed to by Franchisor, upon notice from Franchisor that it reasonably considers that such use of social media does not conform to the System standards. Upon the expiration or termination of this Agreement, Franchisee will assign ownership (to the extent Franchisor does not already own them) of all domain names, account names, handles, and user names used by Franchisee in its business under this Agreement and Franchisee will take all such actions as Franchisor reasonably requires to disassociate Franchisee from any such names and social media pages.

8.17 Franchisor Electronic Portal

(a) Franchisor may establish and maintain, at its option, either a series of "private" pages on Franchisor's Web site (described in Section 8.15) or electronic portal through either of which Franchisor, franchisees of Franchisor, and their respective employees may communicate with each other, and on or through which Franchisor may host or disseminate the Manual, updates to it, and other confidential information. Franchisor will have sole discretion and control over all aspects of the electronic portal, including the content and functionality of the electronic portal. Franchisor will have no obligation to maintain the electronic portal indefinitely, and may dismantle it at any time without liability to Franchisee.

(b) If Franchisor establishes an electronic portal, Franchisee will have the privilege to use the electronic portal, subject to Franchisee's strict compliance with the standards and specifications, protocols, and restrictions (collectively, "Franchisor Protocols²²⁾") that Franchisor may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous, or otherwise offensive language in electronic communications, (ii) communications between or among Franchisees that endorse or encourage breach of any franchisee's franchise agreement, (iii) confidential treatment of materials that Franchisor transmits via the electronic portal, (iv) password protocols and other security precautions, (v) grounds and procedures for Franchisor's suspending or revoking a Franchisee's access to the electronic portal, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the electronic portal. Franchisee acknowledges that, as administrator of the electronic portal, Franchisor can technically access and view any communication that any person posts on the electronic portal. Franchisee further acknowledges that the electronic portal and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

(c) Franchisee will establish and continually maintain (during all times that the electronic portal is established and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Manual) with the electronic portal that allows Franchisor to send messages to and receive messages from Franchisees, subject to the Franchisor Protocols.

(d) If Franchisee breaches this Agreement or any other agreement with Franchisor or its Affiliates, Franchisor may disable or terminate Franchisee's access to the electronic portal without Franchisor having any liability to Franchisee.

8.18 Change in Status Processing

Requests for (i) change of fictitious business name, (ii) changes in designated Manager or (iii) other changes in status as may be specified from time to time by Franchisor, will be made on the form as designated by Franchisor in the Manual.

8.19 National Accounts

Franchisee acknowledges that to competitively attract and effectively service National Accounts, Franchisor may need to establish policies governing the manner in which National Accounts will be serviced. Franchisee will comply with all National Account policies.

8.20 Vendor Allowances

Franchisee acknowledges and agrees that Franchisor shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, commissions, credits, monies, payments or benefits (collectively, “Allowances”) offered by vendors to Franchisor or its Affiliates based upon Franchisee's (and other franchisees') purchases of Approved Products and other goods and services. Franchisee acknowledges that such Allowances are additional consideration for the rights granted by Franchisor to Franchisee under this Agreement and that Franchisor has exclusive right, title and interest in and to any and all such Allowances. Franchisee further acknowledges that Franchisor is entitled to collect, retain and utilize any or all such Allowances without restriction (unless otherwise instructed by the vendor).

8.21 Privacy

(a) With regards to Privacy Information (defined below) Franchisee and Franchisor must comply with their obligations under applicable Privacy Law. “Privacy Information” means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver's license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer's interaction with an Internet Web site, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this Sub-section to create a profile about a consumer reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. “Personal Information” does not include publicly available information that is

from federal, state or local government records. "Publicly available" does not mean biometric information collected by a business about a consumer without the consumer's knowledge. "Privacy Law" means any local, state or federal data privacy or data security law or regulation.

(b) Use of Privacy Information. In no circumstances shall Franchisee or Franchisor ever sell the Privacy Information. Franchisee further agrees not to access, use or process the Privacy Information, except in the furtherance of its rights and obligations under this Agreement but at all times in compliance with Privacy Law. Franchisee shall be solely liable for any and all violations of Privacy Law that may arise from its failure to comply with this provision.

(c) Privacy Information Requests. To the extent Franchisor does not have the ability to address requests made under applicable Privacy Law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon Franchisor's request, provide reasonable assistance to Franchisor in responding to such requests.

(d) Audits. During the term of this Agreement, at Franchisor's request and subject to reasonable notice, Franchisee shall provide Franchisor with information sufficient to establish its compliance with the obligations set forth in this Section 8.21 and the applicable Privacy Laws.

8.22 PCI DSS Compliance

Franchisee must comply with the Payment Card Industry Data Security Standards (PCI DSS) as these standards may be revised and modified by the Payment Card Industry Security Standards Council (PCISSC) or such successor replacement organization, and/or in accordance with other standards as we may specify. In addition, you must submit annually to us a fully completed copy of your PCI Attestation of Compliance on the then-current PCISSC form or such successor or replacement form(s) and/or processes.

8.23 Nondisclosure and Confidentiality

Franchisee acknowledges that it has had no part in the creation or development of nor does it have any property or other rights or claims of any kind in or to any element of the System, the Marks or any matters dealt within the Manual. Franchisee also acknowledges that all disclosures made to Franchisee relating to the System, including, without limitation, the specifications, standards, procedures and the entire contents of the Manual, are communicated to Franchisee solely on a confidential basis and as trade secrets, in which Franchisor has a substantial investment and a legitimate right to protect against unlawful disclosure. Accordingly, Franchisee agrees to maintain the confidentiality of all such information during the term of this Agreement and at any time thereafter and may not disclose any portions of the Manual or any information whatsoever with respect to Franchisee's or Franchisor's business affairs or the System, other than as may be required to enable Franchisee to conduct its business. Franchisee further agrees not to use any such information in any other business or in any manner not specifically approved in advance in writing by Franchisor.

8.24 Minimum Gross Revenue Volume

Franchisee must achieve and maintain the minimum Gross Revenue volume as set forth in the Manual as it may be amended from time to time. Franchisor may terminate this Agreement if Franchisee fails to maintain the minimum Gross Revenue volume, but may take into account local economic conditions and/or extenuating circumstances that materially affect Gross Revenue volume and which, in the sole discretion of Franchisor, affects Franchisee's ability to meet the minimum Gross Revenue volume. The amount of minimum Gross Revenue volume shall not be construed or otherwise interpreted to be a financial performance representation or a statement or projection of the Gross Revenue for the Franchised Business.

9. ASSIGNMENT

9.1 Assignment by Franchisor

Franchisor may Transfer this Agreement, or all or any part of its rights, privileges, and obligations under this Agreement, to any other person, provided that, in respect to any Transfer resulting in the subsequent performance by the assignee of the functions of the Franchisor: (i) at the time Franchisor Transfers this Agreement, Franchisor reasonably believes that the transferee is financially responsible and economically capable of performing the delegated obligations of Franchisor; and (ii) the transferee of Franchisor expressly assumes and agrees to perform the obligations. Following the Transfer by Franchisor, Franchisor will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement.

9.2 Assignment by Franchisee

This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee (if Franchisee is an individual) or the people who directly or indirectly Control Franchisee or directly or indirectly own (in this context, an "Equity Holder") a beneficial interest in Franchisee (if Franchisee is person other than an individual), and the trust and confidence reposed by Franchisor in Franchisee and its Equity Holders. Franchisee and its Equity Holders each covenant to actively and substantially participate in the ownership and operation of the Franchised Business.

(a) Without the prior written consent of Franchisor and subject to Franchisor's right of first refusal provided for in Section 9.3, neither Franchisee nor any Equity Holder may Transfer any interest in Franchisee, this Agreement, or all or substantially all of the assets of Franchisee used in connection with the Franchised Business. As further clarification of the foregoing restrictions, Franchisee may not sub-franchise or attempt to sub-franchise this Agreement, or a portion but not all of Franchisee's rights under this Agreement, without the express prior written permission of Franchisor. Any Transfer or purported Transfer in violation of this Section will be void.

(b) Franchisor may withhold its consent to a sub-licensing of all or part of Franchisee's interest in the Agreement for any reason whatsoever in Franchisor's sole discretion. If Franchisee or any of its owners proposes to make any other form of Transfer, and if Franchisor elects not to exercise its right of first refusal (or if the right of first refusal is not applicable to the proposed Transfer, as provided in this Agreement), Franchisor may withhold or condition Franchisor's consent to any Transfer, as Franchisor deems appropriate, based on the circumstances of the

Transfer or otherwise. If Franchisor believes that the terms and conditions of any Transfer would not be in the best interests of the Franchisor, the proposed transferee or the LIGHTSPEED RESTORATION™ System, Franchisor may refuse to consent to such Transfer. Without limitation, Franchisor may consider the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the Marks, the System, or Franchisor, or any of Franchisor's Affiliates. Additionally, it will not be unreasonable for Franchisor to impose, among other things, the following conditions precedent to its consent to any Transfer:

