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**FRANCHISE DISCLOSURE DOCUMENT  
NATIONAL PROPERTY INSPECTIONS, INC.**

*A Nebraska Corporation*

9375 Burt Street, Suite 201

Omaha, NE 68114

1-800-333-9807

info@npiweb.com

www.npiweb.com

As a National Property Inspections franchisee, you will provide residential and commercial inspection services to prospective real estate buyers, lenders, insurance companies and other interested parties. When you purchase our franchise system, we teach you how to build, operate and grow your inspection business. We provide you with technical training in a building's electrical, mechanical, plumbing and structural systems, training in sales and marketing, as well as the inspection tools, computer and equipment you need to start your business.

The total investment necessary to begin operation of a National Property Inspections franchise is ~~\$40,600 — \$49,400~~ \$41,000 - \$54,700. This includes the \$34,900 franchise fee that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 National Property Inspections, Inc., 9375 Burt Street, Suite 201 Omaha, NE 68114, 1.800.333.9807.

The terms of your contract will govern your franchise relationship. Do not 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](http://www.ftc.gov) for additional information. Call your state agency (see Exhibit D), 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: ~~July 5, 2023, as amended March 1~~ June 28, 2024**

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## 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit J.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only National Property Inspection business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a National Property Inspection franchisee?</b>	Item 20 or Exhibit J lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 D.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Nebraska. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Nebraska than in your own state.
2. **Mandatory Minimum Payments**. You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

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

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## ITEM 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

NATIONAL PROPERTY INSPECTIONS, INC. (referred to as “we” or “us” or “our” or National Property Inspections, Inc.), is a Nebraska corporation which was incorporated on February 19, 1987. Our principal business address is 9375 Burt Street, Suite 201, Omaha, Nebraska 68114; telephone number is (800) 333-9807. We do business under the same name. Franchisee will be referred to as “you”. Should the franchise be a corporation, partnership or other legal entity, “you” will include the franchise owners.

### PARENTS, PREDECESSORS AND AFFILIATES

Our immediate parent company is NPI Holdings Ltd., a Delaware limited liability company that shares our principal address. NPI Holdings Ltd. is a wholly owned subsidiary of Carson, Dunlop & Associates Ltd., a Canadian private limited company with a principal address of 120 Carlton Street, Suite 407, Toronto, Ontario (Canada), M5A 4K2 (“Carson Dunlop”). Carson Dunlop is a wholly owned subsidiary of 1000150484 Ontario Inc., an Ontario (Canada) corporation that shares Carson Dunlop’s address. On February 1, 2024, the Co-operators Group Limited, an Ontario (Canada) private limited company with a principal address of 130 Macdonnell Street, Guelph, Ontario, Canada N1H 6P8 (“COGL”), purchased all of the issued and outstanding shares of 1000150484 Ontario Inc. from FAX Capital Corp. (the “Acquisition”) through 1000785024 Ontario Inc., which is an entity COGL indirectly owns through COGL’s wholly-owned subsidiary, Co-operators Financial Services Limited. As a result of the Acquisition, 100015084 Ontario Inc. is now a direct wholly owned subsidiary of 1000785024 Ontario Inc., and an indirect subsidiary of Co-operators Financial Services Limited and COGL, our ultimate parent company. 1000785024 Ontario Inc. is an Ontario (Canada) corporation with a principal address of 333 Bay Street, Suite 2400, Toronto, Ontario (Canada) MSH 216. Co-operators Financial Services Limited is an Ontario (Canada) private limited company that shares a principal address with COGL. None of our parent companies listed above offer franchises in any line of business or provide products or services to our franchisees.

Through common control with Carson Dunlop, we are affiliated with GPI Franchise Corp., an Ontario (Canada) corporation that shares Carson Dunlop’s principal address. GPI Franchise Corp. is the franchisor of businesses in Canada that provide home and commercial inspections, energy evaluations/assessments, infrared scans, property preservation and field services under (i) the “Global Property Inspections” trade name, service marks and related logos (“Global Property Inspection Businesses”), and (ii) “Carson Dunlop” trade name, service marks and related logos (“Carson Dunlop Businesses”). We previously offered franchises for Global Property Inspection Businesses in Canada from May 2006 until April 1, 2022 when we sold all of our interests in the assets of our Canadian system, including Canadian franchise agreements, to GPI Franchise Corp. On June 30, 2022, we entered into an administrative services agreement with GPI Franchise Corp., where we agreed to continue to provide certain administrative services to Global Property Inspection Businesses and Carson Dunlop Businesses currently operating in Canada. GPI Franchise Corp. discontinued offering franchises for Global Property Inspection Businesses in June 2022. As of ~~March~~June 1, 2024, there are 10 Global Property Inspection Businesses and 5 Carson Dunlop Businesses operating in Canada. ~~GPI Franchise Corp. does not offer Global Property Inspection Businesses in the United States.~~—We anticipate that some or all of the remaining 10 Global

Property Inspection Businesses will rebrand ~~under the “Carson Dunlop” trade name, service marks and related logos~~ as a [Carson Dunlop Business](#). [GPI Franchise Corp. does not offer Global Property Inspection Businesses or Carson Dunlop Businesses in the United States.](#)

Other than the GPI Franchising Corp., we do not have any parents or predecessors, nor do we have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

### **AGENT FOR SERVICE OF PROCESS**

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

### **PRIOR EXPERIENCE**

We have been offering franchise and franchise inspection related services since 1987 and other than as noted above, has no other business activities or prior franchise business experience.

### **THE BUSINESS WE OFFER**

We and our affiliates have developed (and continue to develop and modify) a system and franchise opportunity for the operation of an inspection business (each an “NPI Franchised Business”) offering residential and commercial inspection services, energy evaluations/assessments, infrared scans, property preservation, field service and other related services to prospective real estate buyers, lenders, insurance companies and other interested parties. NPI Franchised Businesses operate using the trademarks and service marks we authorize (the “Marks”) and the distinctive business formats, methods, procedures, signage designs, layouts, standards and specifications, all of which we may improve, further develop or otherwise modify (collectively, the “System”). We call the NPI Franchised Business you operate, your “Franchised Business.”

You will operate your Franchised Business from a specific geographic territory (the “Designated Area”). You must operate your Franchised Business in compliance with the System and as set forth in the Franchise Agreement and our confidential operations manual, which consists of the materials we generally furnish to franchisees for use in the operation of NPI Franchised Businesses (the “Confidential Manuals”).

### **MARKET AND COMPETITION**

You will be expected to compete with a number of newly formed companies with national and local business ties offering the same or similar property inspections services.

### **INDUSTRY REGULATIONS/LAWS, LICENSES AND PERMITS**

Various states may have licensing, permits and fee requirements for the home inspection industry. Please check with your State Licensing Department for further information (Exhibit D). Dependent on state requirements for licensure, some states require additional field training and testing. The process and timeline for obtaining the licenses or permits and joining any relevant trade groups, or taking any additional classes, examinations or memberships is to be completed within 60 days after



completing the classroom training provided by us at our training facility in Omaha, NE. We may extend this timeframe for any delays outside of your control due to administrators of state examination or licensing processes.

We are not aware of any Federal rules, laws, or regulations with regard to the home inspection industry.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **EMPLOYERS AND OCCUPATIONS**

#### **NAME AND TITLE**

#### **DURING THE PAST FIVE YEARS**

**Craig Rowsell**, Chief Executive Officer and Director

Following the Acquisition in February 2024, Craig became our Chief Executive Officer and a Director on our Board of Directors. Since June 2023, Craig has also served as the Chief Executive Officer of our affiliate, Carson Dunlap. From January 2012 to December 2022, Craig was the Executive Vice President of Real Matters, LLC in Toronto, Ontario (Canada). Craig is currently based in Toronto, Ontario (Canada).

**David Stamper**, President, Chief Financial Officer, and Director

David joined us as Business Manager in April 2016, and continued in that role until May 2019, at which time he became our President and Chief Financial Officer. In April 2022, in addition to his roles as our President and Chief Financial Officer, David was also appointed as (i) a Director on our Board of Directors; (ii) the Treasurer and Secretary of GPI Franchise Corp. and NPI Holdings Ltd.; and (iii) a Director on the Board of Directors of GPI Franchise Corp. and NPI Holdings Ltd. David previously served as our Secretary from April 2022 until the Acquisition in February 2024. David's positions have all been based in Omaha, Nebraska.

**Steve Phillips**, Director

Following the Acquisition in February 2024, Steve became a Director on our Board of Directors. Since March 2023, Steve has also served as the Executive Vice President of Emerging and Adjacent Business Models for our ultimate parent, COGL, in Guelph, Ontario (Canada). Prior to that, Steve was COGL's Executive Vice President of Sovereign Insurance from January

2017 to March 2023, in Guelph, Ontario (Canada). Steve is currently based in Guelph, Ontario (Canada).

**Will Duggan, Director**

Following the Acquisition in February 2024, Will became a Director on our Board of Directors. Since June 2022, Will has also served as Vice President of Adjacent Business Models for our ultimate parent, COGL, in Guelph, Ontario (Canada). From January 2021 to June 2022, Will served as COGL's Assistant Vice President of Digital & Business Optimization in Guelph, Ontario (Canada). From March 2019 to January 2021, Will served as Assistant Vice President of Corporate Operations for Sovereign Insurance in Toronto, Ontario (Canada). ~~Prior to that, he served as Sovereign Insurance's Assistant Vice President of Finance from January 2016 to March 2019 in Calgary, Alberta (Canada).~~ Will is currently based in Guelph, Ontario (Canada).

**Ryan Spinner, Director**

Following the Acquisition in February 2024, Ryan became a Director on our Board of Directors. Since September 2022, Ryan has also served as a Vice President of Emerging Business Models for our ultimate parent, COGL, in Guelph, Ontario (Canada). From June 2019 to September 2022, Ryan served as Head of Mobility for Liberty Mutual Canada in Toronto, Ontario (Canada). From January 2016 to June 2019, Ryan served as Head of Innovation and Partnership for Aviva Canada in Toronto, Ontario (Canada). Ryan is currently based in Guelph, Ontario (Canada).

**Brigitte Catellier, Secretary**

Following the Acquisition in February 2024, Brigitte became our Secretary. Since May 2023, Brigitte has also served as Vice President, Chief Governance Officer and Corporate Secretary for our ultimate parent, COGL, in Guelph, Ontario (Canada). From January 2018 to April 2023, Brigitte served as Vice President of Corporate Governance and Compliance for Meridian Credit Union Limited in St. Catharines, Ontario (Canada). Brigitte is currently based in Guelph, Ontario (Canada).

**Samantha Marcellus, Recruitment Coordinator**

Samantha joined us in May 2023 as our Recruitment Coordinator in Omaha, Nebraska. She has also served as a 92A Automated Logistics Specialist with the Nebraska National Guard in Lincoln, Nebraska since November 2017. Prior to joining National Property Inspections, she was employed as a Provider Relations Specialist at Proceed Finance in Lincoln, Nebraska from December 2021 to February 2023. From August 2021 to December 2021, Samantha served as a Customer Service Representative for Ameritas Life Insurance Corp. in Lincoln, Nebraska. From July 2021 to August 2021, Samantha served as a Team Lead/Logistician for Nebraska Book Company in Lincoln, Nebraska. From September 2020 to July 2021, Samantha was on active duty with the Nebraska National Guard in Lincoln, Nebraska. From August 2020 to September 2020, Samantha served as a Staffing Specialist for Labor Max in Lincoln, Nebraska. From January 2020 to August 2020, Samantha was on active duty with the Nebraska National Guard in Lincoln, Nebraska. From January 2018 to December 2019, Samantha was completing basic and advanced individual training with the Nebraska National Guard in Lincoln, Nebraska. Samantha is based in Omaha, Nebraska.

**Kenn Garder**, National Accounts Manager

Kenn joined us in May 2006 as National Accounts Manager. Kenn is based in Omaha, Nebraska.

**Jon McCreath**, Technical Supervisor, Training Administrator

Jon joined us in July 2019 as Technical Supervisor and Training Administrator. Prior to joining our corporate team, Jon was a National Property Inspections franchisee since July 2014. Jon is based in Omaha, Nebraska.

**Chris Bates**, Vice President, Sales and Development

Chris joined us in October 2012 as Vice President, Sales and Development. Chris is based in Omaha, Nebraska.

**Joe Pawlenty**, Senior Recruitment Coordinator

Joe joined us in May 2024 as Senior Recruitment Coordinator. Prior to that, Joe was a Sales Coordinator for Winmark located in Plymouth, Minnesota from January 2020 to May 2024. From January 2016 to December 2019, Joe was the Lead Brand

[Performance Manager for Lift Brands in Chanhassen, Minnesota.](#)

**ITEM 3**

**LITIGATION**

There is no litigation to be disclosed in this item.

**ITEM 4**

**BANKRUPTCY**

No bankruptcy is required to be disclosed in this item.

**ITEM 5**

**INITIAL FEES**

The “Initial Franchise Fee” for a protected territory is US \$34,900. You pay us the Initial Franchise Fee when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable in whole or in part and is uniform for all franchisees unless otherwise noted below.

Included in the Initial Franchise Fee is the start-up Franchise Package, which consists of the costs to perform our initial training program as detailed in Item 11, including hotel accommodations, breakfast and lunch during our initial training program, one computer, one printer, one camera, initial marketing materials and initial tools.

We offer an incentive program for eligible veterans of the United States military forces and first responders (i.e. police, fire, EMT etc.) (the “Military Veteran/First Responder Incentive”) under which participants will pay an Initial Franchise Fee reduced by 20% (i.e. \$27,920). To qualify, veterans must provide us adequate documentation of their honorable discharge (by submission of a form 1041 or other materials we deem acceptable) and the qualified veteran or first responder must own at least 51% of the franchisee entity.

During our last fiscal year ending March 31, ~~2023~~2024, we collected initial franchise fees ranging from \$~~12,500~~24,500 to \$34,900.

**ITEM 6**

**OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
<b>Royalty</b> (see Note 1)	(i) 8% of Gross Sales or, (ii) a minimum of \$300 to \$500 per month, whichever is	To be paid by the 10 <sup>th</sup> day of each month.	“Gross Sales” means all revenue that you derive from operating your Franchised Business, including, all amounts that you

Type of Fee	Amount	Due Date	Remarks
	greater.		receive in connection with your Franchised Business, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions and all other income of every kind and nature related to your Franchised Business, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from clients and paid to the appropriate taxing authority, and (2) reduced by the amount of any documented refunds, credits, allowances, and charge-backs your Franchised Business in good faith gives to clients.
<b>Fund Contribution</b> ("Fund Contribution")	2% of weekly Gross Sales	Monthly	Fund contributions are payable in the same manner as the royalty. See Item 11 for a detailed discussion about the Advertising and Development Fund (the "Fund"). <del>We implemented the Fund during our last fiscal year ending March 31, 2023.</del> Franchisees that signed a franchise agreement with us prior to us implementing the Fund may not be required to contribute to the Fund.
<b>Software Fee</b> ("Software Fee")	Then current Software Fee (which we estimate to be \$600 per year).	Annually	As of the date of this Disclosure Document, we do not require NPI Franchised Businesses to use our proprietary software. We currently anticipate requiring NPI Franchised Businesses to use our proprietary software later this year. When we introduce our proprietary software, your Franchised Business must use the proprietary software and you must pay the Software Fee. The Software Fee is in consideration

Type of Fee	Amount	Due Date	Remarks
			for our costs associated with the creation, maintenance and ongoing development of the technology used for our proprietary software, plus any applicable taxes. We may increase the Software Fee up to 20% each year commencing 12 months from the date you open your Franchised Business.
<b>Local Advertising</b>	Up to 2% of Gross Sales	Monthly	You are not required to advertise, however, we suggest that you spend up to 2% of your Franchised Business's Gross Sales on local marketing initiatives to promote your Franchised Business. Franchisees that satisfy the Royalty Waiver Conditions (as defined in <i>Note 1</i> below), including to spend the required minimum amount on local advertising expenditures, will receive a royalty waiver during the first 120 days following the earlier of (i) you opening your Franchised Business; or (ii) on the first day of the 5th month immediately following the effective date of the Franchise Agreement (the "Royalty Commencement Date") ( <i>see Note 1</i> ).
<b>Ongoing Training/Annual Meeting</b>	Our then-current charge to attend any ongoing training course or annual meeting we schedule (currently \$375, but not to exceed \$500 per offering). NPI to provide numbers	As required	Required for each ongoing training course or annual meeting we schedule.
<b>Interest on Overdue</b>	4% above the prime rate of interest on the first day of each	As agreed	Due on all overdue amounts. ( <i>See Note 4</i> )

Type of Fee	Amount	Due Date	Remarks
<b>Payments</b>	month or the maximum rate allowable by applicable law <sup>(4)</sup>		
<b>Audit</b>	The cost of inspection or audit (including our travel expenses and reasonable legal fees and accounting fees). We estimate this will cost between \$5,000 and \$10,000.	Upon invoice	Payable in the event any of our audits or inspections shows that you have underreported Gross Sales by more than 2% in any given reporting period.
<b>Transfer</b>	\$5,000, plus our administrative costs and expenses. If the purchase price for your Franchised Business exceeds \$200,000, the amount of the transfer fee will increase above \$5,000 by an additional amount equal to 10% of the amount the purchase price exceeds \$200,000.	Upon transfer	
<b>Insurance</b>	You must reimburse our costs.	As incurred	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us. <i>(See Note 5)</i>
<b>Costs and Attorneys' Fees</b>	Will vary under circumstances and depend on nature of your non-compliance	As incurred	Due when we incur costs and expenses to enforce Franchise Agreement against you, whether or not we begin formal legal proceeding.
<b>Management Fee</b>	Our expenses to manage your Franchised Business, including reasonable compensation and expenses for our representative managing your	As incurred	Due when we manage your Franchised Business after you or your owner's death or disability or upon your default or abandonment.

Type of Fee	Amount	Due Date	Remarks
	business.		
<b>Indemnification</b>	Will vary under circumstances and depend on nature of third-party claim	As incurred	You must reimburse us if we are held liable for claims from your franchise business's operation or incur costs to defend them (when we are not at fault).
<b>Brand Damages</b>	Will vary under circumstances	As incurred	Due only if we terminate the Franchise Agreement before it expires, in which case you must pay us for all Brand Damages related to early termination. ( <i>See Note 6</i> )
<b>Administrative Fee</b>	\$500 per day that we have the right to terminate the Franchise Agreement	As incurred	When you do not comply with the Franchise Agreement.

Except as otherwise noted in this Item 6, all fees are imposed and collected by and payable to us or our affiliates. Except as noted above, all fees are uniform and nonrefundable.

#### **NOTE 1**

**ROYALTY FEES:** Beginning on the Royalty Commencement Date, you must pay to us a continuing royalty of 8% of the Gross Sales of your Franchised Business, or a minimum royalty of \$300.00 per month, whichever is greater. Beginning on the first day of the 17th month immediately following the effective date of the Franchise Agreement, the royalty you must pay us will be increased to 8% of the Gross Sales, or a minimum of \$400.00 per month, whichever is greater. Beginning on the first day of the 29th month following the effective date of the Franchise Agreement, the royalty you must pay us will be increased to 8% of the Gross Sales, or a minimum of \$500.00 per month, whichever is greater. A monthly summary report of all of your services for the month must accompany the royalty payment. We will temporarily waive royalty payments for a period beginning on the Royalty Commencement Date and ending 120 days following the Royalty Commencement Date (the "Royalty Waiver Period") so long as during the Royalty Waiver Period you satisfy the following conditions: (i) you spend an amount equal to the greater of 8% of the Gross Sales of your Franchised Business or \$300.00 per month on local advertising we approve promoting your Franchised Business; and (ii) you remain in compliance with the terms of the Franchise Agreement and any other agreement you or your affiliate maintains with us or our affiliate (the "Royalty Waiver Conditions"). Upon our request, you must furnish to us, on a monthly or more frequent basis as we determine, supporting documentation evidencing your local advertising expenditures during the Royalty Waiver Period. Beginning on the earlier of (a) the conclusion of the Royalty Waiver Period, or (b) your failure to satisfy the Royalty Waiver Conditions, you must immediately begin paying us the full amount of the royalty due.

#### **NOTE 2**



**METHOD OF PAYMENT:** Before your Franchised Business begins operating, you must sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for royalties, the Software Fee (if applicable), Fund contributions, and other amounts due to us or our affiliates in connection with your Franchised Business for your purchases from us and/or our affiliates (the "Electronic Depository Transfer Account" or "EDTA"). We will debit the EDTA for these amounts on their due dates. You will ensure that funds are available in the EDTA to cover our withdrawals. If there are insufficient funds in the EDTA to cover any such amount owed (or, if you are paying by check and a check is returned for insufficient funds), you must pay us, on demand, a processing fee of \$100, plus reimbursement of our additional administrative expenses and charges. If there are insufficient funds in the EDTA, or if your check is returned for insufficient funds, then we may require you to make all subsequent payments to us by certified check. We may require you to pay any amounts due under the Franchise Agreement or otherwise by means other than automatic debit (e.g., by check) whenever we deem appropriate, and you must comply with our payment instructions.

**NOTE 3**

**AUDITS:** Our representatives will have the right at all reasonable times to inspect your books, records and cash control devices or system. Upon the discovery of a discrepancy, an understatement of revenue, in the report of gross receipts of 2% or more, you must pay us monies owed as well as interest at the maximum rate permitted by law, and reimburse us for any and all expenses connected with the audit, including travel, lodging, and wage expenses, and reasonable accounting and legal costs. If such audit does not reveal an underpayment of 2% or more, you will not be charged for the cost of the audit.

**NOTE 4**

**INTEREST:** If there is no applicable legal maximum rate, interest will be calculated at the rate of 4% above the prime rate of interest on the first day of each month for the past due amount, as published in The Wall Street Journal.

**NOTE 5**

**INSURANCE:** Should you, for any reason, fail to procure and maintain insurance coverage as required by the Franchise Agreement, we will have the right and authority, without any obligation, to immediately procure such insurance coverage and to charge you, which charges, together with a reasonable fee for expenses incurred by us in connection with such procurement. These charges will be payable by you immediately upon notice or may constitute grounds for termination.

Your failure to maintain any such insurance coverage and to provide us with the required certificate of insurance in a timely manner, constitutes grounds for termination.

**NOTE 6**

**BRAND DAMAGES:** Brand Damages are an amount equal to our lost royalties, lost Fund contributions, lost Software Fees (if applicable), lost profits, loss of goodwill and damage to our Marks and reputation, lost opportunities, travel and personnel costs, expenses that we may incur in developing or finding another franchisee to develop a new NPI Franchised Business in the Designated Area, and any other lost payments or benefits we would have received for the balance of the initial term or renewal term (as applicable) after the effective date of termination (collectively, "Brand Damages").

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# ITEM 7

## ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditures	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee: (see Note 1)	\$34,900	Lump Sum	At signing of Franchise Agreement	Franchisor
Travel/Living Expenses for Training (see Note 2)	<del>\$600-</del> <del>\$875</del> <u>\$750 -</u> <u>\$1,650</u>	As incurred	During Initial Training	Airlines and Restaurants
Association/ Organization membership (see Note 3)	\$1,000 - <del>\$1,200</del> <u>\$2,000</u>	As Arranged	Upon joining	Local Board of Realtors and Inspector Association
Vehicle Signage (see Note 4)	<del>\$300-</del> <del>\$1,200</del> <u>\$500 -</u> <u>\$1,500</u>	Lump Sum	Due upon completion of initial training.	Supplier
Advertising/ Promotions (see Note 5)	\$600 - <del>\$1,200</del> <u>\$1,500</u>	As Arranged	Within first 60 days	Supplier
Insurance Premium	<del>\$300-</del> <del>\$600</del> <u>\$600 -</u> <u>\$1,250</u>	Down payment if paying monthly premiums	At start of operation	Responsible preapproved insurance carrier acceptable to US.
Legal (see Note 6)	<del>\$250-</del> <del>\$350</del> <u>\$500 -</u> <u>\$1,000</u>	Lump Sum	Before Opening	Lawyer
Accounting (see Note 7)	\$250 - <del>\$375</del> <u>\$500</u>	Lump Sum	Before Opening	Accountant
Licenses (see Note 8)	\$200 - \$4,900 (depending on state)	Lump Sum	Before Opening	Appropriate Government Agency

Type of Expenditures	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Apparel	\$200 - <del>\$300</del> <u>\$500</u>	As Incurred	Before Opening	Supplier
Tools and Equipment (see Note 9)	\$500 - \$2,000	At signing of franchise Agreement	At start of operation	Franchisor
Additional Funds (see Note 10)	<del>\$1,500</del> <u>\$1,000 - \$3,000</u>	As Incurred	As Incurred	Suppliers Employees Franchisor
<b>TOTALS</b>	<del>\$40,600-</del> <del>\$49,400</del> <u>\$41,000 - \$54,700</u>			

**NOTE 1**

**INITIAL FRANCHISE FEE:** The Initial Franchise Fee includes the Franchise Package listed in Exhibit C. In certain circumstances, we may offer a reduced Initial Franchise Fee if (i) you (or your Managing Owner) have already begun and/or completed training courses offered by our affiliate, Carson Dunlop, prior to signing the Franchise Agreement, and/or (ii) you qualify for the Military Veteran/First Responder Incentive.

**NOTE 2**

**TRAINING:** We offer a third week of up to 5 days of in-the-field training with a limited allowance per franchise of up to \$150/day for travel and living expenses, not to exceed 5 days, \$750 total allowance. If you are in a state that requires more than 5 days of in-the-field training, we may increase the total allowance provided to you during your in-the-field training (not to exceed \$1,500). To be completed within 60 days of completing the classroom training in Omaha.

During initial franchisee classroom training, we will pay for your (or your Managing Owner's) lunch meals and hotel accommodations (including breakfast). You are responsible for the travel, airfare, ground transportation and all other costs for you (or your Managing Owner) or your designated manager (if you will not be acting as your own manager), to attend our in-person training program.

**NOTE 3**

**ASSOCIATION/ORGANIZATION MEMBERSHIP:** You are required to join your local Board of Realtors as an affiliate member. Local Associations/Organizations require annual dues.

**NOTE 4**

**VEHICLE SIGNAGE:** You are required to provide signage for your vehicle. The cost can vary depending on how extensive the graphics are.

**NOTE 5**

**ADVERTISING/PROMOTION:** We will temporarily waive royalty payments during the Royalty Waiver Period so long as during the Royalty Waiver Period you satisfy the Royalty Waiver

Conditions, including to spend on local advertising expenditures. The range listed in this table is our estimate of what participating franchisees will spend on local advertising expenditures during the Royalty Waiver Period. Upon our request, you must furnish to us, on a monthly or more frequent basis as we determine, supporting documentation evidencing your local advertising expenditures during the Royalty Waiver Period.

**NOTE 6**

**LEGAL:** You are responsible for obtaining legal advice from an attorney of your choosing pertaining to all things relating to the laws regulating home inspection businesses, including your Franchised Business.

**NOTE 7**

**ACCOUNTING:** You are also responsible for obtaining accounting software or advice from a qualified accountant of your choosing pertaining to all finances regarding your Franchised Business such as bookkeeping and tax procedures.

You are required to pay all taxes associated with your Franchised Business in a timely fashion.

**NOTE 8**

**LICENSES:** You are responsible for obtaining a home inspector license for your Franchised Business. Depending on the state in which your Franchised Business is located, you may also be required to attend additional state mandated training courses before obtaining your home inspector's license. We may reimburse you for the cost of completing a state required training course up to the amount listed on Schedule 1 of the State Training Reimbursement Addendum. To qualify for any reimbursement, you must be in full compliance with the terms of the Franchise Agreement, your Franchised Business must be located in a state identified on Schedule 1 of the State Training Reimbursement Addendum, and you must sign our State Training Reimbursement Addendum (our current form is attached as Exhibit H to this Disclosure Document).

**NOTE 9**

**TOOLS AND EQUIPMENT:** You must purchase your own ladder. Before you open your Franchised Business, we also recommend that you purchase personal protective equipment, including coveralls, gloves, footwear and inspection clothing, as well as a thermal imaging camera. Initial tools to start your Franchised Business are described in Exhibit C (Franchise Package – Basic Tools/Equipment) and are included in the Initial Franchise Fee, including a portable computer, portable printer and digital camera.

**NOTE 10**

**ADDITIONAL FUNDS:** This item estimates the initial start-up expenses (other than the items identified separately in the table) for your Franchised Business. Other than the items noted above, there are no other fees that are required to be paid by you to us to commence operation of your Franchised Business. Any fees paid to us are not refundable; fees paid to any third parties may be refundable, depending upon the contracts, if any, between such third parties and you.

You are responsible for any fees required for licensing or permits.

You may also purchase the optional technology suite we offer to NPI Franchised Businesses (the “Tech Suite”), which provides certain digital advertising services, including automated social media postings, an automated monthly newsletter sent using an email marketing platform and an automated review gathering and management system. If you choose to purchase the Tech Suite, the cost is currently, ~~\$75~~100 per month. The high end of this range reflects a purchase of the Tech Suite for 3 months, while the low end does not include any costs for the Tech Suite.

Since you may operate your Franchised Business out of your home, there is no estimate made for real estate expenses. If you do not operate your business from your home, you may lease office space. Rent is estimated to between ~~\$12.00~~15.00 - ~~\$25.00~~30.00 per square foot in most regions of the country, depending on size, locations and condition of the rental property.

Since you may use your own private vehicle in operating your Franchised Business, there is no estimate made of motor vehicle expense.

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

You should review these estimated figures carefully with a business advisor before deciding to acquire the franchise. The estimated additional funds included in this Item 7 are based on our more than ~~35~~36 years of experience in the home inspection franchise business.

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business at all times within the quality standards we establish through the System and through the Confidential Manuals that we will furnish to you and as we may modify. The standards are to ensure the quality, safety, efficiency, quantity, and uniformity of services and products a NPI Franchised Business provides. You must obtain and use the computer hardware and/or operating software we specify at any time for your Franchised Business (the “Computer System”), including any proprietary software we, our affiliate or our designated supplier license to you for your Franchised Business. Suppliers may be limited to us, our affiliates and/or our designated third-party suppliers. Currently, you must purchase the equipment included in the Franchise Package only from us or our affiliates. When we introduce our proprietary software, you must only purchase that proprietary software from us or our affiliates.

We do not permit you to contract with any alternative suppliers for the equipment included in your Franchise Package, and we will not permit you to use alternative suppliers for any proprietary software we require you to use for your Franchised Business. Other than the equipment included in the Franchise Package, and any proprietary software we or our affiliate license you to use in your Franchised Business, you may choose your own suppliers for equipment and other items you may need to operate your Franchised Business. We may make suggestions as to specific equipment makes and models and suppliers. We may disapprove of certain suppliers of products and services and you must not use such suppliers. On request, we will make our criteria for approving suppliers available to franchisees. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client

relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor at any time. On request, we will issue specifications and standards to franchisees and approved suppliers, and will notify franchisees and approved suppliers of our specifications and standards, including any modifications to such specifications and standards, using our Confidential Manuals.

We and our affiliates may receive payments or other consideration from suppliers on account of such suppliers' dealings with you and other franchise owners, and may use any amounts so received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases or negotiate purchase arrangements with one or more suppliers or distributors to obtain lower prices or the best advertising support or services.