- (i) The proposed assignee of the interest to be subjected to the Transfer will complete Franchisor's application for a franchise agreement, and Franchisee and the proposed assignee will fully disclose in writing all of the terms and conditions of the proposed Transfer.
- (ii) The proposed assignee(s) of the interest to be subjected to the Transfer demonstrate(s) that it has or they have the skills, qualifications, and economic resources necessary, in Franchisor's reasonable judgment, to conduct the business contemplated by this Agreement. Among other things, this may require the possession of certain skills and qualifications of the prospective transferee, including experience in or ability to learn the light environmental business, financial and operational skills and qualifications, economic resources, reputation and character of the prospective transferees, and the ability of the prospective transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement. Without limiting the generality of the foregoing, if a contractor's license is required in the state in which the Protected Territory is located, the proposed assignee or one or more of the principal officers, shareholders or directors of the proposed assignee must qualify for, and obtain, or otherwise obtain for the benefit of the Franchised Business such as through an employee of Franchisee, such contractor's license prior to the effective date of the Transfer.
- (iii) The proposed assignee of the interest to be subjected to the Transfer expressly assumes in writing for the benefit of Franchisor all of the obligations of Franchisee under this Agreement.
- (iv) If the proposed Transfer will result in a new Franchisee under this Agreement, the new Franchisee signs the then current form of Franchise Agreement being used by Franchisor and pays the then current initial franchise fee under the franchise agreement.
- (v) As of the date of the proposed Transfer, Franchisee is in full compliance with all of its obligations to Franchisor, whether under this Agreement or under any other agreement, arrangement, or understanding with Franchisor and pays the then-current initial franchise fee under the franchise agreement.
- (vi) Franchisee, assignee and each shareholder of a corporate assignee sign the then current form of Consent to Transfer and Assumption of Franchise

10.3 Termination Subject to Opportunity to Cure

Except for failure of the conditions listed in Section 10.2, above, or as otherwise expressly provided in this Agreement, Franchisee will have 30 days after Franchisor's written notice within which to cure any breach of this Agreement, and to provide evidence of the cure to Franchisor. If any default is not cured within that time period, or any longer time period that applicable law requires or that Franchisor specifies in the written notice, this Agreement and all rights granted by it will thereupon automatically terminate without further notice or opportunity to cure.

10.4 Description of Default

The description of any breach, default, or failure of a condition in any notice served by Franchisor upon Franchisee will in no way preclude Franchisor from specifying additional or supplemental breaches, defaults, or failures of conditions (including matters discovered after the termination is effective) in any action, arbitration, mediation, hearing, or suit relating to this Agreement or the termination of this Agreement.

10.5 Statutory Limitations

In spite of anything to the contrary in this Section 10, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties limits Franchisor's right to terminate this Agreement or requires longer notice periods than those stated in this Agreement, and if the parties are prohibited by law from agreeing to the shorter periods stated in this Agreement, then Franchisor will conform to the requirements of those laws and regulations, but only to the extent necessary to bring Franchisor's actions within the requirements of the law or regulation.

10.6 Alternative Remedies

In those circumstances under which Franchisor may terminate this Agreement, Franchisor may in its sole discretion: (a) redirect customer leads generated by Franchisor on Franchisee's behalf to other franchisees as contemplated in Section 2.2(d); and/or (b) grant to Franchisee, in lieu of immediate termination of this Agreement, (i) an extended period of time (not to exceed six months from the last day of the cure period otherwise applicable to the breach) to cure the breach which gave rise to Franchisor's right to terminate, (ii) an option to reimburse Franchisor up to \$1,000 for investigating the breach of this Agreement, or (iii) if the breach consists of the offer or sale of products or services in the territory assigned to another franchisee of Franchisor, require Franchisee to pay, as liquidated damages, and not a penalty, an amount equal to 100% of the total gross sales generated by sales in the other franchisee's territory (which shall be used in Franchisor's discretion to reimburse the other franchisee for the value of the business diverted, including lost goodwill, and to compensate Franchisor for its costs of investigating Franchisee's breach). Franchisee acknowledges that Franchisor's election to grant an extended cure period or to permit a reimbursement will not operate as a waiver of any of Franchisor's other rights under this Agreement.

10.7 Step In Rights

In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of the Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business.

11. DISPUTE RESOLUTION

11.1 Alternate Dispute Resolution

Except for the disputes described in Section 11.2 of this Agreement and except as otherwise specifically modified by this Section 11, any dispute between Franchisor and any of its Affiliates, on the one hand, and Franchisee and any of its Affiliates, on the other, arising out of, relating to or referencing this Agreement or its breach in any way, including any claim sounding in tort arising out of the relationship created by this Agreement, and any claim that this Agreement or any other of its parts is invalid, illegal, or otherwise voidable or void, is subject to the dispute resolution provisions described in Section 11 of this Agreement.

11.2 Disputes Not Subject To Alternate Dispute Resolution

Franchisee acknowledges that it is important that Franchisor be able to use reasonable efforts to protect the Marks, the System, and the integrity of the Marks and the System. To that end, Franchisor may, at its option, seek injunctive or other equitable relief to enforce the provisions of Section 6 (Intellectual Property), Section 7.2 (Proprietary Materials), Section 8.14 (No Competing Businesses), or Section 12 (Franchisee's Obligations Following Termination or Expiration) of this Agreement, or the provisions of any separate confidentiality or non-disclosure agreement between Franchisor or its Affiliates (on the one hand) and Franchisee or its Affiliates (on the other hand) in the Court specified by Section 11.6.

11.3 Option to Mediate Dispute

(a) In the event of a dispute between the parties, either party may initiate a mediation procedure in accordance with this Section 11.3 by making a written request for mediation with the Judicial Arbitration and Mediation Service (JAMS), the National Franchise Mediation Program administered by the CPR Center for Dispute Resolution of New York, or any other mediation service mutually agreed to by the parties. Any mediation will be conducted according to the procedures of the selected mediation service.

judgment for the judgment exercised by Franchisor unless the arbitrator or judge finds that Franchisor has exercised its judgment or discretion without any reasonable business basis for it. Whenever Franchisor has a right and/or the discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make that decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in the best interests of the System. Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or Affiliate-owned operations; or Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

11.6 Venue, Submission to Court, Limitation of Damages

Since the books, records and business personnel of Franchisor are located in Orange County, California and Dallas County, Texas, and in order to minimize disruption or interference with operation of (and Franchisor's support to) all persons operating under the Marks, Franchisee and Franchisor agree as follows:

(a) All court proceedings arising out of or relating to this Agreement (including matters described in Section 11.2 above) will be brought in, and only in, the United States District Court for Orange County, California or for the Northern District of Texas. No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in, and only in, a state court of competent jurisdiction in and for Orange County, California or Dallas County, Texas. In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts.

(b) The parties agree that all disputes submitted to the court under Section 11.2 will be tried to the court sitting without a jury, in spite of any state or federal constitutional or statutory rights or provisions.

(c) No punitive or exemplary damages will be awarded against either Franchisor or Franchisee, or any affiliates of either of them, in any proceeding arising under Section 11.2, and all claims to punitive or exemplary damages are waived by both parties.

11.7 Independence of Provisions

The provisions of this Section 11 are independent of any other covenant or provision of this Agreement. If any part of this Section 11 is held to be indefinite, invalid, unconscionable, or otherwise unenforceable by a court of competent jurisdiction, the indefinite, invalid, unconscionable, or unenforceable provision will be considered deleted, and the remaining parts of this Section 11 will continue in full force and effect. If the court determines that deletion of portions of this Section 11 would lead to an unintelligible provision, the parties request the court to modify or interpret the provisions to the minimum extent necessary to have them comply with the law while retaining the essence of the parties' agreement.

12. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION

12.1 Franchisee's Obligations following Termination or Expiration

(a) In the event of termination or expiration of this Agreement, whether by reason of Franchisee's breach, default, non-renewal, lapse of time, or other cause, in addition to any other obligations provided for in this Agreement, Franchisee will immediately discontinue the use and/or display in any manner of the Marks and all Materials containing or bearing the Marks. Franchisee will not thereafter operate or do business under the Marks or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor. In that event, Franchisee will not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements to any of them; or (ii) any forms, advertising matter, Marks, devices, insignias, slogans, or designs used from time to time in connection with the Franchised Business.

(b) Among the steps that Franchisee must take as a result of termination or expiration of this Agreement as described in Section 12(a) above, Franchisee will promptly take the following steps:

- (i) Franchisee will remove at Franchisee's expense identifying Marks on vehicles and all other signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor.
- (ii) Franchisee will erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor.
- (iii) Franchisee will permanently discontinue all advertising to the effect that Franchisee is associated or affiliated with Franchisor.
- (iv) Franchisee will refrain from doing anything that might indicate that Franchisee is or ever was an authorized franchisee of the Marks or the System, including indicating, directly or indirectly, that Franchisee was

licensed to use the Marks or any other distinctive System features or that Franchisee at any time operated under any name, word, or mark associated or affiliated with Franchisor.

- (v) If Franchisee engages in any business thereafter, Franchisee will use trade names, Marks, or trademarks (if any) which are significantly different from the Marks and use sign formats (if any) which are significantly different in color and type face and take all necessary steps to ensure that its Affiliates observe the foregoing obligations.
- (vi) Immediately cease using the CRM System and the Manual, and return all Proprietary Materials and confidential information, including, without limitation, all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials.
- (vii) Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or social media pages used in connection with the operation of the Franchised Business (collectively, the "Assigned Property"), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Schedule 2, and transfer all usernames and passwords for all social media pages to Franchisor.
- (viii) Immediately vacate the Franchised Business premises, and if Franchisor exercised Franchisor's rights pursuant to Franchisor's prescribed form of Collateral Assignment of Lease, arrange for transfer of the lease to Franchisor within fifteen (15) calendar days of termination or expiration of this Agreement.

(c) If Franchisee fails to make or cause to be made any removal or change described in Section 12(b) above, then Franchisor may, after 15 days written notice, enter upon Franchisee's premises upon which the Franchised Business was being conducted without being considered guilty of trespass or any other tort, and make or cause to be made the required changes at the expense of Franchisee, which expense Franchisee agrees to pay Franchisor promptly upon demand. Franchisee irrevocably appoints Franchisor as its lawful attorney upon termination of this Agreement with authority to file any document in the name of and on behalf of Franchisee for the purpose of terminating any and all of Franchisee's rights in the fictitious business name and any of the Marks.

12.2 Option to Purchase Personal Property

Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee shall have the option, but not the obligation, to purchase any personal property used in connection with operation of the Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line

depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee

uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase Franchisee's personal property. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

12.3 Exclusions

Franchisor may exclude from the personal property purchased under Section 12.2 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

12.4 Damages, Costs, and Expenses

In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

12.5 Rights of Franchisor

The expiration or termination of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and the expiration or termination will not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement.

12.6 Franchisor's Right to Cure Defaults by Franchisee

In addition to all other remedies granted by this Agreement, if Franchisee defaults in the performance of any of its obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee, cure the default for the account of and on behalf of Franchisee, and all costs or expenses (including attorney fees) incurred by Franchisor on account of curing the default will be due and payable by Franchisee to Franchisor on demand.

12.7 Waiver and Delay

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal, or neglect of Franchisor either to exercise any right, power, or option given to it under this Agreement or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Manual, will constitute a waiver of the provisions of this Agreement or the Manual with respect to any subsequent breach of the same or any other provision of this Agreement or the Manual, or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions of this Agreement or the Manual.

12.8 Attorney Fees and Expenses

In the event of any arbitration (including any petition for confirmation, modification, or vacation of the award) or litigation (including appeals) arising out of or relating to this Agreement, the breach or alleged breach of this Agreement, or the relationship of the parties, then the prevailing party will be reimbursed by the losing party for all costs and expenses incurred in connection with them, including reasonable attorney fees for the services rendered to the prevailing party.

13. GENERAL CONDITIONS AND PROVISIONS

13.1 Relationship of Franchisee to Franchisor

The parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner, fiduciary, or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, partner, or co-venturer of Franchisor. All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be considered employees or agents of Franchisor, nor subject to Franchisor's control, and in particular, Franchisor will have no authority to exercise control over the hiring or termination of employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or the day-to-day activities of those people, except to the extent necessary to protect the Marks. Franchisee agrees to respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities. Each of the parties agrees to file its own tax, regulatory, and payroll reports with respect to its respective employees or agents and operations, and to indemnify the other party against any liability by virtue of the tax, regulatory, and payroll reports filed by the party.

13.2 No Liability

Franchisor shall not be responsible or otherwise liable for any injury, loss, or damage suffered by any person or property directly or indirectly arising out of Franchisee's operation of

| the Franchised Business. Franchisor will have no liability for Franchisee's obligations to pay third

parties, including any landlords and product vendors.

13.3 Indemnity

Except as otherwise expressly provided in Section 6.6, Franchisee agrees to defend, and indemnify Franchisor and its Affiliates and designees against all costs and expenses actually incurred by them or for which they are liable, including attorney fees, court costs, losses, liabilities, damages, claims and demands of every nature, and including those incurred under a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including any claim or controversy arising out of (i) any Transfer by Franchisee referred to in Section 9, (ii) acts or omissions of Franchisee which are not in strict compliance with this Agreement and the Manual, (iii) acts or omissions of Franchisee which tend to create an impression that the relationship between the parties is other than one of Franchisor and Franchisee, or (iv) any acts or omissions of Franchisee's employees. In spite of the foregoing, Franchisee will have no obligation to indemnify Franchisor, or its Affiliates or designees against costs or expenses arising from the conduct of Franchisor found to be willful, malicious or grossly negligent.

13.4 Survival of Covenants

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable in spite of the expiration or other termination of this Agreement.

13.5 Successors and Assigns

This Agreement will be binding upon and benefit the successors and assigns of Franchisor and Franchisee and their respective heirs, executors, administrators, successors, and assigns, subject to the restrictions on Assignment by Franchisee contained in this Agreement.

13.6 Joint and Several Liability

If Franchisee consists of more than one person, the obligation and liabilities to Franchisor of each person are joint and several.

13.7 Counterparts

This Agreement may be signed in any number of copies, each of which will be considered to be an original, and all of which together will be considered to be one and the same instrument.

13.8 Notices

(a) All notices which the parties may be required or may desire to give under or in connection with this Agreement will be in writing and will be sent either by certified mail, return receipt requested, postage prepaid, or by reliable overnight delivery service, addressed as follows:

- (i) If to Franchisor, to:

LIGHTSPEED RESTORATION, LLC
777 International Parkway, Suite 300
Flower Mound, TX 75022
Attention: President

With a copy to:

HOME FRANCHISE CONCEPTS, LLC
19000 MacArthur Boulevard, Suite 100
Irvine, CA 92612
Attention: General Counsel

(ii) If to Franchisee, to the attention of the Manager at the address indicated in Section 16.2(c).

(b) Notices sent in accordance with this Section 13.8 will be considered given three business days after deposit with the United States Postal Service or the next business day after deposit with a reliable overnight delivery service.

(c) The addresses given in this Agreement for notices may be changed at any time by either party by written notice given to the other party as provided in this Agreement. If the address to which notices are otherwise required to be given under this Section 13.8 is known or believed by the person giving notice no longer to be valid, notices will also be sent to the last known valid address of the party receiving the notice.

13.9 Franchisor's Discretion

Whenever Franchisor has a right and/or the discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make that decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in the best interests of the System. Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or Affiliate-owned operations; or Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

14. CONSTRUCTION OF AGREEMENT

14.1 Governing Law

The United States Arbitration Act (9 U.S.C. 1 et seq.) will govern jurisdictional issues

14.7 No Third Party Beneficiaries

This Agreement is not intended to benefit any other person except the named parties. No other person may claim any rights under this Agreement by virtue of so-called "third party beneficiary rights" or otherwise.

14.8 Examples Not Exclusive

The verb "to include" (in all its tenses and variations, such as "including") is always used in a non-exclusive sense (as if followed by one of the phrases "without limitation" or "but not limited to"). The failure to list a particular example after a variation of the word "including" is not to be construed as an indication that the example is excluded.

14.9 "Person" Inclusive

The term "person" means all forms of juridical persons, including individuals, partnerships, corporations, trusts, unincorporated associations, and governmental entities.

15. SUBMISSION OF AGREEMENT

The submission of this Agreement to Franchisee does not constitute an offer, and this Agreement will become effective only upon the signing of this Agreement by both Franchisor and Franchisee. This Agreement will not be binding on Franchisor unless and until it has been accepted and signed by the President or other executive officer of Franchisor. This Agreement may not become effective until and unless Franchisee has been furnished by Franchisor with any disclosure, in written form, required under or according to applicable law.

16. ACKNOWLEDGMENTS AND REPRESENTATIONS

16.1 Certain Acknowledgments and Representations of Franchisee

(a) If required, Franchisee is a duly licensed state contractor under the laws of the state within which the Protected Territory is situated (or has otherwise made arrangements to operate under an existing state contractor's license in accordance with applicable law) and is in compliance with all applicable laws, rules, and regulations of authorities having jurisdiction.

(b) Franchisee understands and acknowledges (i) that all people operating under the Marks and the System benefit from uniform and ethical standards of quality, appearance, and service described in and required by the Manual, and (ii) the necessity of operating the Franchised Business under the standards stated in the Manual. Franchisee represents that it has the capabilities, professionally, financially, and otherwise, to comply with the standards of Franchisor.

(c) If Franchisee is not an individual, Franchisee is duly incorporated or organized and is qualified to do business in the Protected Territory.

(d) The signing of this Agreement by Franchisee will not constitute or violate any other

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT

1. INTRODUCTION

This Addendum ("Addendum") is effective on the same date as the Franchise Agreement ("Agreement") to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

2. AGREEMENT

The parties agree [that the Agreement is amended](#) as follows:

2.1 California

The following provisions apply to you if your State is California:

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2.2 Hawaii

The following provisions apply to you if your State is Hawaii:

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2.3 Illinois

The following provisions apply to you if your State is Illinois:

2.3.1 Section 4 of the Illinois Franchise Disclosure Act provides that 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 outside of Illinois.

2.3.2 Based upon the franchisor's financial condition, the Illinois Attorney General's Office 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.

2.3.23 Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

2.3.34 Section 41 of the Illinois Franchise Disclosure Act provides 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.

2.3.45 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.

2.3.56 A National Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you.

2.4 Maryland

The following provisions apply to you if your State is Maryland:

2.4.1 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.

2.4.2 Section 11.4 of the Franchise Agreement shall hereby be amended to provide, except for claims subject to arbitration, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2.4.3 Section 11.6 of the Franchise Agreement shall hereby be amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2.4.4 Notwithstanding anything contained in the Franchise Agreement, 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 the Maryland Franchise Registration and Disclosure Law.

2.4.5 Section 16.1 of the Franchise Agreement is amended as follows:

- (1) The last sentence of subsection (b) is deleted.
- (2) Subsection (f) is deleted.
- (3) Subsection (g) is deleted.

2.4.6 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 the franchise.

2.5 Minnesota

2.5.1 Based upon the franchisor's financial condition, the Minnesota Department of Commerce 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.

2.5.2 Minnesota Stat. § 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from: (i) requiring litigation to be conducted outside Minnesota; (ii) requiring waiver of a jury trial; and (iii) requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. Nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (i) any of the franchisee's rights as provided for in the

Minnesota Franchise Act; or (ii) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2.5.3 With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. § 80C.14, subd. 3-5, which require good cause and, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

2.5.4 Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a release that would relieve any person from liability imposed by Minnesota Statutes, Chapter 80C.

2.5.5 The franchisee cannot be required to consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J). Also, a court will determine if a bond is required.

2.5.6 The Limitations of Claims section must comply with Minnesota Stat. § 80C.17, subd. 5.

2.5.7 Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

2.5.8 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.