As of the date of this Disclosure Document, we have no required specifications or purchase arrangements with designated suppliers, or approved suppliers for goods, services or real estate relating to your Franchised Business to be purchased or leased. Currently, neither we nor our affiliates receive any revenue or other material consideration based on the direct sale of items to franchisees, but we may do so in the future. We do receive rebates from a credit card company our franchisees use to process payments based on a flat amount per transaction. During our fiscal year ended March 31, ~~2023~~2024, we derived \$~~3,336~~5,145 in revenue from the credit card company, which represented ~~0.007~~0.14% of our overall revenues of \$~~4,288,466~~3,659,836. None of our officers owns any interest in an approved supplier. We do not provide material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

We furnish a portable computer, portable printer, and digital camera to you as part of the start-up Franchise Package, which is included in the price of your Initial Franchise Fee. Refer to Exhibit C.

Collectively, the purchases and leases described above are approximately 10% of your overall purchases and leases in establishing your Franchised Business and 10% of your overall purchases and leases in operating your Franchised Business.

There are no purchasing or distribution co-operatives.

Before your Franchised Business begins to operate, you must procure at your sole expense an insurance policy or policies protecting you, us and our officers and employees against any loss, liability or expense whatsoever arising from or occurring by reason of your operation of the business. You must maintain this insurance in full force and effect during the entire term of the Franchise Agreement. We must be listed as an additional named insured on that policy or policies (with the exception of Worker's Compensation).

Such policy or policies must be written by an insurance company satisfactory to us in accordance with standards and specifications set forth in the Confidential Manuals or otherwise in writing, and must include, the following:



1. Comprehensive general liability insurance, including automobile liability for any owned and non-owned vehicles, with minimum limits of \$500,000 per occurrence for bodily injury and \$500,000 property damage;
2. Worker's Compensation and employer's liability insurance as well as other insurance as may be required by statute or rule of the state(s) in which your Franchised Business is located and operated;
3. If you have employees, third party fidelity bond coverage in the minimum amount of \$10,000;
4. Group health and accident insurance where required by local law;
5. If any vehicle is used in connection with the operation of your Franchised Business, motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with your Franchised Business' operation; and
6. Errors and Omissions coverage, subject to a minimum level of \$250,000 per occurrence, \$500,000 policy limits, or the minimum policy limits required by state law, whichever is greater.

We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance, employment practices liability insurance and cybersecurity insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Required coverage must include insurers' waiver of subrogation against us and you will waive rights of recovery against us.

Upon obtaining the insurance required by the Franchise Agreement and on each policy renewal date afterwards, you must promptly submit evidence of satisfactory insurance and proof of payment to us, together with, upon request, copies of all policies and policy amendments. The evidence of insurance must include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days prior written notice to us.

If you decide to sell or transfer your interests in the Franchise Agreement or your Franchised Business, or if the Franchise Agreement expires or terminates for any reason, then you must procure and maintain Errors and Omissions insurance for a minimum of 1 year starting at the date of such sale, transfer, termination or expiration with the same limits as listed above and naming us as an additional insured.

If you, for any reason, fail to procure and maintain the above-mentioned insurance coverage as the Franchise Agreement requires, we will have the right and authority, without any obligation, to immediately procure such insurance coverage and to charge to you, which charges, together with a reasonable fee for expenses incurred by us in connection with such procurement, will be payable by you immediately upon notice or may constitute grounds for termination.

Your failure to maintain such insurance coverage and to provide us with the required certificate of insurance in a timely manner constitutes grounds for termination.

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## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	11
b. Pre-opening purchases/leases	Not Applicable	Not Applicable
c. Site development and other pre-opening requirements	XII	7, 11
d. Initial and ongoing training	V	11
e. Opening	Not Applicable	7, 11
f. Fees	III, V.B., IX.A, E., XIV.D, XV.G, XVIII.C(6),	5, 6, 7
g. Compliance with standards and policies/training manual	VI, XI	Not Applicable
h. Trademarks and proprietary information	IV, VI, VII	13, 14
i. Restrictions on products/services offered	XI	8
j. Warranty and customer service requirements	Not Applicable	Not Applicable
	III. B	Not Applicable



<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
k. Territorial development and sales quotas		
l. Ongoing product/service purchases	XI	8, 16
m. Maintenance, appearance, and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	XIV	7
o. Advertising	IX	6, 7
p. Indemnification	XXIII. B	6 Misc.
q. Owner's participation/management/staffing	I.B	15
r. Records and reports	X	Not Applicable
s. Inspections/audits	X	6
t. Transfer	XVIII	17
u. Renewal	II	17
v. Post-termination obligations	XVII	17
w. Non-competition covenants	XV	17
x. Dispute resolution	XXII	17
y. Other: Personal guarantee Entity limitations	Not Applicable	Not Applicable

**ITEM 10****FINANCING**

We and our affiliates do not offer direct or indirect financing. Neither we nor our affiliate will guarantee your note, lease, or obligation.

## ITEM 11

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

#### **Obligations Prior to the Opening of the Business**

Before the opening of your Franchised Business, we (or an affiliate, as applicable) will:

1. Designate the Designated Area for your Franchised Business. (Franchise Agreement – Section I.C)
2. Provide you access to a copy of the Confidential Manuals, the current table of contents of which is listed in Exhibit G. As of the date of this Disclosure Document, the Confidential Manuals contain approximately 1,083 pages. (Franchise Agreement – Section VI)
3. Advise you on your Franchised Business's advertising program. (Franchise Agreement – Section IX)
4. Train you (or your Managing Owner) or your designated manager as to the operation of your Franchised Business. (Franchise Agreement – Section V) We describe this training later in this Item.
5. We will provide you with our start-up Franchise Package as detailed in Exhibit C, which includes training in use of the technical equipment and computer, logos for signage; an opening inventory of marketing materials; and names of suggested suppliers. (Franchise Agreement – Section V, Section VI, Section IX and Section XII)
6. We will assist you in making your Franchised Business ready to start operations.

We do not anticipate the necessity for providing supervision assistance or services to you before the opening beyond those services stated above.

#### **Franchisor's Obligations During the Operation of the Business**

During the operation of your Franchised Business, we (or an affiliate, as applicable), will:

1. Continue to grant you a protected territory in the Designated Area, subject to your compliance with the Franchise Agreement. (Franchise Agreement – Section I.C)
2. Continue the training program through publication and modification, if applicable, of our Confidential Manuals, bulletins and other promotional materials. We may also provide you with additional training and, if available, new concepts, procedures, products, equipment and training aids whereby you may train your own personnel; marketing assistance; and a

toll-free number for prompt communication between you and us. (Franchise Agreement – Section V and Section VI)

3. Offer, when available, continuing advisory services on promotional, business and operational problems. (Franchise Agreement – Section XII)
4. Send to you when available promotional materials and bulletins on new sales, marketing development, inspection techniques, and the like. (Franchise Agreement – Section IX)
5. Continue to provide you with our Confidential Manuals. Subject to your compliance with the Franchise Agreement, we will provide you access to our proprietary software and information relative to your other obligations under the Franchise Agreement and the operation of your Franchised Business. (Franchise Agreement – Section VI)
6. Recommend and establish, to the fullest extent allowed by applicable law, maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services. (Franchise Agreement – Section XII.C)
7. Continue to let you use our Marks, subject to your compliance with the Franchise Agreement. (Franchise Agreement – Section IV)

### **Methods Used to Select Site Location**

You may use your home as the site of your Franchised Business so long as it is within the Designated Area. We have no site selection criteria. You must at all times maintain a physical mailing address as your Franchised Business address located in your Designated Area.

### **Typical Length of Time Before Operation**

We estimate the typical length of time between the execution of the Franchise Agreement and the commencement of your Franchised Business to be between 60 and 120 days. You must open your Franchised Business within 120 days of signing the Franchise Agreement or you will be in breach of the Franchise Agreement. The factors that affect this time may include financing, zoning or local ordinances, weather conditions, shortages, state licensing and permitting.

## **ADVERTISING**

### **Advertising and Development Fund**

Recognizing the value of advertising and marketing to the goodwill and public image of NPI Franchised Businesses, we have established an Advertising and Development Fund (the “Fund”) for the advertising, marketing, and public relations programs and materials we deem appropriate. We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with NPI Franchised Businesses and with whom we have agreed that we will so deposit these allowances. The Fund may be operated by one or more of our affiliates. You must contribute to the Fund 2% of your Franchised Business’s Gross Sales. Such fee will be paid monthly and in the same manner as the royalty fee.

We direct all programs that the Fund finances (including related legal work), with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; costs associated with inbound marketing channels and providers (for example, Google, Facebook and Yelp); developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

The Fund may periodically give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We account for the Fund separately from our other funds and will not use the Fund for any of our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, legal costs and expenses related to the Fund's activities, the Fund's other administrative costs, reasonable travel expenses of personnel while they are on Fund business, meeting costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs, including, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions. We collected approximately \$2,900 in Fund contributions during our fiscal year ended March 31, 2024. We did not ~~collect~~spend any of those Fund contributions ~~from franchisees~~ during our ~~last~~ fiscal year ending ended March 31, 20232024, which will rollover and be spent during our next fiscal year.

The Fund will not be our asset. Although the Fund is not a trust, we hold all Fund contributions for the benefit of the contributors and use contributions only for the purposes described in the Franchise Agreement. We do not owe any fiduciary obligation to you for administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, pay back outstanding principal amounts borrowed in prior years from us or third parties, or invest any surplus for future use. We use all interest earned on Fund contributions to pay costs before using the Fund's other assets.

We prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon written request. We may, in our sole determination, have the Fund audited annually, at the Fund's expense, by an independent certified public accountant. We may incorporate the Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in the Franchise Agreement.

We intend the Fund to maximize recognition of the Marks and patronage of NPI Franchised Businesses. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all NPI Franchised Businesses, we need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by NPI Franchised Businesses operating in that

geographic area or that any NPI Franchised Business benefits directly or in proportion to its Fund contribution from the development of advertising and marketing materials or the placement of advertising and marketing.

We may use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

We may at any time defer or reduce contributions of a NPI Franchised Business franchise owner and, upon 30 days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to our franchise owners, and to us and our affiliates, in proportion to their, and our, respective Fund contributions during the preceding 12 month period.

### **Local Advertising Requirement.**

We suggest you expend a minimum of 2% of your Franchised Business's Gross Sales annually to advertise and promote your Franchised Business locally. Your local advertising and promotion must follow our guidelines. All advertising and promotional materials that you develop for your Franchised Business must contain notices of our Website's domain name in the manner we designate. You may not develop, maintain, or authorize any website that mentions or describes you or your Franchised Business or displays any of the Marks without our prior written approval. We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System, including through the use of a page or profile on a social media website such as Facebook, Instagram and Twitter. Your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe at any time, including any applicable anti-spam laws.

Before you use them, you will send us or our designated agency for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously disapproved including, press releases and interviews for publication in any media. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved.

### **Advertising Cooperatives.**

We do not currently have any advertising cooperatives or require that you participate in an advertising cooperative. In the future, we may, in our sole discretion, require you to participate in certain local or regional advertising cooperatives organized and approved by us and composed of certain other franchisees located in the geographic area in which you are located as defined in a cooperative advertising agreement. If you are required to participate in our-approved advertising cooperative, you will be required to execute our then-current standard advertising cooperative agreement. We may terminate any advertising cooperative pursuant to the terms of each particular cooperative advertising agreement. We may require advertising cooperatives to be formed, changed, dissolved or merged.

We do not currently have a franchise owner advisory council that advises us on advertising policies, but we may establish one in the future.

### **Computers and Electronic Equipment**

You must obtain and use in your Franchised Business the Computer System we specify, which includes a portable computer, portable printer, digital camera, and access to our proprietary software. The portable computer, portable printer and digital camera are included in the Initial Franchise Fee as part of the Franchise Package (*See*, Exhibit C). The Computer System is to be used exclusively for your Franchised Business. We may modify specifications for and components of the Computer System. You must also maintain a functioning e-mail address. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the remaining term of the Franchise Agreement, you will incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within 90 days after you receive notice from us, you must obtain the Computer System components that we designate and to ensure that your Computer System, as modified, is functioning properly.

We or our affiliates may condition any license of our proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We, our affiliates, or designated suppliers may charge you a monthly or other fee for any proprietary software or technology that we or they license to you and for other maintenance and support services that we or they may require you to receive during the Term. As of the date of this Disclosure Document, we do not require NPI Franchised Businesses to use our proprietary software, but we currently anticipate requiring NPI Franchised Businesses to use our proprietary software later this year. When we introduce our proprietary software, your Franchised Business must use the proprietary software and you must pay the Software Fee (currently, 3 estimated to be \$600 and payable annually). We may increase the Software Fee up to 20% each year commencing 12 months from the date you open your Franchised Business. As made available, you must install and utilize the latest version of our proprietary software. At this time, our proprietary software is known as “Inform”, and among other items, allows you to document your findings/comments and photos from your home inspections. Inform also allows you to print the report at the time of the home inspection.

You may also purchase our optional Tech Suite, which provides certain digital advertising services to you, including automated social media postings, an automated monthly newsletter sent using an email marketing platform and an automated review gathering and management system. If you choose to purchase the Tech Suite, the cost is currently, 3 ~~\$75~~100 per month.

We estimate the total annual costs of any optional or required maintenance, updating, upgrading or support contracts to be \$500 - \$1,000. Other than paying the Software Fee (if applicable), you are not responsible for upgrading or maintaining our proprietary software. There is no cost to upgrading or maintaining the Tech Suite, other than the ~~\$75~~100 monthly fee, if you choose to purchase the Tech Suite from us.

The Computer System will interface with our information technology systems and be electronically linked to us or our designee to enable us (or our designee) to poll such Computer System on a daily or other basis at such times and in such manner as established by us or our designee, with or without notice, and to retrieve such transaction information, including sales and other operations data as we and/or our designee deem appropriate. If for any reason polling is not practicable or prohibited by applicable law, we may require you to download such information into machine readable information compatible with the system operated by us, our affiliates, or our agents and to deliver such information to us by such method and at such temporal frequency as we may reasonably require.

We may obtain, use and disclose to third parties (including, prospective franchise owners, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by us or disclosed to us, whether by means of the Computer System or otherwise. You will obtain such consents from third parties, including your clients, as are necessary to allow for us to disclose this data. We have independent, unlimited access to the information generated by the Computer System, and there are no contractual limitations on our right to do so.



### Initial Training Program

We will make available to you (or your Managing Owner), or your designated manager if you will not be acting as your own manager, a training and familiarization course, which you must complete to our satisfaction. The training program will cover all aspects of the operation of a National Property Inspections franchise. The training program is mandatory for you (or your Managing Owner), or designated manager you will not be acting as your own manager. The training program will be conducted (i) at our place of business in Omaha, Nebraska, (ii) virtually using our online training program(s), and/or (iii) at another location designated by us. If we require you to travel for the training program, we will pay for lodging (1 hotel room, includes one breakfast each day), and lunch for you (or your Managing Owner) or your designated manager if you will not be acting as your own manager. We conduct our initial training program as often as we deem necessary. You are responsible for the travel, airfare, ground transportation and all other costs for you (or your Managing Owner) or your designated manager (if you will not be acting as your own manager), to attend our in-person training program. The duration of the in-person training program will be no more than two weeks. We will also provide up to one week of in-the-field training with another NPI Franchised Business inspector we designate, which has a limited allowance of up to \$150/day for transportation and living expenses, not to exceed 5 days, \$750 total allowance during in-the-field training. If you are in a state that requires more than 5 days of in-the-field training, we may increase the total allowance provided to you during your in-the-field training (not to exceed \$1,500). Depending on the state in which your Franchised Business is located, you may also be required to attend additional state mandated training courses before obtaining your home inspector's license. We may reimburse you for the cost of completing a state required training course up to the amount listed on Schedule 1 of the State Training Reimbursement Addendum. To qualify for any reimbursement, you must be in full compliance with the terms of the Franchise Agreement, your Franchised Business must be located in a state identified on Schedule 1 of the State Training Reimbursement Addendum, and you must sign our State Training Reimbursement Addendum (our current form is attached as Exhibit H to this Disclosure Document).