2.5.9 Insufficient funds fees and related interest and attorneys' fees are governed by Minnesota Stat. § 604.113, which puts a cap of \$30 on initial service charges and requires notice and the opportunity to cure prior to assessing interest and attorney's fees.

2.6 North Dakota

The following provisions apply to you if your State is North Dakota:

2.6.1 Based upon the franchisor's financial condition, the North Dakota 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 and the franchisee has commenced doing business.

2.6.2 Section 12.4 of the Franchise Agreement is hereby deleted.

2.6.3 Covenants not to compete such as those contained in Section 8.14 are generally considered unenforceable in the State of North Dakota.

2.6.4 Section 12 of the Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement. The South Dakota Securities Commissioner has determined this to be unfair, unjust and inequitable and therefore this provision is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

2.6.5 Section 11 of the franchise agreement requires mediation and arbitration to take place in California or Texas. The North Dakota Securities Commissioner has held that franchise agreements providing that the parties must agree to the mediation or arbitration of disputes at a location that is remote from the site of the franchisee's business is "unfair, unjust, or inequitable to North Dakota franchisees." To the extent required by applicable law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from the franchisee's place of business.

2.6.6 Section 11 of the franchise agreement provides that franchisees must consent to the jurisdiction of the courts in California or Texas. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable and therefore this provision is deleted.

2.6.7 Section 14 of the franchise agreement provides that the agreement shall be construed in accordance with the laws of Texas. The North Dakota Securities Commissioner has held that franchise agreements which specify they are to be governed by a state other than North Dakota are unfair, unjust or unreasonable and therefore this provision is amended to provide that the agreement shall be construed in accordance with the laws of North Dakota.

2.6.8 Section 11 of the franchise agreement requires the franchisee to consent to a waiver of exemplary and punitive damages. The North Dakota Securities Commissioner has determined this requirement to be unfair, unjust and inequitable and therefore this provision

2.7 South Dakota

Based upon the franchisor's financial condition, the South Dakota Securities Regulation Office 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.

2.8 Washington

The following provisions apply to you if your State is Washington:

2.8.1 Based upon the franchisor's lack of operating history, the Securities Division 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 and the franchisee is open for business.

2.8.2 Section 11.5 of the franchise agreement does not apply to Washington franchisees.

2.8.3 Section 14.1 of the franchise agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

2.8.4 In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2.8.5 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.

2.8.6 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 mediation or arbitration, 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.

2.8.7 A release or waiver of rights executed by a franchisee shall 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.

2.8.8 Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

2.8.9 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 and void and unenforceable in Washington.

2.8.10 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.

2.8.11 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 the franchise.

2.8.12 Section 16.1 of the Franchise Agreement is deleted and replaced with the following:

16.1 Certain Acknowledgements and Representations of Franchisee

If required, Franchisee is a duly licensed state contractor under the laws of the state within which the Territory is situated (or has otherwise made arrangements to operate under an existing state contractor's license in accordance with applicable law) and is in compliance with all applicable laws, rules, and regulations of authorities having jurisdiction.

SCHEDULE 1

PERSONAL COVENANT AND GUARANTEE

(To be signed by franchisee's spouse, if any, and by all owners, if franchisee is a company.)

In return for the signing by Franchisor of this Franchise Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned covenant and agree as follows:

- A. The undersigned represent to Franchisor that the undersigned are all of the people having direct or indirect "Control" (as defined in the Franchise Agreement) or a direct or indirect beneficial ownership interest in Franchisee.
- B. The undersigned, individually and jointly, will (i) comply with and be bound by all provisions of the Franchise Agreement and any other agreement between Franchisor and Franchisee to the same extent as if each of them were the Franchisee, and (ii) not engage in any activities not permitted to the Franchisee under the Franchise Agreement (whether in their own behalf or in any capacity on behalf of any entity).
- C. Any controversy or claim arising out of this Personal Covenant and Guarantee, or any breach of it, will be submitted to mediation and arbitration in accordance with Section 11 of the Franchise Agreement.
- D. If any other people obtain direct or indirect Control of Franchisee or a direct or indirect beneficial interest in Franchisee, the undersigned will cause those people to sign and deliver to Franchisor a counterpart of this Personal Covenant and Guarantee.
- E. This Personal Covenant and Guarantee will be governed in accordance with the laws of the same state whose laws govern the Franchise Agreement.

Signature

Signature

Name: _____

Name: _____ *Address:*

Address: _____

SCHEDULE 2

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS,
FACSIMILE NUMBERS AND DOMAIN NAMES**

1. I, _____, doing business as a Lightspeed Restoration franchisee ("Assignor"), in exchange for valuable consideration provided by Lightspeed Restoration, LLC ("Assignee"), the receipt and sufficiency of which are hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Franchised Business (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): _____

Facsimile Number(s): _____

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____

2. The conditional assignment will become effective automatically upon the termination or expiration of Assignor's franchise agreement. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of the Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as Assignee, in effectuating this assignment.

ASSIGNOR:

By: _____ Date: _____

Name: _____

Title: _____

ASSIGNEE:

LIGHTSPEED RESTORATION, LLC

By: _____ Date: _____

Name: _____

Title: _____

SCHEDULE 3

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name:

ABA#:

Acct. No.:

Acct. Name:

1. Effective as of the date of the signature below, _____ ("Franchisee") hereby authorizes Lightspeed Restoration, LLC ("Company") or its designee to withdraw funds from the above- referenced bank account, electronically or otherwise, and to make the following payments to Company under the Franchise Agreement for the Franchised Business located at: _____: (1) all Royalty fees; (2) all National Fund Contributions or other recurring fees; and (iii) and other fees due and owing under the Franchise Agreement. Franchisee acknowledges that Royalty and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit the Gross Revenues of Franchisee's Franchised Business, less all amounts due under the Franchise Agreement, into the above- referenced account, electronically or otherwise. Such deposits shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISOR

FRANCHISEE

LIGHTSPEED RESTORATION, LLC

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

SCHEDULE 4

SITE SELECTION ADDENDUM

Lightspeed Restoration, LLC, a Delaware limited liability company with a principal business address at 777 International Parkway, Suite 300, Flower Mound, TX 75022 ("Franchisor") and _____ ("Franchisee"), have this ___ day of _____, 20___, entered into the foregoing Franchise Agreement for the operation of a Lightspeed Restoration franchised business using Franchisor's Proprietary Marks and System (the "Franchised Business") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within one hundred eighty (180) days after Franchisee executes the Franchise Agreement, Franchisee must obtain a site, at Franchisee's expense, for the Franchised Business, which Franchisor will approve as hereinafter provided. The site must be within the following Protected Territory:
2. Franchisee's failure to obtain a site for the Franchised Business within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.
3. Prior to Franchisee's acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor's approval. Franchisor will have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.
4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to one (1) on-site evaluation at Franchisor's cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals.
5. If Franchisee will be occupying the Franchised Business premises under a lease, Franchisee shall, upon Franchisor's request, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's approval. Franchisor's approval of the lease may be conditioned upon Franchisee's execution of a Collateral Assignment of Lease in the form Franchisor prescribes, as well as the inclusion or exclusion of certain required provisions. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

6. After Franchisor has approved a site for the Franchised Business in writing and Franchisee has acquired the site, the site will constitute the Approved Location referred to in Section 1.3 of the Franchise Agreement.

7. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Franchised Business at the site is based on Franchisee's own independent investigation of the suitability of the site.

8. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

FRANCHISEE

(Individual, Partnership or Corporation Name)

By: _____

Name: _____

Title: _____

FRANCHISOR

LIGHTSPEED RESTORATION, LLC

By: _____

Name: _____

Title:

EXHIBIT B ~~FINANCIAL STATEMENTS~~

THREE TERRITORIES ADDENDUM TO FRANCHISE AGREEMENT

THREE TERRITORY ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement (this “Addendum”) is entered into as of _____, (the “Effective Date”), between Lightspeed Restoration, LLC a Delaware limited liability company (“Franchisor”), and _____, a _____ (“Franchisee”), to amend three Franchise Agreements intended to bear the same date as this Addendum (the “Franchise Agreements”), for Territories in the State of _____ known as “Lightspeed Restoration of _____, _____ and _____” (collectively, the “Territories”).

WHEREAS, Franchisee is purchasing three (3) Lightspeed Restoration territories.

WHEREAS, Franchisor has agreed to amend the Franchise Agreements to reflect certain terms more favorable than Franchisor’s standard franchise offering.

WHEREAS this Addendum amends some of the provisions of the Franchise Agreements to reflect the terms so negotiated.

Any capitalized terms that are defined in the Franchise Agreements are used in this Addendum as defined in the Franchise Agreements.