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Our initial training program currently consists of the following:

#### TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Basic Computer Training and Training on our Proprietary Inspection Software	16 Hours *	2	Corporate Office Omaha, NE
Heating, Fireplace & Solid Fuel Burning Appliances/Chimneys/Air Conditioning	12 Hours*	5	Corporate Office Omaha, NE
Plumbing	4 Hours*	4	Corporate Office Omaha, NE



Structure/Basic Construction/Framing & Roofing/Wood Destroying Organisms/Site	8 Hours*	3	Corporate Office Omaha, NE
Roofing/Interiors/Insulation & Ventilation/ Attached Garages & Carports/ Environmental & Hazardous Materials	8 Hours*	4	Corporate Office Omaha, NE
Electrical Wiring	9 Hours *	5	Corporate Office Omaha, NE
Commercial Properties	4 Hours *	2	Corporate Office Omaha, NE
Exterior/Alternate Construction/Red Flag Presentation	8 Hours*	2	Corporate Office Omaha, NE
Communication/Review Report Form/ Report Writing/Relocation	7 Hours*	2	Corporate Office Omaha, NE
Marketing/Advertising	14 Hours*	2	Corporate Office Omaha, NE
Business Plan/State Laws and Rules/ Professional Practices	7 Hours*	2	Corporate Office Omaha, NE
Basic Construction/Framing/ Roofing Field Inspection	8 Hours*	4	Corporate Office Omaha, NE
Interiors/Home Appliances/ Insulation & Ventilation	4 Hours*	2	Corporate Office Omaha, NE
Pools/Spas/Sprinklers/Product Quality and Safety Issues	4 Hours*	1	Corporate Office Omaha, NE
Total Hours	113 Hours*	40	Corporate Office Omaha, NE

\*Number of hours increased/decreased as required by State.

Our training program is currently led by the following individuals:

1. Kenn Garder has over ~~20~~21 years of experience in residential and commercial construction and holds a Building Construction Associate of Applied Science Degree. He provides technical support for inspectors for residential and commercial inspections and has been an instructor with National Property Inspections, Inc. since 2006. Kenn also supports and instructs the National Property Inspections, Inc. proprietary inspection software, InForm.
- ~~2. Dave McCann has experience in his field since 1978 in Mechanical-Electrical Technologies and Industry Practice, Training, and Consulting. He is experienced in Facility Management/Operations, HVAC Operations, Maintenance, and Installation with emphasis on energy savings technology, contract solicitation, and execution and quality assurance. He has been an instructor with National Property Inspections, Inc. since 2004.~~

2. ~~3.~~ Brook Peters is a Master Plumber with experience in his field since 1985 and has been an instructor with National Property Inspections, Inc. since 1987.
3. ~~4.~~ Jon McCreath has extensive experience in all aspects of Residential and Commercial Real Estate, Personal and Commercial Lines Property and Casualty Insurance, including Education and Training, Sales and Operations. He was a home inspector with National Property Inspections, Inc. from 2014 to 2020.
4. ~~5.~~ Bill Heller is a Master electrician, has a contractor license and has been in the business since 1974. He is a member of the National Electrical Contractors Association and has been an instructor with National Property Inspections, Inc. since 2013.
5. ~~6.~~ David Stamper joined National Property Inspections, Inc. in 2016. He has Accounting and Mathematics degrees with over 20 combined years of Business Management, Human Resources, and Sales experience. He assists inspector owners with their business plan and has been an instructor and President of National Property Inspections, Inc. since 2019.
6. ~~7.~~ Roland Bates, our former President and CEO with over ~~35~~36 years' experience with us and the subject matters taught at training, may also help lead our training program.

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## Ongoing Training

We may require you (or your Managing Owner) and/or other previously trained and experienced employees to attend and satisfactorily complete various training courses that we periodically choose to provide either online or in-person at the times and locations that we designate. We may charge reasonable registration or similar fees for these courses. Besides attending these courses, you will attend an annual meeting of all NPI Franchised Business franchise owners at a location we designate, if we organize and plan (at our option) such a meeting. We will not require attendance for more than 3 days during any calendar year. You will pay all costs to attend these online or in-person training courses and meetings.

We may require that other employees you hire or appoint after your Franchised Business begins operating satisfactorily complete our initial and ongoing training programs. We may charge reasonable fees for training your employees. You will pay all travel and living expenses which you and your employees incur during all training courses and programs. At our request, you must obtain and deliver to us an executed confidentiality agreement, in such form and content satisfactory to us, for any individual that attends our initial training program or ongoing training programs and receives confidential information, pursuant to which agreement the signatory covenants and agrees to maintain the confidentiality of the confidential information received by such individual.

Any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify at any time.

All persons working as a home inspector for you must affiliate themselves with a professional organization appropriate to their geographical location such as ASHI and INTERNACHI.

## ITEM 12

### TERRITORIES

You will operate your Franchised Business within a Designated Area we approve, and which is described in the Franchise Agreement. We will determine the size and boundaries of the Designated Area in our sole judgment. A typical Designated Area may be delineated by boundary streets, highways, city limit markers, zip codes or county lines, and will be based on a combination of demographic factors which include housing units and real estate transactions, real estate agents, commercial bankers and population.

We and our affiliates retain certain rights within and outside the Designated Area, as described below in this Item.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except as limited below, as long as you are in full compliance with the Franchise Agreement, then we and our affiliates will not operate or grant a franchise for the operation of a NPI Franchised Business at a location in the Designated Area during the term of your Franchise Agreement. Otherwise, we and our affiliates retain all rights with respect to NPI Franchised Businesses, the Marks, the sale of identical, similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including:

1. the right to operate, and to grant others the right to operate NPI Franchised Businesses anywhere outside the Designated Area under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Business;
2. the right to establish and operate, and to grant to others the right to establish and operate businesses offering similar or dissimilar products and services through similar or alternative channels of distribution, at any locations inside or outside the Designated Area under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate;
3. the right to provide, offer and sell and to grant others the right to provide, offer and sell products and services that are identical or similar to and/or competitive with those products and services provided at NPI Franchised Businesses, whether identified by the Marks or other trademarks or service marks, through alternative distribution channels (including, the internet or similar electronic media and other forms of electronic commerce) both inside and outside the Designated Area and on any terms and conditions we deem appropriate;
4. the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Designated Area under the Marks and on any terms and conditions we deem appropriate;

5. the right to market and sell products and services to national, regional and institutional accounts, whether located inside or outside the Designated Area. “National, regional and institutional accounts” are organizational or institutional clients whose presence is not confined to the Designated Area, including (by way of example only): business entities with offices or branches situated both inside and outside of the Designated Area; government agencies, branches or facilities; the military; and, any other clients whose presence is not confined to the Designated Area;

6. the right to acquire the assets or ownership interests of one or more businesses providing products and services the same as or similar to those provided by NPI Franchised Businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Designated Area); and

7. the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services the same as or similar to those provided at NPI Franchised Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Designated Area.

No compensation is due to any franchisee if we or our affiliates exercise any of the rights detailed above, including to solicit or accept orders inside a franchisee’s Designated Area using alternative channels of distribution.

Only we will have the right to enter into contracts with national, regional and/or institutional accounts (which may be located within your Designated Area). If we receive contracts for any product or service offered by NPI Franchised Businesses calling for performance or delivery in your Designated Area, then we will have the right, but not the obligation, either to require you to fulfill such contracts at the price we agree on with the client or to give you the opportunity to fulfill such contracts at the price we agree on with the client. If we give you the opportunity to fulfill such contracts and if, for any reason, you do not desire to or cannot serve the client, or if the client desires for any or no reason to deal exclusively with us, our affiliate or another franchisee and not with you, then we, our affiliate or any other NPI Franchised Business may serve the client within your Designated Area, and you will not be entitled to any compensation.

You have no right of first refusal for any additional territory.

You must, at all times, maintain a residence and/or a mailing address within the Designated Area.

You are prohibited from soliciting, marketing or advertising for business outside of your Designated Area. When utilizing advertising media and other channels of distribution, such as the internet, catalog sales, telemarketing or other direct marketing, you must clearly define your Designated Area. All advertising must state your corporate name (if applicable) d/b/a National Property Inspections and state that your franchise is “Independently Owned and Operated”.

You may not solicit customers or accept orders from customers outside your Designated Area, including by using other channels of distribution, such as the internet, catalog sales, telemarketing

or other direct marketing, unless (i) there are no other NPI Franchised Businesses operating in the area in which the customer is located, or (ii) the NPI Franchised Business operating in the area in which the customer is located provides you prior written approval to accept orders from customers and provide services to customers in his or her designated area.

Continuation of your franchise and your protected territory in the Designated Area does not depend on your achieving a certain sales volume, market penetration, or other contingency, though the rights to your Designated Area are subject to your continued compliance with the Franchise Agreement.

We will approve a franchisee's relocation to another territory as long as the franchisee is in good standing, and provided there is territory available in the new requested location.

As noted above, our affiliate, GPI Franchise Corp., whose principal address is 120 Carlton Street, Suite 407, Toronto, Ontario (Canada), M5A 4K2, is the franchisor of Global Property Inspection [Businesses and Carson Dunlop](#) Businesses in Canada. Global Property Inspection Businesses operate under the "Global Property Inspections" trade name, service marks and related logos, [and Carson Dunlop Businesses operate under the "Carson Dunlop" trade name, service marks and related logos.](#) Both Global Property Inspection Businesses and Carson Dunlop Businesses and provide similar services to NPI Franchised Businesses, including home and commercial inspections, energy evaluations/assessments, infrared scans, property preservation and field services. Global Property Inspection Businesses [and Carson Dunlop Businesses](#) operate exclusively in Canada and may not solicit or accept orders within your protected territory. We have no procedure for resolving conflicts that may develop between NPI Franchised Businesses and Global Property Inspection Businesses [or Carson Dunlop Businesses](#), and we do not expect any conflict to arise between NPI Franchised Businesses and Global Property Inspection Businesses [or Carson Dunlop Businesses](#) because Global Property Inspection Businesses [and Carson Dunlop Businesses](#) do not operate in the United States. Other than our affiliate offering franchises for Global Property Inspection [Businesses and Carson Dunlop](#) Businesses in Canada, we do not operate or plan to operate a franchise business under a different trademark that will sell similar goods or services as your Franchised Business.


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## ITEM 13

### TRADEMARKS

The table below consists of the Marks that we license to you as part of the franchise. You may not sublicense the Marks without our permission. The below list may not be an exhaustive list of all Marks owned by us or our affiliates.

Mark	Registration Number	Registration Date
------	---------------------	-------------------

	2446291	April 24, 2001
NATIONAL PROPERTY INSPECTIONS	2895526	October 19, 2004

The Marks listed above are registered with the Principal Register of the U.S. Patent and Trademark Office (“USPTO”). All affidavits and renewals required to maintain the federal registration of the above-identified Marks have been filed. No application for the registration of the Marks has been filed in any state.

You must use all names and marks in full compliance with the rules prescribed by us. You are prohibited from using any name or Mark as part of any corporate name or with any prefix, suffix, or other modifying words, terms, symbols or designs (other than logos licensed to you by us).

### **Proceedings, Infringing Uses and Agreements**

At the time of filing this Disclosure Document, there are no agreements currently in effect which significantly limit our rights to use or license the use of such trademarks, service marks, trade names, and logo symbols in any manner material to the franchise.

If, in our sole judgment, it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Marks, for any loss of revenue due to any modified or discontinued Mark, any loss of goodwill associated with any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark. Our rights apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in Franchise Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person’s claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under the Franchise Agreement.



Under the Franchise Agreement, you must not contest, directly or indirectly, ownership of “NATIONAL PROPERTY INSPECTIONS” marks and copyrights or aid in contesting the validity or ownership of said marks and copyrights.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

We have claimed exclusive use of “National Property Inspections” and “NPI” as an internet domain name and have restricted your rights to use of our Marks on public media presence, or otherwise establish or maintain a presence or advertise on the internet or any other public computer network in connection with your Franchised Business without our prior written approval.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We own no rights in or to any patents which are material to the franchise. There are no pending patent applications that are material to the franchise. There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the best interests of the System or all or some NPI Franchised Businesses, as we solely determine. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Confidential Manuals and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes, or may in the future include: training and operations materials; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating NPI Franchised Businesses; marketing and advertising programs for NPI Franchised Businesses; any computer software or similar technology that is proprietary to us or the System; knowledge of specifications for and suppliers of NPI Franchised Businesses and other products and supplies; knowledge of the operating results and financial performance of NPI Franchised Businesses other than your Franchised Business; and graphic designs and related intellectual property.

All ideas, concepts, inventions, techniques, or materials concerning a NPI Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not

qualify as a “work made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others. You agree to have our then current form of non-disclosure and non-competition agreement executed by your Franchised Business’s personnel having access to our confidential information.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

If you are a legal entity, you must appoint a shareholder, member, or partner (as applicable) to be your “Managing Owner,” responsible for overseeing and supervising your Franchised Business’s operation. You (or your Managing Owner) or your designated manager, if you will not be acting as your own manager, must at all times direct and manage your Franchised Business and devote his or her full-time energy to the operation of your Franchised Business. You may hire any designated manager who is trained, qualified and insured to operate your Franchised Business. If you hire someone to serve as your designated manager, that individual does not need to have any equity in you or your Franchised Business. You must ensure that anyone who works for you agrees to sign our form non-disclosure and non-competition agreement whereby the employee agrees not to divulge our confidential information and signs a covenant not to compete. All persons working as a home inspector for you must affiliate themselves with a professional organization appropriate to their geographical location such as ASHI and INTERNACHI.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

The Franchise Agreement provides that you must sell, or offer for sale to the public in connection with your Franchised Business only such products or other services as meet the specifications and standards designated by us, and that you must offer all products and services we reasonably prescribe as part of the franchise and the System. Further, you may not be associated in any way with a business competitive to ours. We may make changes in the goods or services you must sell. There are no limits on our right to do so.

You are prohibited from soliciting, marketing or advertising for business outside of your Designated Area. You may not solicit orders from customers outside your Designated Area. You may not accept orders from customers or provide services to customers outside your Designated Area unless (i) there are no other NPI Franchised Businesses operating in the area in which the customer is located,



or (ii) the NPI Franchised Business operating in the area in which the customer is located provides you prior written approval to accept orders from customers or provide services to customers in his or her designated area. Only we will have the right to enter into contracts with national, regional and/or institutional accounts (which may be located within your Designated Area). If we receive contracts for any product or service offered by NPI Franchised Businesses calling for performance or delivery in your Designated Area, then we will have the right, but not the obligation, either to require you to fulfill such contracts at the price we agree on with the client or to give you the opportunity to fulfill such contracts at the price we agree on with the client. If we give you the opportunity to fulfill such contracts and if, for any reason, you do not desire to or cannot serve the client, or if the client desires for any or no reason to deal exclusively with us, our affiliate or another franchisee and not with you, then we, our affiliate or any other NPI Franchised Business may serve the client within your Designated Area, and you will not be entitled to any compensation. You are prohibited from recommending yourself or anyone else for compensation to affect any repairs or cure any defects disclosed by any of your inspections.

## ITEM 17

### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

#### THE FRANCHISE RELATIONSHIP

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	II.A	10 years.
b. Renewal or extension of the term	II.B	If you are in full compliance, you may acquire 1 successor franchise term of 10 years. The successor franchise will be on our then current form of Franchise Agreement (which may contain materially different terms and conditions than your original franchise agreement).
c. Requirements for franchisee to renew or extend	II.B	To renew the Agreement, you must (i) give us written notice of your election to renew not less than 6 months nor more than 12 months prior to the end of the initial franchise term; (ii) be in compliance of the Franchise Agreement; (iii) have satisfied all monetary obligations owed to us or our

		affiliates; (iv) execute our then current franchise agreement and any ancillary agreements we require; and (v) you and your Managing Owner must execute a general release.
d. Termination by franchisee	Not applicable	Franchisee may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	None	Not Applicable
f. Termination by franchisor with cause	XVI.A	We may terminate your franchise agreement only if you or your owners commit one of several violations.
g. "Cause" defined – curable defaults	XVI.A	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or the Confidential Manuals, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default, except for the defaults below that require cure in a shorter time and non-curable defaults in (h) below. If a default arises due to your violation of any federal, state, or local law, ordinance or regulation governing residential or commercial inspections or the operation of your Franchised Business, you can avoid termination if you begin to cure the violation immediately and correct the violation within 72 hours of receiving notice from us or any other party. If a default arises from your failure to make payments due to us (or our affiliates), you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of default. If a default arises from your failure to maintain NPI trained personnel in the operation of your Franchised Business, you can

		avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
h. "Cause" defined – non-curable defaults	XVI. A	We have the right to terminate the Franchise Agreement without giving an opportunity to cure if: you receive three (3) notices to cure a default or violation, whether or not the default or violation have been cured; you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; you abandon the franchised business for 5 or more consecutive days; you are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the franchised business; you make repairs identified in any inspection report in exchange for a fee or recommend any other person to effect such repairs in exchange for a referral fee; you made a material misrepresentation or omission in the application for or operation of the franchise; you fail to begin operating the franchised business within 120 days of the effective date of the Franchise Agreement; fail (or your Managing Owner fails) to satisfactorily complete the initial training program; you fail to maintain a valid residential and commercial inspector's broker license, or such other license required under applicable law to operate the franchised business; you fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the franchised

		business; you fail to pay any federal or state income, service, sales, or other taxes due on your franchised business' operations; you make (or any of your owners or employees make) unauthorized use of the Computer System; you fail to pay your employees in a timely manner; we terminate any other agreement between you (or any of your owners and affiliates) and us (or any of our owners and affiliates) due to your failure to comply with such agreement; and/or you or your owners make or attempt to make any transfer in violation of the franchise agreement.
i. Franchisee's obligations on termination/non-renewal	XVII	If the Franchise Agreement is terminated or not renewed, you must: stop operating the franchised business; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; stop using any trade secrets, confidential information, the System and the Marks; cancel or assign to us any assumed names; return the Confidential Manuals, trade secrets and all other confidential information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j. Assignment of contract by franchisor	XVIII. A	No restrictions on our right to assign.
k. "Transfer" by franchisee – defined	XVIII.B	Includes transfer of Franchise Agreement, your Franchised Business (or its profits, losses or capital appreciation), sale the assets of your Franchised Business and ownership change in you or your owners.
l. Franchisor approval of transfer by franchisee	XVIII.B	We have the right to approve all transfers.

m. Conditions for franchisor approval of transfer	XVIII.B	New franchise owner qualifies (based on business experience, aptitude and financial resources); you pay us, our affiliates, and third party vendors all amounts due and submit all required reports; no default during 60-day period before transfer request or during period between request and transfer's proposed effective date; new franchise owner (and its owners and affiliates) are not in a Competitive Business; training completed; your landlord allows the transfer or sublease of your lease; you or transferee signs our then current Franchise Agreement and other documents; transfer fee paid; you sign release (if law allows); we approve material terms; you subordinate amounts due to you; you or the transferee pay us a transfer fee of \$5,000, plus our administrative costs and expenses, provided; however, if the purchase price for your Franchised Business exceeds \$200,000, the amount of the transfer fee will increase above \$5,000 by an additional amount equal to 10% of the amount the purchase price exceeds \$200,000.
n. Franchisor's right of first refusal to acquire franchisee's business	XX	We have 30 days to match any offer.
o. Franchisor's option to purchase franchisee's business	XVII.E	We have the option to purchase the assets of your Franchised Business upon termination or expiration of the franchise term.
p. Death or disability of franchisee	XIX	Apply to NPI for right to continue; approved transfer must be made within 180 days.
q. Non-competition covenants during the term of the franchise	XV.A	Non-competition during term or renewal term, subject to state law.
r. Non-competition covenants after the franchise is	XV.B	Non-competition for 2 years after termination and within 50 miles of

terminated or expires		the Designated Area as described in your franchise agreement and any subsequent addendums, subject to state law.
s. Modification of the agreement	XXVII	No modifications except by written agreement signed by both us and you, but we may change the Confidential Manuals.
t. Integration/merger clause	XXVIII	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	XXII	There is no requirement to mediate. We and you must arbitrate all disputes in the city where our then current principal business address is located (currently, Omaha, Nebraska) (subject to state law)
v. Choice of forum	XXXI	Nebraska laws apply (subject to state law)
w. Choice of law	XXIX	Nebraska laws apply (subject to state law)

## ITEM 18

### PUBLIC FIGURES

We do not currently use any public figures to promote our franchise.

## 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.

Below, we include tables containing certain historical data relating to the Gross Sales of two subsets of NPI Franchised Businesses. The data in Table 1 relates to ~~169~~157 franchisees that operate their ~~169~~157 NPI Franchised Businesses within a single Designated Area, each under a separate franchise

agreement. The data in Table 2 relates to ~~59~~ franchisees that operate a total of ~~4120~~ NPI Franchised Businesses under separate franchise agreements, but each franchisee consolidates its operations and provides us with only a monthly consolidated Gross Sales report for all of its NPI Franchised Businesses. All NPI Franchised Businesses included in this Item 19 (i) were open and operating for the full ~~1312~~-months beginning on ~~March~~April 1, ~~2022~~2023 and ending March 31, ~~2023~~2024 (the “Reporting Period”); and (ii) reported their Gross Sales during the Reporting Period. We did not include ~~3739~~ NPI Franchised Businesses that were not open and operating for the entire Reporting Period, of which (a) ~~1611~~ signed a franchise agreement and opened their NPI Franchised Business during the Reporting Period, (b) ~~87~~ were given a ramp-up period and did not record Gross Sales or pay royalties, ~~(c) 2 were transferred to a new franchisee who did not continuously operate the NPI Franchised Business following his or her purchase,~~ and ~~(d) 11c~~ 21 that closed or did not renew their franchise during the Reporting Period (~~none~~one of which ~~were~~was open for less than 12 months before closing). We also excluded ~~810~~ NPI Franchised Businesses operated by ~~810~~ franchisees that did not report their Gross Sales to us during the Reporting Period.

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**TABLE 1**  
**AVERAGE ANNUAL GROSS SALES OF NPI FRANCHISED BUSINESSES**  
**THAT OPERATE A SINGLE DESIGNATED AREA DURING THE REPORTING PERIOD**

NPI Franchised Businesses	Average Annual Gross Sales	Number of NPI Franchised Businesses	Number and % Attaining or Exceeding Average	Median Annual Gross Sales	High and Low Annual Gross Sales
All NPI Franchised Businesses	<del>\$135,891</del> <u>\$118,880</u>	<del>169</del> <u>157</u>	<del>51 or 30%</del> <u>33%</u> (52)	<del>\$89,350</del> <u>\$81,850</u>	<del>\$1,250,627</del> - <del>\$17,324</del> <u>\$17,600</u> – <u>\$1,131,803</u>
Top 10% of NPI Franchised Businesses	<del>\$487,974</del> <u>\$406,328</u>	<del>17</del> <u>16</u>	<del>64 or 35%</del> <u>25%</u>	<del>\$399,232</del> <u>\$326,938</u>	<del>\$1,250,627</del> - <del>\$272,145</del> <u>\$258,614</u> – <u>\$1,131,803</u>
Top 30% of NPI Franchised Businesses	<del>\$285,964</del> <u>\$249,139</u>	<del>51</del> <u>47</u>	<del>1316 or 25%</del> <u>34%</u>	<del>\$206,508</del> <u>\$195,892</u>	<del>\$1,250,627</del> - <del>\$139,811</del> <u>\$119,904</u> –



					<u>\$1,131,803</u>
Top 50% of NPI Franchised Businesses	<del>\$216,896</del> <u>\$188,588</u>	<del>79</del> <u>85</u>	<del>2526</del> or <del>2933</del> %	<del>\$149,610</del> <u>\$141,135</u>	<del>\$1,250,627</del> - <del>\$89,350</del> <u>\$81,850</u> - <u>\$1,131,803</u>
Bottom 50% of all NPI Franchised Businesses	<del>\$53,921</del> <u>\$48,278</u>	<del>84</del> <u>78</u>	<del>4241</del> or <del>4953</del> %	<del>\$54,828</del> <u>\$49,383</u>	<del>\$89,093</del> <del>\$17,324</del> <u>\$80,405</u> - <u>\$17,600</u>
Bottom 30% of all NPI Franchised Businesses	<del>\$40,338</del> <u>\$35,012</u>	<del>51</del> <u>47</u>	<del>2221</del> or <del>4345</del> %	<del>\$38,295</del> <u>\$30,325</u>	<del>\$61,059</del> <del>\$17,324</del> <u>\$55,762</u> - <u>\$17,600</u>
Bottom 10% of NPI Franchised Businesses	<del>\$26,057</del> <u>\$23,282</u>	<del>17</del> <u>16</u>	<del>108</del> or <del>5950</del> %	<del>\$26,909</del> <u>\$24,220</u>	<del>\$32,872</del> <del>\$17,324</del> <u>\$27,635</u> - <u>\$17,600</u>

**TABLE 2**  
**AVERAGE ANNUAL GROSS SALES OF FRANCHISEES WITH MULTIPLE NPI**  
**FRANCHISED BUSINESSES THAT REPORTED MONTHLY CONSOLIDATED**  
**REVENUE DURING THE REPORTING PERIOD**

Average Annual Gross Sales	Number of Franchisees in Reporting Group	Number of NPI Franchised Businesses	Number and % Attaining or Exceeding Average	Median Annual Gross Sales	High and Low Annual Gross Sales
<u>\$360,671</u>	<u>9</u>	<u>20</u>	<u>3 or 33%</u>	<u>\$292,344</u>	<u>643,146</u> - <u>225,555</u>
<del>\$412,354</del>	<del>5</del>	<del>11</del>	<del>2 or 40%</del>	<del>\$384,398</del>	<del>\$687,082</del> - <del>\$241,475</del>

## **Notes to Table 2**

There are ~~59~~ franchisees included in Table 2 that own a total of ~~11~~20 NPI Franchised Businesses, each under separate franchise agreements. ~~42~~ of the ~~59~~ franchisees included in Table 2 own ~~23~~ NPI Franchised Businesses, while ~~17~~ of the ~~59~~ franchisees ~~owns-3~~own 2 NPI Franchised Businesses. These ~~59~~ franchisees provide us with only a monthly consolidated Gross Sales report for all of their NPI Franchised Businesses.

## **General Notes to Item 19**

We have not audited the information presented above. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

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

As used in this Item 19, for all franchisees the entered into a franchise agreement prior to June 28, 2022, "Gross Sales" means total of all sales, cash or charge, of every kind and nature, made by the franchise business, but the term "Gross Sales" will not include any amount collected and paid to governmental authorities under the provisions of any Sales Tax Act, Retailer's Occupation Act, or similar legislation. For all franchisees that entered into a franchise agreement after June 28, 2022, "Gross Sales" means all revenue that you derive from operating your Franchised Business, including, all amounts that you receive in connection with your Franchised Business, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions and all other income of every kind and nature related to your Franchised Business, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from clients and paid to the appropriate taxing authority, and (2) reduced by the amount of any documented refunds, credits, allowances, and charge-backs your Franchised Business in good faith gives to clients.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting David Stamper, 9375 Burt Street, Suite 201 Omaha, NE 68114, 1.800.333.9807, 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

System-wide Outlet Summary  
For end of fiscal years ~~2021~~2022 to ~~2023~~2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2021</del>	<del>202</del>	<del>221</del>	<del>+19</del>
	2022	221	209	-12
	2023	209	214	+5
	2024	214	203	-11
Company - Owned	<del>2021</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	<del>2021</del>	<del>202</del>	<del>221</del>	<del>+19</del>
	2022	221	209	-12
	2023	209	214	+5
	2024	214	203	-11

**Note:** We recently changed our fiscal year so that it ends on March 31 rather than the last day of February. As a result, the numbers listed in this Item 20 consist of the following reporting periods: (i) ~~2021 – March 1, 2020 to February 28, 2021;~~ (ii) 2022 – March 1, 2021 to February 28, 2022; and ~~(iii)~~ 2023 – March 1, 2022 to March 31, 2023, and (iii) 2024 – March 1, 2023 to March 31, 2024.

## ITEM 20 TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners  
(Other than the Franchisor)

For end of fiscal years ~~2021~~2022 to ~~2023~~2024

State	Year	Number of Transfers
ARIZONA	<del>2021</del>	<del>1</del>
	2022	0
	2023	0
COLORADO	<del>2021</del>	<del>0</del>
	2022	0
	2023	1
	2024	0
FLORIDA	<del>2021</del>	<del>0</del>
	2022	1
	2023	1

	<u>2024</u>	<u>1</u>
KANSAS	<del>2021</del>	<del>0</del>
	2022	1
	2023	0
	<u>2024</u>	<u>0</u>
MISSISSIPPI	<del>2021</del>	<del>0</del>
	2022	1
	2023	0
	<u>2024</u>	<u>0</u>
<del>TEXAS</del>	<del>2021</del>	<del>1</del>
<u>OREGON</u>	2022	0
	2023	0
	<u>2024</u>	<u>1</u>
<u>VERMONT</u>	2022	<u>0</u>
	2023	<u>0</u>
	<u>2024</u>	<u>1</u>
TOTAL	<del>2021</del>	<del>2</del>
	2022	3
	2023	2
	<u>2024</u>	<u>3</u>

ITEM 20 TABLE NO. 3

**Status of Franchised Outlets**  
For end of fiscal years ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of Year	Outlets Opened*	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations other reasons*	Outlets at end of the year
<del>AL</del>	<del>2021</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>3</del>
	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<del>AK</del>	<del>2021</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<del>AZ</del>	<del>2021</del>	<del>6</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>6</del>
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	<u>2024</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
<del>AR</del>	<del>2021</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<del>CA</del>	<del>2021</del>	<del>16</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>16</del>
<u>CA</u>	2022	16	1	0	1	0	1	15

NATIONAL PROPERTY INSPECTIONS, INC.

	2023	15	2	0	0	0	1	16
	2024	16	1	0	1	0	1	15
CO	2021	8	0	0	1	0	0	7
	2022	7	1	0	0	0	1	7
	2023	7	0	0	0	0	0	7
	2024	7	1	0	0	0	0	8
CT	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
	2023	5	1	0	0	0	0	6
	2024	6	1	0	0	0	0	7
FL	2021	22	5	0	0	0	0	27
FT	2022	27	1	2	1	0	1	24
	2023	24	3	0	0	0	0	27
GA	2021	27	20	12	01	0	01	24
	2024							
	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	1	7
ID	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	1	0	0	0	2
	2024	2	0	0	0	0	0	2
IL	2021	3	2	0	0	0	0	5
	2022	5	0	0	1	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
IN	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	1	0	1	0	0	4
IA	2021	5	1	0	0	0	0	6
	2022	6	1	1	0	0	1	5
	2023	5	0	0	1	0	0	4
	2024	4	0	0	0	0	0	4
KS	2021	2	0	0	0	0	0	2
KS	2022	2	1	0	0	0	1	2
	2023	2	0	0	0	0	0	2
LA	2021	2	20	0	0	0	0	42
	2024							
	2022	4	0	1	0	0	1	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
ME	2021	0	0	0	0	0	0	0
ME	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

NATIONAL PROPERTY INSPECTIONS, INC.