NOW, THEREFORE, the parties agree to amend the Franchise Agreements as follows:

1. **Continuing Royalty.** The first paragraph of section 4.3(a) of the Franchise Agreements is amended to read as follows:

“Throughout the Term of this Agreement, Franchisee will pay Franchisor a Continuing Royalty calculated each month in arrears equal to the greater of: (a) the “Percentage of Bank Deposits” table below; or (b) the minimum monthly Continuing Royalty set forth in the “Minimum Royalty for Three Territories” table below:

Percentage of Bank Deposits

<u>Monthly Royalty</u>	<u>Bank Deposits for Year to Date</u>
<u>8.0%</u>	<u>0 - \$500,000</u>
<u>7.0%</u>	<u>\$500,000.01 - \$1,000,000</u>
<u>6.0%</u>	<u>\$1,000,000.01 - \$2,500,000</u>
<u>5.0%</u>	<u>\$2,500,000.01 and above</u>
<u>2.0%</u>	<u>Non-Core Subcontracted Services</u>

Minimum Monthly Continuing Royalty for Three Territories

	<u>Territory 1</u>	<u>Territory 2 (purchased at same time as Territory 1)</u>	<u>Territory 3 (purchased at same time as Territories 1 and 2)</u>
<u>Months 1-6</u>	\$500	\$0	\$0
<u>Months 7-12</u>	\$500	\$500	\$0
<u>Month 13 and thereafter</u>	\$1,000	\$1,000	\$1,000”

2. National Advertising Fund. Section 4.4(a) of the Franchise Agreements is amended to read as follows:

“Throughout the Term of this Agreement, Franchisee will pay Franchisor a monthly National Advertising Fee equal to the greater of: (a) two percent (2%) of Franchisee’s monthly bank deposits for the previous month (capped at \$2,000,000 in bank deposits per year); or (b) the minimum National Advertising Fund set forth in the table below:

	<u>Territory 1</u>	<u>Territory 2 (purchased at same time as Territory 1)</u>	<u>Territory 3 (purchased at same time as Territories 1 and 2)</u>
<u>Months 1-6</u>	\$500	\$0	\$0
<u>Months 7-12</u>	\$500	\$500	\$0
<u>Month 13 and thereafter</u>	\$500	\$500	\$500

Monthly National Advertising Fund payments are paid in arrears. Franchisor may increase this amount but not above 3% of Franchisee’s monthly bank deposits. Deposits for work performed in Gray Area are to be included.”

3. Technology Fee. Notwithstanding section 4.5 of the Franchise Agreements, no Technology Fee is payable on Franchisee’s second and third territories during the first six months of the Term or on Franchisee’s third territory during the second six months of the Term.
4. Reaffirmation. Except as specifically modified by this Addendum, all terms and provisions of the Franchise Agreements are reaffirmed in their entirety.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed on or as of the Effective Date.

FRANCHISEE:

Signed: _____

Name: _____

Its: _____

FRANCHISOR:
LIGHTSPEED RESTORATION, LLC

BY: _____
Steve Willis, President

EXHIBIT C

FINANCIAL STATEMENTS

EXHIBIT 

CURRENT FRANCHISEES AS OF 12/31/23

Current Franchises

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	Alabama							
1	Lightspeed Restoration of Baldwin County	8/1/2023	Eastern Shore Environmental Services LLC	31219 Spoonbill Road	Spanish Fort	Alabama	36527	(251) 210-2850
	Florida							
	Lightspeed Restoration of St. Augustine	10/1/2023	Armen Kachaturian	5011 Gate Parkway Building 100 Suite 100	Jacksonville	Florida	32256	(904) 689-8746
	Lightspeed Restoration of Daytona Beach	10/1/2023	Armen Kachaturian	5011 Gate Parkway Building 100 Suite 100	Jacksonville	Florida	32256	(386) 232-5359
3	Lightspeed Restoration of East Duval County	10/1/2023	Armen Kachaturian	5011 Gate Parkway Building 100 Suite 100	Jacksonville	Florida	32256	(904) 204-9979
	Kentucky							
1	Lightspeed Restoration of Lexington	8/1/2023	BenTen, Inc.	1984 North Yarnalton Pike	Lexington	Kentucky	40511	(859) 402-2992
	Louisiana							
1	Lightspeed Restoration of Covington	8/1/2023	T & J Restoration, LLC	1515 S. Jahncke Avenue	Covington	Louisiana	70433	(985) 323-6356
	Minnesota							
	Lightspeed Restoration of St. Paul South	11/1/2023	SD Fall Holdings Corporation	642 Hillary Farm Road	Hudson	Minnesota	54016	(651) 459-2662
	Lightspeed Restoration of Burnsville	11/1/2023	SD Fall Holdings Corporation	642 Hillary Farm Road	Hudson	Minnesota	54016	(651) 459-2662
3	Lightspeed Restoration of St. Paul East	11/1/2023	SD Fall Holdings Corporation	642 Hillary Farm Road	Hudson	Minnesota	54016	(651) 459-2662
	Tennessee							
	Lightspeed Restoration of North Nashville	9/1/2023	Rodger W. Reeder	3808 Cross Creek Road	Nashville	Tennessee	37215	(615) 430-9505
2	Lightspeed Restoration of West Nashville	9/1/2023	Rodger W. Reeder	3808 Cross Creek Road	Nashville	Tennessee	37215	(615) 430-9505
	Virginia							
	Lightspeed Restoration of Manassas	9/1/2023	Clean Indoor Air, Inc.	8727 Braddock Ave	Alexandria	Virginia	22309	(571) 288-8050
	Lightspeed Restoration of Lorton	9/1/2023	Clean Indoor Air, Inc.	8727 Braddock Ave	Alexandria	Virginia	22309	(571) 288-8050
	Lightspeed Restoration of Arlington	9/1/2023	Clean Indoor Air, Inc.	8727 Braddock Ave	Alexandria	Virginia	22309	(571) 288-8050
	Lightspeed Restoration of Fredericksburg	9/1/2023	Clean Indoor Air, Inc.	8727 Braddock Ave	Alexandria	Virginia	22309	(571) 288-8050
	Lightspeed Restoration of Springfield	9/1/2023	Clean Indoor Air, Inc.	8727 Braddock Avenue	Alexandria	Virginia	22309	(571) 288-8050
	Lightspeed Restoration of Fairfax	9/1/2023	Clean Indoor Air, Inc.	8727 Braddock Avenue	Alexandria	Virginia	22309	(571) 288-8050
	Lightspeed Restoration of Richmond West	11/1/2023	Kevin Dumville and Tamara Dumville	8005 Creighton Parkway Suite C #150	Mechanicsville	Virginia	23111	(804) 335-1150
8	Lightspeed Restoration of Crozier	11/1/2023	Kevin Dumville and Tamara Dumville	8005 Creighton Parkway Suite C #150	Mechanicsville	Virginia	23111	(804) 335-1150
19	Total							

Not Operational on 12/31/2023

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	Florida							
	Lightspeed Restoration of Orlando North	4/1/2024	Dynamic Four Enterprises LLC	13000 Breaking Dawn Drive	Orlando	Florida	32824	(732) 491-1003
2	Lightspeed Restoration of Orlando East	10/1/2024	Dynamic Four Enterprises LLC	13000 Breaking Dawn Drive	Orlando	Florida	32824	(732) 491-1003
	New York							
1	Lightspeed Restoration of Orange County	6/1/2024	Phillip Whitbeck and Learleen Ferretti	524 S. Centerville Road	Middletown	New York	10940	(845) 674-0078
	Virginia							
	Lightspeed Restoration of Richmond South	1/1/2024	Sappony Corp	519 Branchway Road	Richmond	Virginia	23236	(804) 419-5649
2	Lightspeed Restoration of Petersburg	1/1/2024	Sappony Corp	519 Branchway Road	Richmond	Virginia	23236	(804) 356-8949

5 Total

5 [Total](#)

EXHIBIT DE

LIST OF TERMINATED OR TRANSFERRED FRANCHISEES AS OF 12/31/23

If we grant you this franchise, your contact information may be disclosed to other prospective franchisees when you leave the franchise system.

None

EXHIBIT EF

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	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 or (866) 275-2677 Website: http://dfpi.ca.gov Email: Ask.DFPI@dfpi.ca.gov Email: Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General <u>Division of Securities</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202-2020</u> <u>(410) 576-6360</u>	Maryland Securities <u>Commissioner</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202-2020</u> <u>(410) 576-6360</u>
	Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Attorney General Michigan Department of Consumer Protection	Michigan Department of Commerce, Corporations and Securities Bureau

<u>State</u>	<u>State Agency</u>	<u>Agent for Service of Process</u>
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 14 th Floor Department 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Securities Division Department of Financial Institutions P.O. Box 41200 Olympia, WA 98504-1200	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT **FG**

OPERATIONS MANUAL TABLE OF CONTENTS



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EXHIBIT GH

**CONSENT TO TRANSFER AND ASSUMPTION OF FRANCHISE
AGREEMENT**

CONSENT TO TRANSFER AND ASSUMPTION OF FRANCHISE AGREEMENT

This Consent to Transfer and Assumption of Franchise Agreement ("Consent and Assumption") is entered into by and among Lightspeed Restoration, LLC, a Delaware limited liability company ("LSR"), ("Existing Franchisee"), and _____ ("New Franchisee").

WHEREAS, LSR and Existing Franchisee presently are parties to that certain Franchise Agreement, dated _____ (the "Franchise Agreement"), pursuant to which LSR licensed Existing Franchisee the right to operate a business (the "Franchised Business") including the service marks of LSR (the "Franchise") in the territory known as _____ (the "Territory");

WHEREAS, with LSR's consent, Existing Franchisee is transferring the Franchise to New Franchisee and New Franchisee is accepting the Franchise in accordance with the obligations set forth in the Franchise Agreement, including, but not limited to, the obligations regarding transfer set forth in paragraph 14.3 of the Franchise Agreement, which are hereby expressly incorporated and made a part of this Consent and Assumption.