	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<b>MD</b>	<b>2021</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
<u>MD</u>	2022	5	1	1	1	0	4
	2023	4	0	0	0	0	4
<u>MH</u>	<b>2021</b>	<b>24</b>	<b>10</b>	<b>01</b>	0	0	3
	<u>2024</u>						
<u>MI</u>	2022	3	0	0	0	0	3
	2023	3	1	0	0	0	4
	<u>2024</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<b>MN</b>	<b>2021</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	2022	3	0	0	0	0	3
	2023	3	0	0	1	0	2
	<u>2024</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<b>MS</b>	<b>2021</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	2022	2	1	0	0	0	2
	2023	2	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<b>MO</b>	<b>2021</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	<u>2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<b>MT</b>	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<u>MT</u>	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
<u>NE</u>	<b>2021</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<u>2024</u>						
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<b>NV</b>	<b>2021</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<b>NJ</b>	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	2022	1	0	0	0	0	1
	2023	1	1	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<b>NY</b>	<b>2021</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>
	2022	8	0	1	0	0	5
	2023	5	1	0	1	0	5
	<u>2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
<b>NC</b>	<b>2021</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>
	2022	10	0	0	3	0	6
	2023	6	1	0	0	0	7
	<u>2024</u>	<u>7</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>8</u>

NATIONAL PROPERTY INSPECTIONS, INC.

<b>ND</b>	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>ND</b>	<b>2022</b>	1	0	0	0	0	0	1
	<b>2023</b>	1	0	0	0	0	0	1
<b>OH</b>	<b>2021</b>	<b>61</b>	<b>10</b>	0	<b>0</b>	<b>00</b>	<b>10</b>	<b>61</b>
	<b>2024</b>							
	<b>2022</b>	6	0	0	1	0	0	5
	<b>2023</b>	5	0	0	1	0	0	4
	<b>2024</b>	<u>4</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<b>OK</b>	<b>2021</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2022</b>	4	0	0	0	0	0	4
	<b>2023</b>	4	0	0	1	0	0	3
	<b>2024</b>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<b>OR</b>	<b>2021</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2022</b>	4	1	0	0	0	0	5
	<b>2023</b>	5	1	0	0	0	0	6
	<b>2024</b>	<u>6</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>5</u>
<b>PA</b>	<b>2021</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>
	<b>2022</b>	13	3	0	0	0	1	15
	<b>2023</b>	15	0	1	0	0	0	14
	<b>2024</b>	<u>14</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>13</u>
<b>RI</b>	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2022</b>	1	0	0	0	0	0	1
	<b>2023</b>	1	0	0	0	0	0	1
	<b>2024</b>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<b>SC</b>	<b>2021</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2022</b>	4	0	0	0	0	0	4
	<b>2023</b>	4	0	0	0	0	0	4
	<b>2024</b>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<b>SD</b>	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>SD</b>	<b>2022</b>	1	0	0	0	0	0	1
	<b>2023</b>	1	0	0	0	0	0	1
<b>TN</b>	<b>2021</b>	<b>71</b>	<b>10</b>	0	<b>0</b>	<b>00</b>	<b>10</b>	<b>71</b>
	<b>2024</b>							
	<b>2022</b>	7	2	0	0	0	0	9
	<b>2023</b>	9	2	0	0	0	0	11
	<b>2024</b>	<u>11</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>9</u>
<b>TX</b>	<b>2021</b>	<b>15</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>
	<b>2022</b>	19	2	0	0	0	0	21
	<b>2023</b>	21	0	0	1	0	0	<del>21</del> 20
	<b>2024</b>	<u>20</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>18</u>
<b>UT</b>	<b>2021</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2022</b>	3	1	0	0	0	0	4
	<b>2023</b>	4	0	1	0	0	0	3
	<b>2024</b>	<u>3</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<b>VT</b>	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>



VT	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
VA	2021	<del>11</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>11</del>
	2022	11	0	1	0	0	3	7
	2023	7	1	0	0	0	<del>4</del>	7
	2024	<u>7</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>6</u>
WA	2021	<del>7</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>7</del>
	2022	7	0	1	0	0	1	5
	2023	5	0	1	0	0	0	4
	2024	<u>4</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>3</u>
WV	2021	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
WV	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
WI	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
WY	2021	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
WV	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Total	<del>2021</del>	<del>202</del>	<del>27</del>	<del>21</del>	<del>10</del>	<del>0</del>	<del>50</del>	<del>221</del>
	2022	221	19	8	8	0	15	209
	2023	209	18	4	7	0	2	214
	2024	<u>214</u>	<u>11</u>	<u>10</u>	<u>9</u>	<u>0</u>	<u>3</u>	<u>203</u>

~~\*2 franchisees moved to different states during our last fiscal year but continued to operate their NPI Franchised Businesses in the states which they moved (1 moved from Virginia to Florida and the other moved from California to Tennessee). For the purposes of the above table, we included these 2 NPI Franchised Businesses in the totals for "Outlet Opened" and an outlet that "Ceased Operations."~~

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## ITEM 20 TABLE NO. 4

**Status of Company-Owned Outlets**  
For end of fiscal years ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	<del>2021</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

## ITEM 20 TABLE NO. 5

**Projected Openings as Of Fiscal Year End** ~~3/31/2023~~3/31/2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
AR	0	1	0
CA	0	<del>4</del> 3	0
FL	0	2	0
<del>IN</del>	<del>0</del>	<del>1</del>	<del>0</del>
<del>IA</del>	<del>0</del>	<del>1</del>	<del>0</del>
MI	0	<del>1</del> 2	0
MO	0	1	0
NV	0	1	0
NC	0	<del>1</del> 2	0
<u>OR</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>TN</u>	<u>0</u>	<u>1</u>	<u>0</u>
TX	0	<del>1</del> 3	0
<u>UT</u>	<u>0</u>	<u>1</u>	<u>0</u>
VA	0	1	0
<u>WA</u>	<u>0</u>	<u>1</u>	<u>0</u>
<b>Total</b>	0	<del>15</del> 20	0

Exhibit J lists the names of all franchisees operating NPI Franchised Businesses and the addresses and telephone numbers of their franchised businesses as of March 31, ~~2023~~2024. Exhibit J also contains a list of the names, addresses, and last known telephone numbers of the ~~13~~25 franchisees that had an outlet terminated, canceled, transferred, or not renewed, or otherwise

voluntarily or involuntarily ceased to do business under our Franchise Agreement, during our last fiscal year or who have not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, no current or former NPI franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are currently no trademark-specific franchisee organizations associated with the franchise system.

## ITEM 21

### FINANCIAL STATEMENTS

Exhibit B to this Disclosure Document contains our audited financial statements for the fiscal years ended February 28, ~~2021, February 28,~~ 2022, March 31, 2023 and March 31, ~~2023~~2024. Our fiscal year ends on March 31.

## ITEM 22

### CONTRACTS

The following agreements are exhibits:

- (a) Exhibit A Franchise Agreement
- (b) Exhibit E State Addenda to Franchise Agreement
- (c) Exhibit H State Training Reimbursement Addendum
- (d) Exhibit I Sample Form of General Release
- (e) Exhibit K Franchise Owner Disclosure Questionnaire

## ITEM 23

### RECEIPT

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

## EXHIBIT A

### FRANCHISE AGREEMENT



**NATIONAL PROPERTY  
INSPECTIONS, INC.**

**FRANCHISE AGREEMENT**

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EXHIBIT A	LISTING OF OWNERSHIP INTERESTS
EXHIBIT B	FRANCHISE FEE AND DESIGNATED AREA
EXHIBIT C	ELECTRONIC TRANSFER AUTHORIZATION FORM
EXHIBIT D	GUARANTY AND ASSUMPTION OF OBLIGATIONS



## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (this “Agreement”) is made and entered into by and between **NATIONAL PROPERTY INSPECTIONS, INC.**, a Nebraska corporation located at 9375 Burt Street, Suite 201, Omaha, NE 68114 (“we,” “us,” or “our”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“you” or “your”) as of the date signed by us and set forth opposite our signature on this Agreement (the “Effective Date”).

### WITNESSETH:

We and our affiliates have, over a considerable time period and with considerable effort, developed (and continue to develop and modify) a system and franchise opportunity for the operation of an inspection business (each an “NPI Franchised Business”), offering residential and commercial inspection services, energy evaluations/assessments, infrared scans, property preservation, field service, and other related services to prospective real estate buyers, lenders, insurance companies and other interested parties. NPI Franchised Businesses operate using the Marks (as defined below) and the distinctive business formats, methods, procedures, signage designs, layouts, standards, and specifications, all of which we may improve, further develop, or otherwise modify from time to time (collectively, the “System”).

We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols in operating NPI Franchised Businesses, including the service mark “National Property Inspections,” and such other trade names, service marks, trademarks, logos, emblems, domain names, and indicia of origin which have gained and will continue to gain public acceptance and goodwill, and may create, use and license other trademarks, service marks and commercial symbols for NPI Franchised Businesses (collectively, the “Marks”).

We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a NPI Franchised Business using the System. As a franchise owner of a NPI Franchised Business, you will comply with this Agreement and the System in order to maintain the high and consistent quality that is critical to attracting and maintaining clients for NPI Franchised Businesses. You have applied for a franchise to own and operate a NPI Franchised Business.

Now, the parties intending to be legally bound in consideration of the mutual agreements, covenants and promises contained herein, do agree as follows:

### **I      ACKNOWLEDGMENTS, GRANT OF FRANCHISE AND OPENING SCHEDULE**

A.      **Acknowledgments.** You acknowledge that:

(1)      You have independently investigated the NPI Franchised Business franchise opportunity and recognize that, like any other business, the nature of the

business a NPI Franchised Business conducts may, and probably will, evolve and change over time.

(2) An investment in a NPI Franchised Business involves business risks that could result in the loss of a significant portion or all of your investment.

(3) Your business abilities and efforts are vital to your success.

(4) Attracting clients for your NPI Franchised Business will require you to make consistent marketing efforts in your community through various methods, including media advertising, social media advertising, search engine marketing, search engine optimization, direct mail advertising, and display and use of in-office promotional materials.

(5) Retaining clients for your NPI Franchised Business will require you to have a high level of client service and adhere strictly to the System and that you are committed to maintaining.

(6) You have not received from us, and are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a NPI Franchised Business.

(7) In all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us.

(8) You have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise.

(9) You and your guarantors have received as one document at one time a copy of the form of this Agreement, the exhibits hereto, and the applicable complete Franchise Disclosure Document not less than fourteen (14) days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed, and (ii) the payment of any consideration by or on behalf of you relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under applicable law).

(10) You have read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each NPI Franchised Business, and to protect and preserve the goodwill of the Marks.

(11) We have the right to restrict your sources of products and services, as provided in various sections of this Agreement, including Section 8.A below.

(12) We have not made any representation, warranty, or other claim regarding this NPI Franchised Business franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement.

(13) You have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the NPI Franchised Business franchise opportunity.

(14) You have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or waived your right to do so.

**B. Corporation, Limited Liability Company or Partnership.** If you are at any time a corporation, limited liability company, general or limited partnership, or other form of business entity (each an “Entity”), then you agree and represent that:

(1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents, operating agreement, or partnership agreement, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement’s restrictions;

(3) **Exhibit A** to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(4) Each of your owners during the Term (as defined in Section II.B) and any Renewal Term (as defined in Subsection E below) will execute a guaranty in the form attached to this Agreement undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Subject to our rights and your obligations under Section 12, you and your owners agree to promptly sign and deliver to us revisions to **Exhibit A** to reflect any permitted changes in the information that **Exhibit A** now contains;

(5) You will appoint a shareholder, member, or partner, as applicable, to be your “Managing Owner,” responsible for managing and supervising the operation of your

Franchised Business (as defined in Subsection D below). The Managing Owner as of the Effective Date is identified in **Exhibit A**. You may not change the Managing Owner without our prior written consent; and

(6) Your Franchised Business and other NPI Franchised Businesses, if applicable, will be the only businesses you operate (although your owners may have other, non-competitive business interests).

C. **Grant.** We hereby grant to you, the right to develop a NPI Franchised Business (your “Franchised Business”) for use solely in connection with our System, as it may be changed, improved and further developed, within the geographic area identified on **Exhibit B** (the “Designated Area”). You must, at all times, maintain a residence and/or mailing address in the Designated Area and you agree to publish only this said address in all your advertisements, printed or otherwise. We will not, so long as this Agreement is in force and effect and you are not in default under any of the terms (including Section I.E), and subject to our rights in Section I.D below, establish, franchise or license another to operate a NPI Franchised Business within your Designated Area. You shall operate your Franchised Business only in the Designated Area, and must not operate or advertise your Franchised Business outside of the Designated Area. You may not accept orders from customers or provide services to customers outside your Designated Area unless (i) there are no other NPI Franchised Businesses operating in the area in which the customer is located, or (ii) the NPI Franchised Business operating in the area in which the customer is located provides you prior written approval to accept orders from customers and provide services to customers in his or her designated area.

D. **Rights We Reserve.** Other than as provided for in Section I.C above, we and our affiliates retain all rights with respect to NPI Franchised Businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

(1) the right to operate, and to grant others the right to operate, NPI Franchised Businesses anywhere outside the Designated Area under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Business;

(2) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering similar or dissimilar products and services through similar or alternative channels of distribution, at any locations inside or outside the Designated Area under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate;

(3) the right to provide, offer and sell and to grant others the right to provide, offer and sell products and services that are identical or similar to and/or competitive with those products and services provided at NPI Franchised Businesses, whether identified by the Marks or other trademarks or service marks, through alternative distribution channels (including, without limitation, the internet or similar electronic media and other forms of electronic commerce) both inside and outside the Designated Area and on any terms and conditions we deem appropriate;

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

(5) the right to market and sell products and services to national, regional and institutional accounts, whether located inside or outside the Designated Area. “National, regional and institutional accounts” are organizational or institutional clients whose presence is not confined to the Designated Area, including (by way of example only): business entities with offices or branches situated both inside and outside of the Designated Area; government agencies, branches or facilities; the military; and, any other clients whose presence is not confined to the Designated Area;

(6) the right to acquire the assets or ownership interests of one or more businesses providing products and services the same as or similar to those provided by NPI Franchised Businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Designated Area); and

(7) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services the same as or similar to those provided at NPI Franchised Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Designated Area.

E. **Opening Schedule.** You, based upon your own independent investigation and analysis, agree, understand and approve as reasonable, that your Franchised Business must be opened for business within one hundred and twenty (120) days of the Effective Date. Exclusivity in the Designated Area has been granted by us in reliance upon your representation that the above schedule will be met. If you fail to comply with the above schedule, all rights granted to you with respect to the Designated Area will revert to us, and we will be free to franchise with third parties to use the System in the forfeited Designated Area. Failure to develop in accordance with the schedule also results in forfeiture of any franchise fees paid.

## II TERM AND RENEWAL

A. **Term.** The initial term of this Agreement (the “Initial Term”) will begin on the Effective Date and will expire on the tenth (10<sup>th</sup>) anniversary of the Effective Date unless this Agreement is sooner terminated as provided herein.

B. **Renewal Term.** You will have the right, but not the obligation, to enter into a successor franchise agreement for one (1) additional consecutive franchise term following the Initial Term (the “Renewal Term”, and together with the Initial Term, the “Term”). The duration of the Renewal Term will be ten (10) years, provided that you have complied with the following terms and conditions:

- (1) You shall give us written notice of your election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the Initial Term;
- (2) You shall not be in default of any provision of this Agreement or any other agreement between you and us or our subsidiaries or affiliates; and, you shall have substantially and timely complied with all the terms and conditions of this Agreement and such other agreements during their terms;
- (3) You shall have satisfied all monetary obligations owed to us, our subsidiaries and our affiliates under this Agreement and any other agreement;
- (4) If you satisfy all of the other conditions for a renewal franchise, you agree to execute a renewal franchise agreement and any ancillary agreements we then customarily use in granting franchises for NPI Franchised Businesses, which may contain provisions that differ materially from any and all of those contained in this Agreement; and
- (5) To the extent not prohibited by applicable law, you, your Managing Owner and any other owner shall execute a general release, in a form prescribed by us, of any and all claims you may have, of whatever nature or kind, against us and our subsidiaries and affiliates and their respective officers, directors, shareholders, partners, employees, servants, representatives, independent contractors, and agents, in their corporate and individual capacities, including without limitation, claims arising under this Agreement and any other agreement between you and us or our subsidiaries or affiliates and under any federal, state, and local laws, rules, and ordinances.