NOW, THEREFORE, in consideration of the foregoing and of the covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

- Existing Franchisee shall transfer the Franchise to New Franchisee on or about _____ (the "Transfer Date") subject to the provisions of paragraph 3, below, and paragraph 14.3 of the Franchise Agreement.
- If New Franchisee has not already done so to the satisfaction of LSR, New Franchisee shall comply with the training requirements set forth in the Franchise Agreement by attending the next available training program offered by LSR for new franchisees.
- Concurrently upon the Transfer Date New Franchisee shall become a franchisee of LSR under the Franchise Agreement and Existing Franchisee shall immediately cease operating under the Franchise Agreement. Existing Franchisee shall thereupon comply with all provisions in the Franchise Agreement concerning termination set forth in Section 16 thereof, including, but not limited to, ceasing all use of the service marks of LSR.
- As between Existing Franchisee and LSR, and with the exception of the rights and obligations set forth in Section 16 of the Franchise Agreement (which is incorporated herein by reference), the franchise relationship created by the Franchise Agreement is hereby terminated and released and superseded by this Consent and Assumption and in all respects having been assumed by New Franchisee as of the Transfer Date. Existing Franchisee hereby waives all rights to relief from forfeiture under §1179 of the California Code of Civil Procedure and acknowledges that there is no subsisting franchise agreement between LSR and existing Franchisee.
- Existing Franchisee shall execute all documentation deemed necessary by LSR to transfer the Franchise to New Franchisee.
- New Franchisee shall execute LSR's current form of franchise agreement for a new ten (10) year term. Upon execution of the current form of franchise agreement by New Franchisee, the Franchise Agreement shall be terminated and superseded by the franchise agreement executed pursuant to this Section 6.

7. (a) As consideration for LSR and New Franchisee to enter into this Consent and Assumption, Existing Franchisee shall refrain from, either directly or indirectly, for [itself or himself or herself or themselves] or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other entity, within the Territory, and from the date of this Agreement through _:
- (i) Diverting or attempting to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or doing or performing, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with LSR's service marks and the System (as that term is defined in the Franchise Agreement);
 - (ii) Employing or seeking to employ any person who is at that time employed by LSR, affiliates of LSR, or by any other franchisee or franchisee of LSR, including but not limited to New Franchisee, or otherwise directly or indirectly inducing or seeking to induce such person to leave his or her employment thereat; or
 - (iii) Within the Territory and within a twenty five (25) mile radius of any business franchised or operated by LSR in existence or under development as at the Transfer Date owning, maintaining, engaging in, or having any interest in any business (including any business operated by Existing Franchisee prior to entry into this Agreement) specializing, in whole or in part, in the retail and/ or delivery/performance of Restoration and Remediation Services, or providing the same or similar goods or services provided, sold, or offered through the System.
- (b) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Consent and Assumption. If all or any portion of a covenant in Paragraph 7(a) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which LSR is a party, Existing Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph.
- (c) The parties understand and acknowledge that LSR shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraph 7(a) or any portion thereof effective immediately upon receipt by Existing Franchisee of written notice thereof from LSR, and Existing Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.
- (d) Paragraph 7(a) shall not apply to ownership by Existing Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.
8. New Franchisee shall resolve any problems or complaints raised by customers of Existing Franchisee with the same high standards of customer service, and in the same fashion, as New Franchisee responds to problems or complaints raised by customers of New Franchisee and shall not resolve such problems or complaints in a manner that is less advantageous to the customers of Existing Franchisee than the manner in which New Franchisee resolves problems or complaints from New Franchisee's own customers.
9. New Franchisee acknowledges that it has received access to the books and records of Existing Franchisee and has undertaken an independent investigation of the Franchised Business.
10. Existing Franchisee releases, indemnifies and agrees to hold harmless LSR in respect of any liabilities which may arise as a result of this transfer.

11. Failure to comply with any of the provisions of this Consent and Assumption shall constitute a material breach hereof and shall entitle LSR to any of the remedies provided in this Consent and Assumption or the Franchise Agreement, or as may be available at law or in equity.
12. Except as previously provided herein, as among the undersigned parties, each shall bear their respective costs and attorneys' fees incurred in connection with this Consent and Assumption, and events preceding its negotiation and execution.
13. In granting its consent to this Consent and Assumption, LSR has elected not to exercise its right of first refusal as provided in Section 14.3.1 of the Franchise Agreement. Notwithstanding the foregoing, however, the Existing Franchisee shall have a period of 60 days after the date of execution of this Consent and Assumption to complete the transfer of the Franchise and the Existing Franchisee shall again be required to comply with Section 14.3.1 of the Franchise Agreement before the transfer can be effected.
14. In consideration for this Consent and Assumption, Existing Franchisee, for itself, its successors, assigns, and anyone claiming through or under it, hereby remises, releases, acquits and forever discharges LSR, and its predecessors, successors, assigns, heirs, executors and administrators (as the case may be), and its past, present and future associates, owners, stockholders, agents, directors, officers, partners, employees, attorneys, accountants and representatives of and from any and all manner of action or actions, cause or causes of action, in law or in equity, arbitrations, suits, debts, agreements, promises, liabilities, claims, demands, damages, loss, cost or expense, known or unknown, fixed or contingent, which Existing Franchisee has or may hereafter have against LSR by reason of any matter, cause or thing whatsoever, from the beginning of time to the date hereof, including all matters, causes or things whatsoever, that were or have been or could have in any way been alleged in any pleading filed in any arbitration proceeding or suit, which are related to the Franchise Agreement, except for those matters expressly excepted herein.
15. Existing Franchisee and New Franchisee have had adequate opportunity to obtain the advice of legal counsel prior to signing this Consent and Assumption. Existing Franchisee executes this Consent and Assumption voluntarily, with full knowledge of its significance, and with the express intention of effecting the legal consequences provided by Section 1541 of the California Civil Code, i.e., the extinguishment of all obligations, except as expressly excepted herein.
16. Except as expressly stated to the contrary herein, any dispute arising out of this Consent and Assumption shall be resolved pursuant to the provisions contained in Section 18 of the Franchise Agreement.
17. Although the Franchise Agreement provides that no interest in the Franchise Agreement can be transferred without the prior written consent of LSR, New Franchisee acknowledges that LSR does not represent or warrant that Existing Franchisee has not made any unauthorized prior transfers or otherwise has any interest free and clear to anything being transferred now. LSR advises New Franchisee to conduct its own investigation to confirm that Existing Franchisee has the right to transfer the Franchise, and that Existing Franchisee has not made any transfer without consent from LSR.
18. LSR will be provided with a copy of the written sales agreement made by and between the Existing Franchisee and New Franchisee.
19. This Consent and Assumption may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute a single document. Each of the signatories below expressly covenants that he, she or it has the authority to enter into this Consent and Assumption.

20. The release in this Consent and Assumption does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have duly executed this Consent and Assumption on the dates set forth below, it being effective upon the latest of those dates.

CAUTION. THIS CONSENT AND ASSUMPTION CONTAINS IMPORTANT TERMS. READ BEFORE SIGNING.

LIGHTSPEED RESTORATION, LLC

Dated: _____ *By:* _____
Steve Willis, President

EXISTING FRANCHISEE

Dated: _____ *By:* _____ *Name:* _____ *Title:* _____

Dated: _____ *By:* _____ *Name:* _____ *Title:* _____

NEW FRANCHISEE(S)

Dated: _____ *By:* _____ *Name:* _____ *Title:* _____

Dated: _____ *By:* _____ *Name:* _____ *Title:* _____

EXHIBIT H

VETERAN'S ADDENDUM TO FRANCHISE AGREEMENT

VETERANS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement (this “Addendum”) is entered into as of _____, 202_ (“Effective Date”), between Lightspeed Restoration, LLC, a Delaware limited liability company (“Franchisor”), and _____ a _____ a(n) _____ (“Franchisee”), to amend a Franchise Agreement intended to bear the same date as this Addendum (the “Franchise Agreement”), for a Territory in the state of _____ known as Lightspeed Restoration _____ (“Territory”).

This Addendum amends some of the provisions of the Franchise Agreement to reflect the agreement between the parties as to fees payable under the Franchise Agreement. Any capitalized terms that are defined in the Franchise Agreement are used in this Addendum as defined in the Franchise Agreements.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

1. Initial Franchise Fee. Section 4.1 of the Franchise Agreement is amended as follows:

“Concurrently with Franchisee’s signing of this Agreement, Franchisee will pay to Franchisor an “Initial Franchise Fee” of \$4,250. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America upon signing of this Agreement by Franchisee. The Initial Franchise Fee is not refundable.”

2. Territory Fee. Section 4.2 of the Franchise Agreement is amended as follows:

“Concurrently with Franchisee’s signing of this Agreement, Franchisee also will pay Franchisor a Territory Fee of \$37,400. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America, upon signing of this Agreement by Franchisee. The Territory Fee is not refundable.”

3. Reaffirmation. Except as specifically modified by this Addendum, all terms and provisions of the Franchise Agreements are reaffirmed in their entirety.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed on or as of the dates indicated below:

THE REST OF THIS PAGE LEFT INTENTIONALLY BLANK

+

Dated: _____, 202

Sign here if Franchisee is an individual:

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e
: _____

Print Address: _____

Sign here if Franchisee is a company:

FRANCHISEE:
Print company name:

BY: ⁻¹⁻ _____

|

EXHIBIT 4J

PROMISSORY NOTE

EXHIBIT JK

GENERAL SECURITY AGREEMENT

- (iv) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral,
 - (v) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose,
 - (vi) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Secured Party or elsewhere) at such prices or terms as Secured Party may deem reasonable, for cash, upon credit or for future delivery, with the Secured Party having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Pledgor, which right or equity of redemption is hereby expressly waived and released by Pledgor. If any of the Collateral is sold or leased by Secured Party upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Secured Party. If notice of disposition of Collateral is required by law, ten (10) days prior notice by Secured Party to Pledgor designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Pledgor waives any other notice. In the event Secured Party institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Pledgor waives the posting of any bond which might otherwise be required.
- (c) Secured Party may apply the cash proceeds of Collateral actually received by Secured Party from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in such order as Secured Party may elect, whether or not then due. Pledgor shall remain liable to Secured Party for the payment of any deficiency with interest at the highest rate provided for in the Note and all costs and expenses of collection or enforcement, including attorneys' fees and legal expenses.

SECTION 7. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW

7.1. Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver

- (a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of California (without giving effect to principles of conflicts of law), except, that the laws of Pledgor's state of residence will apply to any determination of the maximum interest rate payable or the existence of usury.
- (b) Pledgor irrevocably consents and submits to the non-exclusive jurisdiction of the

EXHIBIT **KL**

MASTER SERVICES AGREEMENT

**LIGHTSPEED RESTORATION[™] NATIONAL ACCOUNTS
PROGRAM FRANCHISEE MASTER SERVICES
AGREEMENT**

This Master Services Agreement (this "**Agreement**"), dated as of _____, 2021 (the "**Effective Date**"), is by and between National Restoration Solutions, LLC ("**NRS**"), a Florida limited liability company, with offices located at 110 N. Freeport Parkway, Coppell, Texas 75019 and {Franchisee}, a {state} {entity type}, with offices located at {Street}, {City}, {State} {Zip} ("**Franchisee**") (NRS and Franchisee, collectively, the "**Parties**", and each a "**Party**").

RECITALS

- A. Franchisee is a franchisee of NRS's affiliate, Lightspeed Restoration, LLC ("**LSR**").
- B. NRS solicits business from National Accounts (as defined in Section 1.1) on behalf of LSR franchisees and LSR's company-owned operations.
- C. Franchisee has the capability and capacity to provide the Services (as defined in Section 1.2) to National Accounts as NRS's subcontractor; and
- D. NRS desires to retain Franchisee to provide the Services, and Franchisee is willing to perform the Services under the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee and NRS agree as follows:

AGREEMENT

1. Definitions.

1.1 "**National Account**" means any business or businesses under common control, ownership or branding, which operate locations in or deliver products and services across two or more "**protected territories**" as that term is defined in the franchise agreements between LSR and its franchisees.

1.2 "**Services**" means some or all of the following restoration and remediation services including: (i) cleaning, sealing and maintenance of air ducts, dryer vents, coils and ventilation systems; (ii) mold remediation, microbial sampling, testing and indoor air quality assessments; (iii) performance of 24-hour emergency mitigation, cleaning and restoration services for properties damages by water, fire and other approved property damage events; (iv) a variety of solutions that improve the condition and performance of basements, crawlspaces and attics; (v) moisture control, waterproofing, dehumidification, ventilation, and other related products and services that improve the condition and performance of those areas;

2. Services. Franchisee will perform the Services for the National Account as NRS's subcontractor. Franchisee will provide to National Accounts those Services set forth in one or more work orders to be issued by the National Account to NRS and accepted by Franchisee from NRS (each, a "**Work Order**"). Each Work Order will be deemed to incorporate by reference the terms and conditions of this Agreement as if fully set forth therein. The details of the method and manner for performance of the Services by the Franchisee will be under its own control, NRS being interested only in the results thereof.

3. Franchisee's Discretion. Franchisee may accept or reject a National Account Work Order in its discretion on a case by case basis. Franchisee agrees that if Franchisee rejects a National Account Work Order, NRS may assign the Work Order to another LSR franchisee or affiliate of LSR even if the work is to be performed in Franchisee's contracted LIGHTSPEED RESTORATION™ protected territory.

4. No Independent National Accounts Work. Franchisee may not contract with or accept work directly from a National Account. All National Accounts customers must be contracted, managed and invoiced by NRS.

5. National Accounts Work Included in Gross Revenue. All revenues for work performed for National Accounts are to be included in Franchisee's "Gross Revenue" for purposes of calculation of royalty payable to LSR under the franchise agreement between Franchisee and LSR.

6. National Accounts Work Orders

6.1 Assignments. All jobs for National Accounts will be dispatched to LSR franchisees through the LIGHTSPEED RESTORATION™ National Accounts Department and/or the LIGHTSPEED RESTORATION™ Call Center.

6.2 Communication. When assigned a job for a National Account, Franchisee will be permitted, subject to LSR being copied on all electronic communications, to communicate directly with the National Account customer to expedite and streamline communication. All email communications must copy LSR at workorder@lightspeedrestoration.com.

6.3 LSR Systems. Franchisee must utilize Franchisor's designated operating system for all aspects of National Account work including initiating, tracking, completion and invoicing of each National Account job.

6.4 Pricing. Franchisee will be responsible for setting prices for its work and, unless notified to the contrary by NRS, may negotiate pricing directly with the National Account customer. Franchisee must submit its written proposal to NRS for submission to the National Account. As provided in Section 8, NRS will retain a 10% administrative services fee on all National Accounts invoices. Therefore, this fee should be factored into Franchisee's pricing.

6.5 Completion of Job and Documentation. Upon completion of the job, Franchisee must email to NRS-invoices@lightspeedrestoration.com Franchisee's invoice and supporting documentation within 48 hours. Timely, accurate and complete supporting documentation must be provided for all National Account work. Any delay in submitting documentation will delay payment.

6.6 Invoicing. NRS will be responsible for invoicing National Accounts for all work performed under Work Orders.

6.7 Payment and Administrative Services Fee. NRS will pay Franchisee the amount invoiced to the National Account, less the Administrative Services Fee (as defined in Section 8), net 30 days after the National Account approves the invoice.

7. Franchisee Obligations.

7.1 Service Standards. Franchisee agrees to perform all work in a timely, workmanlike and professional manner in accordance with generally recognized industry standards for similar services using personnel of industry standard skill, experience and qualifications and in accordance with the description and specifications set out in the Work Order.

7.2 Identification as Franchisee. At the time of Franchisee's first contact with the National Account customer, Franchisee's representative will identify himself/herself as a representative of a franchisee of LSR.

7.3 Termination of Work Order. Franchisee agrees that Franchisee will terminate immediately all work being performed by Franchisee pursuant to any Work Order upon receipt of notice of termination from NRS or LSR, whether or not the notice of termination was given for cause. Upon receipt of notice of termination of a Work Order, Franchisee will remove all personnel, equipment, materials and apparatus from the work site immediately. Any payment for partial performance of the work will be determined by NRS in good faith. If there is a dispute between Franchisee and NRS regarding the amount of the payment for partial performance, LSR will make the final decision in good faith.

7.4 Assignment and Subcontract. Franchisee may not assign or subcontract any work to be performed by Franchisee pursuant to a Work Order unless Franchisee receives prior written approval from NRS, which approval may be withheld or conditioned in NRS's sole discretion.

7.5 Regulatory Compliance. Franchisee agrees to perform all of the work in strict compliance with all local, state and federal government rules, regulations, ordinances, statutes and other requirements (Regulations) applicable to the work, including but not limited to OSHA. Without limitation, Franchisee agrees to obtain and maintain throughout the performance of the work, such licenses, certifications, permits and training as required by the Regulations.

7.6 Safety. Franchisee agrees to take all necessary precautions for the safety of Franchisee's employees and visitors on the property and Franchisee will comply with all applicable provisions of federal, state and municipal safety laws and building codes to prevent accidents or injuries to person or damage to property. From time to time, certain Work Orders may contain specific safety and training requirements. Franchisee agrees to abide by any such specific safety and training requirements.

7.7 Insurance. Franchisee will maintain all insurance coverages required under the franchise agreement between LSR and Franchisee including, but not limited to, Commercial General Liability, statutory Worker's Compensation which, if applicable, must include every person performing services pursuant to the Work Order, and Automobile Liability, all in amounts specified in the Work Order, and will cause certificates of insurance in forms satisfactory to NRS and the National Account to be issued prior to commencement of work. The Work Order may require additional insurance coverage and may set minimum limits on the insurance coverage. The certificates must provide that the insurance policies may not be changed or cancelled until 30 days after written notice thereof has been delivered to NRS. Policy renewals must be provided not later than 30 days prior to the expiration of the existing insurance coverage. **All liability policies will list NRS and LSR as additional insureds. If the National Account requires that Franchisee maintain Employment Practices Liability insurance, NRS and LSR will be named as co-defendants. The Commercial General Liability policy must contain a waiver of subrogation in NRS's favor and will be primary and non-contributory to any insurance NRS might carry.**

7.8 Records. Franchisee agrees to keep and maintain for at least three (3) years after completion of the work accurate records of all sales and services provided to or for a National Account. At Franchisor's request, Franchisee will provide to NRS or LSR copies of such National Account records.

8. Administrative Services Fee. In consideration for the services performed by NRS pursuant to this Agreement, Franchisee agrees that NRS will be entitled to retain an administrative services fee (the "Administrative Services Fee") from each payment for a Work Order in an amount equal to ten percent (10%) of the invoice amount.

9. Term and Termination.

9.1 Term. The term of this Agreement will be coterminous with the franchise agreement between Franchisee and LSR. In the event of a termination of the franchise agreement for any reason, this Agreement will automatically terminate as of the same date.

9.2 Termination. Either Party may terminate this Agreement, effective upon written notice to the other Party (the "**Defaulting Party**"), if the Defaulting Party materially breaches this Agreement, and such breach is incapable of cure, or with respect to a material breach capable of cure, the Defaulting Party does not cure such breach within 30 days after receipt of written notice of such breach.

10. Limitation of Liability.

10.1 IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER OR, WITH THE EXCEPTION OF LIABILITY ARISING OUT OF FRANCHISEE'S INDEMNIFICATION OBLIGATIONS, TO ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE, OR PROFIT OR LOSS OF DATA OR DIMINUTION IN VALUE, OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER

SUCH DAMAGE WAS FORESEEABLE AND WHETHER OR NOT THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

10.2 WITH THE EXCEPTION OF LIABILITY ARISING OUT OF FRANCHISEE'S INDEMNIFICATION OBLIGATIONS, IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE AGGREGATE AMOUNTS PAID OR PAYABLE TO THAT PARTY UNDER THIS AGREEMENT.