### III FEES

A. **Franchise Fee.** In consideration of our granting you the right to operate your Franchised Business in the Designated Area, you will pay us an initial franchise fee in the amount identified on **Exhibit B**. The initial franchise fee is due and payable by you at the time the Franchise Agreement is executed. The initial franchise fee is not refundable in whole or in part.

B. **Royalty.** Subject to the Royalty Waiver Period detailed below, beginning on the earlier of (i) you opening your Franchised Business; or (ii) on the first day of the fifth (5<sup>th</sup>) month immediately following the Effective Date (the "Royalty Commencement Date"), you must pay to us a continuing royalty of 8% of the Gross Sales of your Franchised Business, or a minimum royalty of \$300.00 per month, whichever is greater. Beginning on the first day of the seventeenth (17<sup>th</sup>) month immediately following the Effective Date, the royalty you must pay us will be increased to 8% of the Gross Sales, or a minimum of \$400.00 per month, whichever is greater. Beginning on the first day of the twenty-ninth (29<sup>th</sup>) month following the Effective Date, the royalty you must pay us will be increased to 8% of the Gross Sales, or a minimum of \$500.00 per month, whichever is greater. A monthly summary report of all of your services for the month must accompany the royalty payment. As used in this Agreement, the term "Gross Sales" means all revenue that you derive from operating your Franchised Business, including, but not limited



to, all amounts that you receive in connection with your Franchised Business, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions and all other income of every kind and nature related to your Franchised Business, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from clients and paid to the appropriate taxing authority, and (2) reduced by the amount of any documented refunds, credits, allowances, and charge-backs your Franchised Business in good faith gives to clients. Notwithstanding the foregoing, we shall temporarily waive royalty payments for a period beginning on the Royalty Commencement Date and ending one hundred and twenty (120) days following the Royalty Commencement Date (the “Royalty Waiver Period”) so long as during the Royalty Waiver Period you satisfy the following conditions: (i) you spend an amount equal to the greater of 8% of the Gross Sales of your Franchised Business or \$300.00 per month on local advertising we approve promoting your Franchised Business; and (ii) you remain in compliance with the terms of this Agreement and any other agreement you or your affiliate maintains with us or our affiliate (the “Royalty Waiver Conditions”). Upon our request, you shall furnish to us, on a monthly or more frequent basis as we determine, supporting documentation evidencing your local advertising expenditures during the Royalty Waiver Period. Beginning on the earlier of (a) the conclusion of the Royalty Waiver Period, or (b) your failure to satisfy the Royalty Waiver Conditions, you must immediately begin paying us the full amount of the royalty due in accordance with this Section III.B.

C. **Software Fee.** If we require that you use our or our affiliate's proprietary software during the operation of your Franchised Business, you agree to pay our then-current software fee (the “Software Fee”). The Software Fee shall be payable in the manner and at the times we specify in our sole discretion. The Software Fee will compensate us for our costs associated with the creation, maintenance and ongoing development of technology used for the System, plus any applicable taxes. We reserve the right in our sole judgment to increase the Software Fee by up to 20% each year commencing twelve (12) months from the date that you open your Franchised Business.

D. **Late Fees and Interest.** All amounts which you owe us or our affiliate for any reason, will bear interest accruing as of their original due date at the maximum interest rate permitted by law. If there is no applicable legal maximum rate, interest will be calculated at the rate of 4% above the prime rate of interest on the first day of each month for the past due amount, as published in The Wall Street Journal. You acknowledge that this Section III.D is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, your Franchised Business.

E. **Application of Payments.** Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts you owe us or our affiliates due to our alleged nonperformance of any of our obligations under this Agreement.

F. **Method of Payment.** Before your Franchised Business begins operating, you agree to sign and deliver to us the documents we require (the current form of which is set forth in **Exhibit C**) to authorize us to debit your business checking account automatically for royalties,



the Software Fee (as applicable), Fund contributions (defined in Section IX.A below), and other amounts due to us or our affiliates in connection with your Franchised Business for your purchases from us and/or our affiliates (the "Electronic Depository Transfer Account" or "EDTA"). We will debit the EDTA for these amounts on their due dates. You agree to ensure that funds are available in the EDTA to cover our withdrawals. If there are insufficient funds in the EDTA to cover any such amount owed (or, if you are paying by check and a check is returned for insufficient funds), you must pay us, on demand, a processing fee of \$100, plus reimbursement of our additional administrative expenses and charges. If there are insufficient funds in the EDTA, or if your check is returned for insufficient funds, then we may require you to make all subsequent payments to us by certified check. We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (*e.g.*, by check) whenever we deem appropriate, and you agree to comply with our payment instructions.

#### IV PROPRIETARY MARKS

A. It is understood and agreed that the license granted hereunder to use our Marks applies only to their use in connection with the operation of your Franchised Business in the Designated Area and includes only such Marks as are now or may be designated by us in writing for use by you, and no other Marks of ours now existing or yet to be developed or acquired by us. You agree to operate and advertise your Franchised Business only under the Marks designated by us in writing for that purpose. You must operate and advertise your Franchised Business under the Marks designated by us. In addition, you may not provide inspection services, ancillary services (including but not limited to mold testing, radon inspections, pest inspections, and thermal imaging), or any other services then offered by NPI Franchised Businesses under any other trade name than "National Property Inspections."

B. You acknowledge our ownership of all right, title and interest in and to the Marks, and the identification schemes, standards, specifications, operating procedures and other concepts embodied in the System. You accordingly agree that any unauthorized use of the System and the Marks is and will be deemed an infringement of our rights; that, except as expressly provided by this Agreement, you acquire no right, title or interest in the System or the Marks; that any and all goodwill associated with the System and the Marks will inure exclusively to our benefit; and that, upon the expiration or termination of this Agreement, no monetary amount will be assigned as attributable to the goodwill associated with your use of the System and the Marks.

C. You acknowledge that the use of the Marks outside the scope of this Agreement, without our prior written consent, is an infringement of our exclusive right, title and interest in and to the Marks, and expressly covenant that during the Term, and after the expiration or termination of this Agreement, you shall not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of any of our Marks, or take any other action in derogation of our rights to the Marks.

D. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any

infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office (“USPTO”) proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

E. Your right to use the words “National Property Inspections” is only in conjunction with your Franchised Business licensed in this Agreement. You may not use the words “National Property Inspections.” as your primary business or corporate name, and will duly file a fictitious business name statement or similar documents where you are indicated as doing business as “National Property Inspections”. You must immediately notify us as to your business name.

The following is an example of a proper franchisee company name:

Example if you form a corporation: “AAA Inspection Services, Inc. DBA National Property Inspections”.

Example if you form a limited liability company: “AAA Inspections, Services, LLC DBA National Property Inspections”

F. You must not, without our written consent, use the Marks as part of your corporate or other legal name, nor hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness, in such a manner as could reasonably result in liability for us or our affiliates.

G. If, in our sole judgment, it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Marks, for any loss of revenue due to any modified or discontinued Mark, any loss of goodwill associated with any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark. Our rights in this Section IV.G apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

H. You understand and acknowledge that each and every detail of our System is important to you and us in order to develop and maintain high and uniform standards of quality and service and to protect and enhance the reputation and goodwill of NATIONAL PROPERTY INSPECTIONS, INC. You accordingly agree to (i) execute and convey all documents required by us or our counsel that are necessary to obtain protection of the Marks or to maintain their continued validity or enforceability, (ii) take no action that would jeopardize the validity or

enforceability, and (iii) follow the marketing programs outlined by us during training, in the Confidential Manuals, and on any updates, revisions, or other communications from us.

## **V TRAINING AND ASSISTANCE**

**A. Initial Training.** We will make available to you (or your Managing Owner), or your designated manager if you will not be acting as your own manager, a training and familiarization course. The training program will cover all aspects of the operation of a National Property Inspections franchise. The training program is mandatory for you (or your Managing Owner), or designated manager if franchise owner will not be acting as their own manager. The training program will be conducted (i) at our place of business in Omaha, Nebraska, (ii) virtually using our online training program(s), and/or (iii) at another location designated by us. If we require you to travel for the training program, we will pay for lodging (1 hotel room, includes one breakfast each day), and lunch for you (or your Managing Owner) or your designated manager if you will not be acting as your own manager. You are responsible for the travel, airfare, ground transportation and all other costs for you (or your Managing Owner) or your designated manager (if you will not be acting as your own manager), to attend our in-person training program. The duration of the in-person training program will be no more than 2 weeks (Monday to Friday). We will also provide up to one week of in-the-field training with another NPI Franchised Business inspector that we designate, which has a limited allowance of up to \$150/day for transportation and living expenses, not to exceed 5 days, \$750 total allowance during in the field training. If you are in a state that requires more than 5 days of in-the-field training, we may increase the total allowance provided to you during your in-the-field training (not to exceed \$1,500).

**B. Ongoing Training.** We may require you (or your Managing Owner) and/or other previously trained and experienced employees to attend and satisfactorily complete various training courses that we periodically choose to provide either online or in-person at the times and locations that we designate. We may charge reasonable registration or similar fees for these courses. Besides attending these courses, you agree to attend an annual meeting of all NPI Franchised Business franchise owners at a location we designate, if we organize and plan (at our option) such a meeting. Attendance will not be required for more than three (3) days during any calendar year. You agree to pay all costs to attend these online or in-person training courses and meetings.

We may require that other employees you hire or appoint after your Franchised Business begins operating satisfactorily complete our initial and ongoing training programs. We may charge reasonable fees for training your employees. You agree to pay all travel and living expenses which you and your employees incur during all training courses and programs. At our request, you shall obtain and deliver to us an executed confidentiality agreement, in such form and content satisfactory to us, for any individual that attends our initial training program or ongoing training programs and receives Confidential Information, pursuant to which agreement the signatory covenants and agrees to, among other things, maintain the confidentiality of the Confidential Information received by such individual.

You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify at any time and from time to time.

All persons working as a home inspector for you shall affiliate themselves with a professional organization appropriate to their geographical location such as ASHI and INTERNACHI.

## **VI CONFIDENTIAL TRAINING MANUALS**

A. In order to protect the reputation and goodwill associated with the Marks and to maintain the uniform standards of operation of NPI Franchised Businesses, you must conduct your Franchised Business in strict accordance with our confidential manuals, which may include audiotapes, videotapes, compact disks, computer software, other electronic media, and/or written materials (the “Confidential Manuals”).

B. You must at all times treat as confidential, and must not at any time disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available to any unauthorized person or source the contents of the Confidential Manuals.

C. The Confidential Manuals and our proprietary software at all times remain our sole property and must promptly be returned upon the expiration or other termination of this Agreement or upon updating of sections as noted in the next paragraph.

D. We may modify the Confidential Manuals at any time, in our sole judgment, to convey to you advancements and new developments in sales, marketing, training techniques, report forms and other items and procedures relevant to the operation of the Franchise Business, and you agree to be bound by and to conduct business in accordance with revised requirements of the Confidential Manuals. If there is a dispute over the contents of the Confidential Manuals, our master copy of the Confidential Manuals control.

E. At our option, we may post some or all of the Confidential Manuals on a restricted Website or extranet to which you will have access. (For purposes of this Agreement, “Website” means an interactive electronic document contained in a network of computers linked by communications software, including, without limitation, the Internet and World Wide Web home pages). If we do so, you agree to monitor and access the Website or extranet for any updates to the Confidential Manuals. Any passwords or other digital identifications necessary to access the Confidential Manuals on a Website or extranet will be deemed to be part of Confidential Information (defined in Section VII below).

## **VII CONFIDENTIAL AND PROPRIETARY INFORMATION**

A. We possess (and will continue to develop and acquire) certain confidential and proprietary information, including, but not limited to the Confidential Manuals, proprietary software, and all client lists and records generated and/or otherwise maintained by NPI

Franchised Businesses, some of which constitutes trade secrets under applicable law (the “Confidential Information”), relating to developing and operating NPI Franchised Businesses.

B. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating your Franchised Business during the Term, and that Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

- (1) will not use Confidential Information in any other business or capacity;
- (2) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Term and then thereafter for as long as the item is not generally known in the residential and commercial inspection industry;
- (3) will not sell, trade or otherwise profit in any way from the Confidential Information (including by selling or assigning any Personal Information such as client names, addresses, phone numbers, e-mail contact information, or related data), except using methods that we may have authorized or approved in our sole judgment;
- (4) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and
- (5) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to your Franchised Business’s personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be a third party beneficiary of those agreements with independent enforcement rights.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become generally known in the residential and commercial inspection industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the residential and commercial inspection industry through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a NPI Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing

assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item (including signing assignment or other documents, and causing your owners, employees and contractors to do the same). You may not use any such idea, concept, technique or material in connection with your Franchised Business without our prior approval.

## VIII COMPLIANCE WITH PRIVACY LAWS

You will comply with all applicable laws and regulations that relate to the protection of Personal Information (collectively, “Privacy Laws”), with respect to the collection, use, disclosure, processing, storage, retention, and security of Personal Information. “Personal Information” shall have the meaning given in applicable Privacy Laws, whether such Privacy Laws use the term “personal information,” or a substantially similar term (e.g., personally identifiable information, personal data, etc.) to the extent collected, used, stored, transferred, or otherwise processed in connection with your Franchised Business or your business relationship with us.

You will: (i) adopt and implement those privacy practices, (ii) provide, display, and communicate to clients one or more privacy policies; and (iii) collect and record the consents of clients or other individuals related to the processing and use of their Personal Information by us or our affiliates without restriction and for any purpose we and our affiliates deem appropriate; all as required to comply with applicable Privacy Laws and as we may in addition reasonably specify from time to time, whether set out in the Confidential Manuals or otherwise. Further, you will: (i) refrain from any action or inaction that could cause us or our affiliates to breach any Privacy Laws or otherwise incur liability thereunder; (ii) do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our reasonable discretion to keep us in compliance with the Privacy Laws in a timely manner; and (iii) refrain from selling or disclosing for other commercial benefit (other than as would be received from service providers necessary to perform sales and services for your Franchised Business) any Personal Information without our prior written approval and consent. You will limit access to Personal Information to only those employees, officers, consultants, and service providers of yours who need to have access to the Personal Information and only as needed for the purposes of the operation of your Franchised Business and only in a manner which is consistent with the consents obtained and as may be permitted by Privacy Laws. You acknowledge and agree that all client lists and records generated and/or otherwise maintained by NPI Franchised Businesses shall at all times remain our and our affiliates’ sole property and that we may use or monetize such information in any manner and in any capacity, including to sell ancillary products and services to any clients of NPI Franchised Businesses.

You will, at your own cost, take all reasonable steps (including to adopt and use no less than industry standard organizational, procedural, contractual, physical and electronic security measures) to protect the Personal Information in your possession or control, or otherwise being processed on its behalf, from unauthorized access, disclosure, use, processing, modification, deletion, encryption or destruction, including but not limited to all industry standards that relate to information security, risk management, intrusion monitoring, backup and disaster recovery, applicable Payment Card Industry Data Security Standards (“PCI Standards”), and all other



standards as we may reasonably specify in writing from time to time. In the event that you obtain payment card information, you shall comply with the PCI Standards. Additionally, you shall make all commercially reasonable efforts to require all of its vendors which receive payment card information on your behalf, to comply with the PCI Standards.

You will comply with all applicable laws, codes regulations (collectively “Anti-Spam Laws”) respecting the sending of spam, electronic communications and other commercial electronic messages (collectively “CEMs”). Before you send any CEMs, you will ensure that you have obtained proper consents and that the CEMs contain all required information and any required opt-out or unsubscribe mechanisms as required by Anti-Spam Laws and as we may in addition reasonably specify from time to time, whether set out in the Confidential Manuals or otherwise in writing.