11. Indemnification. Franchisee agrees to defend, indemnify and hold harmless NRS and LSR, their parents and affiliates and all of their respective officers, directors, shareholders, employees, agents, successors and assigns (the "Indemnified Parties") from and against any and all claims, suits, losses, causes of action, damages, liabilities, and expenses of any kind whatsoever, including without limitation, all expenses of litigation and arbitration, court costs and reasonable attorneys' fees arising on account of or in connection with injuries to or the death of any person whomsoever, claims for damages from any third party, or any and all damages to property (including the loss of use thereof), regardless of possession or ownership, from which injuries, death, or damages arise, or which are in any manner connected with, the work performed by or for Franchisee under this Agreement or a Work Order, or caused in whole or in part by the acts or omissions of Franchisee or any of Franchisee's employees, agents, representatives, subcontractors or suppliers. The indemnification obligations contained herein will not be limited by any limitation on the amount or type of damages, compensation, or benefits payable by or for Franchisee under worker's compensation acts, disability benefit acts or employee benefit acts and will extend to and include any actions brought by or in the name of any of Franchisee's employees or any third party with whom Franchisee may have contracted.

Franchisee further agrees to defend, indemnify and hold harmless the Indemnified Parties from any and all claims, losses, demands, causes of action, damages or liabilities, including but not limited to reasonable attorneys' fees and court costs which may be asserted against the Indemnified Parties, or any one or more of them, resulting from, arising out of, or occurring in connection with Franchisee's failure, or the failure of any subcontractor or supplier with whom Franchisee has contracted to perform any of the work, to perform all work required by the Work Order or this Agreement.

12. Entire Agreement. This Agreement, including and together with any related Work Orders, exhibits, schedules, attachments, and appendices, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter. The parties acknowledge and agree that if there is any conflict between the terms and conditions of this Agreement and the terms and conditions of any Work Order, the terms and conditions of this Agreement will supersede and control.

13. Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "Notice", and with the correlative meaning "Notify") must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Section). Unless otherwise agreed herein, all Notices must be delivered by personal delivery, nationally recognized overnight courier, or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party; and (b) if the Party giving the Notice has complied with the requirements of this Section 13.

Notice to NRS: 777 International Parkway, Suite 300
 Flower Mound, TX 75022

 Attention: Secretary

Notice to Franchisee: The address for notices set forth in Franchisee's franchise agreement with LSR.

14. Severability. If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or provision is invalid, illegal, or unenforceable, the court may modify this Agreement to effect the original intent of the Parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

15. Amendments. No amendment to or modification of or rescission, termination, or discharge of this Agreement is effective unless it is in writing, identified as an amendment to or rescission, termination, or discharge of this Agreement and signed by an authorized representative of each Party.

16. Waiver. No waiver by any Party of any of the provisions of this Agreement will be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement will operate or be construed as a waiver thereof, nor will any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

17. Assignment. Franchisee may not assign, transfer, delegate, or subcontract any of its rights or delegate any of its obligations under this Agreement without the prior written consent of NRS. Any purported assignment or delegation in violation of this Section 17 will be void and of no effect. No assignment or delegation will relieve Franchisee of any of its obligations under this Agreement.

24. Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

25. Force Majeure. Neither Party will be liable or responsible to the other, nor be deemed to have defaulted or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement when and to the extent such failure or delay is caused by or results from acts or circumstances beyond the reasonable control of the Party including, without limitation, acts of God, flood, fire, earthquake, explosion, governmental actions, war, invasion or hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest, national emergency, revolution, insurrection, epidemic, lock-outs, strikes or other labor disputes (whether or not relating to either Party's workforce), or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials, or telecommunication breakdown or power outage.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date by their respective duly authorized officers.

NATIONAL RESTORATION SOLUTIONS, LLC

By _____

Name: Jennie Amante

Title: Secretary

{FRANCHISEE}

By _____

Name:

Title:

EXHIBIT **LM**

COLLATERAL ASSIGNMENT OF LEASE

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This COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into effective as of the day of _____, 20 (the "Effective Date"). The undersigned _____ ("Assignor") hereby assigns, transfers, and sets over unto Lightspeed Restoration, LLC, a Delaware limited liability company ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease Agreement"), with respect to the premises located at (the "Premises").

This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee takes possession of the Premises demised by the Lease Agreement pursuant to the terms hereof and expressly assumes in writing the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease Agreement and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer to anyone other than Assignee any of Assignor's interest in the Lease Agreement nor the Premises demised thereby.

Upon a default by Assignor under the Lease Agreement or under that certain Lightspeed Restoration franchise agreement between Assignee and Assignor (the "Franchise Agreement"), Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and with such expulsion Assignor shall have no further right, title or interest in the Lease Agreement.

Assignor shall not suffer or permit any surrender, termination, amendment or modification of the Lease Agreement without the prior written consent of Assignee. Through the term of the Franchise Agreement and any extension or renewal, Assignor shall elect and exercise all options to extend the term of or renew the Lease Agreement not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease Agreement as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, Assignor and Assignee and have duly executed this Collateral Assignment of Lease as of the Effective Date.

ASSIGNOR:

ASSIGNEE:

Lightspeed Restoration, LLC

By: _____ By: _____

Name: _____ Name: Steve Willis Its: President

EXHIBIT **MN**

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

State	Effective Date
California	Pending May 28, 2024
Connecticut	Pending
Hawaii	Pending
Illinois	Pending March 12, 2024
Indiana	Pending March 12, 2024
Maryland	Pending May 7, 2024
Michigan	Pending March 13, 2024
Minnesota	Pending March 25, 2024
New York	Pending March 26, 2024
North Dakota	Pending April 11, 2024
Rhode Island	Pending March 12, 2024
South Dakota	Pending April 2, 2024
Virginia	Pending March 12, 2024
Washington	Pending March 15, 2024
Wisconsin	Pending March 12, 2024

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.

EXHIBIT ~~NO~~
RECEIPTS

RECEIPT (YOUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The franchisor is Lightspeed Restoration, LLC, located at 777 International Parkway, Suite 300, Flower Mound, TX 75022, Telephone (877) 800-2382.

If Lightspeed Restoration, 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, franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that Lightspeed Restoration, LLC give you this disclosure document at the 1st personal meeting. Michigan requires that Lightspeed Restoration, LLC give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that Lightspeed Restoration, LLC give you this disclosure document at the earlier of the 1st personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Lightspeed Restoration, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit ~~EF~~. Lightspeed Restoration, LLC authorizes the agents listed in Exhibit ~~EF~~ to this disclosure document to receive service of process for it.

The name, principal business address and telephone number of each franchise seller offering the franchise: Shawna Bergstrom, Aaron Cady, Bryan Cranfill, Lisa McGill, Troy Molen, Ralph Rooney and, Jessica Sproule ~~and Jonathan Thiessen~~, 19000 MacArthur Blvd., Suite 100, Irvine, CA 92612, (866) 813-9211; and _____.

Issuance Date: March 11, 2024 as amended August 8, 2024.

On _____, I received a disclosure document dated March 11, 2024, as amended August 8, 2024, that included the following exhibits:

A: Franchise Agreement, State-Addendum <u>Schedules and Exhibits</u> <u>State Specific Addendum</u>	GH : Consent to Transfer and Assumption of Franchise Agreement
B: <u>Three Territories Addendum to Franchise Agreement</u>	I : Veterans Addendum to Franchise Agreement
C: Financial Statements	J : <u>Secured Promissory Note</u>
D : List of Franchisees	K : <u>General Security Agreement</u>
E : <u>List of Terminated or Transferred Franchises</u>	HL : <u>Master Services Agreement</u>
D : <u>List of Terminated or Transferred Franchises</u>	I : <u>Secured Promissory Note</u>
EF : State Franchise Administrators and Agents : for Service of Process	JM : <u>General Security Agreement</u> <u>Collateral Assignment of Lease</u>
FG : Operations Manual Table of Contents : :	KN : <u>Master Services Agreement</u> <u>State Effective Dates</u>
	LO : <u>Collateral Assignment of Lease</u> <u>Receipts</u>
	M : <u>State Effective Dates</u>
	N : <u>Receipts</u>

Signature of Prospective Franchisee

Print Name of Prospective Franchisee

RECEIPT (OUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The franchisor is Lightspeed Restoration, LLC, located at 777 International Parkway, Suite 300, Flower Mound, TX 75022, Telephone (877) 800-2382.

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If Lightspeed Restoration, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit ~~EF~~. Lightspeed Restoration, LLC authorizes the agents listed in Exhibit ~~EF~~ to this disclosure document to receive service of process for it.

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D: <u>List of Franchisees</u>	L: <u>Master Services Agreement</u>
E: List of Terminated or Transferred Franchises	JM: General Security Agreement <u>Collateral Assignment of Lease</u>
E: State Franchise Administrators and Agents- F: for Service of Process Operations Manual Table of Contents <u>for Service of Process</u>	K: Master Services Agreement L: Collateral Assignment of Lease -State MN: Effective Dates
G: <u>Operations Manual Table of Contents</u>	NO: Receipts

Signature of Prospective Franchisee

Print Name of Prospective Franchisee

You should return this dated and signed Receipt to ~~Jonathan Thiessen~~ Aaron Cady at 19000 MacArthur Blvd, Suite 100, Irvine, CA 92612, (949) 404 1100,
~~Jonathan.Thiessen@gohfc.com~~ aaron.cady@gohfc.com.