You will provide us and our representatives with access to your records, systems, facilities, and premises for the purposes of auditing, inspecting, examining, and otherwise verifying your compliance with this Paragraph. In the event that any such audit, inspection, examination, or verification reveals that you are non-compliant with any obligation set out in this Section, you will promptly bring yourself into compliance.

## **IX ADVERTISING**

**A. Advertising and Development Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of NPI Franchised Businesses, we have established an Advertising and Development Fund (the “Fund”) for the advertising, marketing, and public relations programs and materials we deem appropriate. We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with NPI Franchised Businesses and with whom we have agreed that we will so deposit these allowances. The Fund may be operated by one or more of our affiliates. You agree to contribute to the Fund 2% of your Franchised Business’s Gross Sales. Such fee shall be paid monthly and in the same manner as the royalty fee described in Section III.B.

We direct all programs that the Fund finances (including related legal work), with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; costs associated with inbound marketing channels and providers (for example, Google, Facebook and Yelp); developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

The Fund may periodically give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We account for the Fund separately from our other funds and not use the Fund for any of our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, legal costs and expenses related to the Fund's activities, the Fund's other administrative costs, reasonable travel expenses of personnel while they are on Fund business, meeting costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions.

The Fund will not be our asset. Although the Fund is not a trust, we hold all Fund contributions for the benefit of the contributors and use contributions only for the purposes described in this Section. We do not owe any fiduciary obligation to you for administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, pay back outstanding principal amounts borrowed in prior years from us or third parties, or invest any surplus for future use. We use all interest earned on Fund contributions to pay costs before using the Fund's other assets.

We prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon written request. We reserve the right, in our sole determination, to have the Fund audited annually, at the Fund's expense, by an independent certified public accountant. We may incorporate the Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section.

We intend the Fund to maximize recognition of the Marks and patronage of NPI Franchised Businesses. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all NPI Franchised Businesses, we need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by NPI Franchised Businesses operating in that geographic area or that any NPI Franchised Business benefits directly or in proportion to its Fund contribution from the development of advertising and marketing materials or the placement of advertising and marketing.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

We may at any time defer or reduce contributions of a NPI Franchised Business franchise owner and, upon thirty (30) days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to our franchise owners, and to us and our affiliates, in proportion to their, and our, respective Fund contributions during the preceding twelve (12) month period.



**B. Local Advertising Requirement.** We suggest you expend a minimum of 2% of your Franchised Business's Gross Sales annually to advertise and promote your Franchised Business locally. Your local advertising and promotion must follow our guidelines. All advertising and promotional materials that you develop for your Franchised Business must contain notices of our Website's domain name in the manner we designate. You may not develop, maintain, or authorize any website that mentions or describes you or your Franchised Business or displays any of the Marks without our prior written approval. We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System, including through the use of a page or profile on a social media website such as Facebook, Instagram and Twitter. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe at any time and from time to time as well as any applicable anti-spam Laws.

Before you use them, you agree to send us or our designated agency for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously disapproved including, but not limited to, press releases and interviews for publication in any media. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved.

## **X ACCOUNTING AND RECORDS**

**A.** During the Term and for at least five (5) years afterwards, you agree to keep and preserve full, complete and accurate books and records.

**B.** You must also submit to us, for review or auditing, other forms, reports, records, information and data as we may reasonably designate, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in the Confidential Manuals or otherwise in writing. No later than the tenth (10<sup>th</sup>) day of each month, reports accurately reflecting all Gross Sales during the preceding calendar month, must be submitted electronically to us in the manner we prescribe.

**C.** You must also submit to us within sixty (60) days following the end of each fiscal year during the Term, annual profit and loss and source and use of funds statements and a balance sheet for your Franchised Business as of the end of the prior calendar year.

**D.** You must also submit to us within thirty (30) days following your filing of tax returns for your Franchised Business, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to your Franchised Business and the Franchise.

**E.** Our representatives will have the right at all reasonable times to inspect your books, records and cash control devices or system. If the inspection reveals any unreported client contracts or any other Gross Sales from your Franchised Business by you to us which are less than the Gross Sales ascertained by the inspection, you must immediately pay to us the

amount owing to us in accordance with the corrected Gross Sales report. Upon the discovery of a discrepancy in the report of Gross Sales of 2% or more, you must pay and reimburse us for any and all expenses connected with that inspection, including reasonable accounting and legal fees, as well as interest on the unreported receipts at the maximum rate permitted by law. Such payments are without prejudice to any other remedies we may have under this Agreement. We may conduct the audit on your premises during normal business hours and after reasonable notice. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law. If any understatement exceeds 5% or more of the amount that you actually reported paid to us within any portion or through the entire period of an examination, such underpayment shall be a material breach of this Agreement and, in addition to our other remedies and rights under this Agreement and applicable law, we shall have the right to terminate this Agreement immediately upon notice to you, without opportunity to cure.

## **XI STANDARDS OF QUALITY**

A. You recognize that it is essential to the proper marketing of a NPI Franchised Business, and to the preservation and promotion of our reputation and acceptance by the public at large, that standards of quality be maintained. You agree, as an essential part of the consideration for this Agreement, you will at all times dispense, sell, or offer for sale to the public, only those products and services that meet the reasonable specifications and standards from time to time approved and in writing by us, and as permitted by law. We may, from time to time, issue a written statement disapproving certain products or services, and you agree not to offer such products or services.

You must operate your Franchised Business at all times within the quality standards as established by us through this Agreement, the System and through the Confidential Manuals that are to be furnished to you and as may be modified by us from time to time. Standards must ensure the quality, safety, efficiency, quantity, and uniformity of services and products furnished by a NPI Franchised Business. Any failure to so operate can be grounds for termination of this Agreement. You may choose your own suppliers for equipment and other items you may need to operate your Franchised Business so long as you comply with the System. We may make suggestions as to specific equipment makes and models and suppliers. We may disapprove of certain suppliers of products and services and you agree not to use such suppliers.

We and our affiliates may receive payments or other consideration from suppliers on account of such suppliers' dealings with you and other franchise owners, and may use any amounts so received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and

may be temporary, pending our continued evaluation of the supplier or distributor at any time and from time to time.

## **XII THE SYSTEM**

A. **Modification of the System.** You recognize and agree that from time to time we may change or modify the System presently identified by the Mark “National Property Inspections” including the adoption and use of new or modified service marks, trademarks, or copyrighted materials, new products, new equipment or new techniques. These modifications may obligate you to invest additional capital in your Franchised Business and/or incur higher operating costs. You will accept and use for the purpose of this Agreement any such changes in the System that may be required.

B. **Compliance with Laws and Good Business Practices.** You must secure and maintain in force all required licenses, permits and certificates relating to the operation of your Franchised Business and must operate your Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to residential and/or commercial inspections, occupational hazards, health, worker’s compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. Your Franchised Business must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. All settlement service fees you receive or pay to an affiliate or third party must comply with all applicable laws. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other NPI Franchised Businesses. You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of your Franchised Business and of any notice of violation of any law, ordinance, or regulation relating to your Franchised Business.

You further agree not to disparage or defame us or any other NPI Franchised Business franchise owners, or any of our or their affiliates, officers, or employees in any respect or make any disparaging comments concerning our business relationships or the matters referred to in this Agreement.

You must promptly pay when due all taxes levied or assessed including, federal income taxes, unemployment taxes, and all indebtedness to us incurred by you in the conduct of your Franchised Business.

C. **Pricing.** You are responsible for the management and operation of your Franchised Business, including to set the prices you charge clients for the services and/or products offered by your Franchised Business. Notwithstanding the foregoing, you acknowledge and agree that we may periodically, and to the fullest extent allowed by applicable law, recommend or establish maximum, minimum, or other pricing requirements with respect to the

prices you charge clients for the services and/or products offered by your Franchised Business. Our recommendations or required prices may apply only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. The prices we prescribe or suggest may or may not optimize the revenues or profitability of your Franchised Business and you irrevocably waive any and all claims arising from the establishment or suggestion of your Franchised Business' prices.

**D. National Accounts.** Only we will have the right to enter into contracts with national, regional and/or institutional accounts (which may be located within your Designated Area). If we receive contracts for any product or service offered by NPI Franchised Businesses calling for performance or delivery in your Designated Area, then we will have the right, but not the obligation, either to require you to fulfill such contracts at the price we agree on with the client or to give you the opportunity to fulfill such contracts at the price we agree on with the client. If we give you the opportunity to fulfill such contracts and if, for any reason, you do not desire to or cannot serve the client, or if the client desires for any or no reason to deal exclusively with us, our affiliate or another franchisee and not with you, then we, our affiliate or any other NPI Franchised Business may serve the client within your Designated Area, and you will not be entitled to any compensation. The procedures governing our national, regional and institutional accounts program are set forth in our Confidential Manuals.

**E. Participation in Associations, Organizations and Required Memberships.** You agree, at your sole cost and expense, to join and participate in your local Board of Realtors or any other organizations we may require for the purpose of enhancing the goodwill, presence and reputation of the Marks, the System and your Franchised Business.

### **XIII COMPUTER SYSTEM**

You agree to obtain and use the computer hardware and/or operating software we specify at any time and from time to time for your Franchised Business (the "Computer System"), including our or our affiliate's proprietary software that we license to you in connection with your Franchised Business. You acknowledge and agree that the Computer System is to be used exclusively for your Franchised Business. We may modify specifications for and components of the Computer System. You also agree to maintain a functioning e-mail address. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the remaining Term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within ninety (90) days after you receive notice from us, you agree to obtain the Computer System components that we designate and to ensure that your Computer System, as modified, is functioning properly.

You agree that we or our affiliates may condition any license of our or our affiliate's proprietary software to you, or your use of technology that we or our affiliates develop or

maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We, our affiliates, or designated suppliers may charge you a monthly or other fee for any proprietary software or technology that we or they license to you and for other maintenance and support services that we or they may require you to receive during the Term. If we require that you use our or our affiliate's proprietary software, you will be required to pay us the Software Fee listed in Section III.C above in consideration of use of the proprietary software. You further agree that as made available, you are required to install and utilize the latest version of the proprietary software.

Despite the fact that you agree to buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

The Computer System shall interface with our information technology systems and be electronically linked to us or our designee to enable us (or our designee) to poll such Computer System on a daily or other basis at such times and in such manner as established by us or our designee, with or without notice, and to retrieve such transaction information, including without limitation sales and other operations data as we and/or our designee deem appropriate. If for any reason polling is not practicable or prohibited by applicable law, we may require you to download such information into machine readable information compatible with the system operated by us, our affiliates, or our agents and to deliver such information to us by such method and at such temporal frequency as we may reasonably require.

You hereby consent to us obtaining, using and disclosing to third parties (including, without limitation, prospective franchise owners, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by us or disclosed to us, whether by means of the Computer System or otherwise, in accordance with this Agreement. You will obtain such consents from third parties, including your clients, as are necessary in order to give effect to the foregoing.

#### **XIV INSURANCE**

A. You must procure before the commencement of business, and maintain in full force and effect during the entire Term, at your sole expense, an insurance policy or policies protecting you, us, our affiliates and our and our affiliates' officers and employees against any loss, liability or expense whatsoever arising or occurring by reason of your operation of your Franchised Business. We and our affiliates must be an additional name insured on that policy or policies. (Worker's Compensation excepted).

B. Such policy or policies must be written by an insurance company satisfactory to us in accordance with standards and specifications set forth in the Confidential Manuals or otherwise in writing, and must include, at a minimum, the following:

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- (1) Comprehensive general liability insurance, including automobile liability for any owned and non-owned vehicles, with minimum limits of \$500,000 per occurrence for bodily injury and \$500,000 property damage;
- (2) Worker's Compensation and employer's liability insurance as well as other insurance as may be required by statute or rule of the state(s) in which your Franchised Business is located and operated;
- (3) If you have employees, third party fidelity bond coverage in the minimum amount of \$10,000;
- (4) Group health and accident insurance where required by local law;
- (5) If any vehicle is used in connection with the operation of your Franchised Business, motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with your Franchised Business' operation; and
- (6) Errors and Omissions coverage, subject to a minimum level of \$250,000 per occurrence, \$500,000 policy limits, or the minimum policy limits required by state law, whichever is greater.

C. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance, employment practices liability insurance and cybersecurity insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Required coverage shall include insurers' waiver of subrogation against us and you shall waive rights of recovery against us.

D. Upon obtaining the insurance required by this Agreement and on each policy renewal date afterwards, you must promptly submit evidence of satisfactory insurance and proof of payment to us, together with, upon request, copies of all policies and policy amendments. The evidence of insurance must include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days prior written notice to us. In the event you decide to sell or transfer your interests in this Agreement or your Franchised Business, or if this Agreement expires or terminates for any reason, then you must procure and maintain Errors and Omissions insurance for a minimum of one (1) year starting at the date of such sale, transfer, termination or expiration with the same limits as listed above and naming us as an additional insured. Should the Franchisee, for any reason, fail to procure and maintain the above-mentioned insurance coverage as required by this Agreement, we will have the right and authority, without any obligation, to immediately procure such insurance coverage and to charge to you, which charges, together with a reasonable fee for expenses incurred by us in connection with such procurement, will be payable by you immediately upon notice or may constitute grounds for termination. You must provide us notice within ten (10) days of the filing of any claim related to the insurance policies required by this Agreement.

E. Failure of the Franchisee to maintain such insurance coverage and to provide the Franchisor with the required certificate of insurance in a timely manner constitutes grounds for termination.

## XV COVENANTS

A. You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term, neither you, any of your owners, nor any of your or your owners' spouses will:

- (1) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than 2% of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;
- (3) divert or attempt to divert any actual or potential business or clients of your Franchised Business to a Competitive Business;
- (4) directly or indirectly loan any money or other thing of value to, or guarantee any other person's loan to, any Competitive Business or any owner, director, officer, manager, employee or agent of any Competitive Business, wherever located or operating; or
- (5) engage in any other activity which, in our sole opinion, might injure the goodwill of the Marks and System.

B. Upon (i) our termination of this Agreement according to its terms and conditions, (ii) your termination of this Agreement without cause, or (iii) expiration of this Agreement (if we offer, but you elect not to acquire, a Renewal Term, or if we do not offer you a Renewal Term due to your failure to satisfy the conditions set forth in Section II.B), then you and your owners agree that, for two (2) years beginning on the earlier of the effective date of termination or expiration of this Agreement, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse) as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business (as defined below) located or operating in the Designated Area or within fifty (50) miles of the Designated Area.

C. During the Term and for two (2) years beginning on the earlier of the effective date of termination or expiration of this Agreement, neither you nor any of your owners, officers, directors or employees will, directly or indirectly (e.g., through a spouse), solicit, divert or hire

away, or attempt to induce, solicit or divert any client of ours or of any of our affiliates or NPI Franchised Business franchise owners. In addition, the use of Personal Information, our client lists or other such Confidential Information for the purpose of soliciting, diverting or inducing away (or any such attempt) is prohibited.

D. The restrictions above in Sections XV.B and XV.C above also apply after transfers, as provided in Section XVII below. If any person restricted by this Section XV refuses voluntarily to comply with these obligations, the two (2) year period for that person will commence with the entry of a court order enforcing this provision. The two (2) year period will be tolled, if applicable, for the period during which a restricted person is in breach of this Section and will resume when that person begins or resumes compliance. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

E. You agree to have all of the following persons sign, and you will submit to us executed copies of, our then current form of Nondisclosure and Non-Competition Agreement: (i) your designated manager and any supervisory or other employees who have received or will receive training from us, prior to their employment; and (ii) if you are an Entity, your Managing Owner and all your officers, directors, shareholders, partners, members and owners, and those of any Entity directly or indirectly controlling you, concurrent with the execution of this Agreement, or at such time as they assume such status. You agree to provide us copies of all executed Nondisclosure and Non-Competition Agreements no later than ten (10) days following their execution.

F. The term “Competitive Business” means (i) any business which derives more than 5% of its revenue from writing, taking, originating, referring, or selling residential or commercial inspection products or services; or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i) (other than a NPI Franchised Business operated under a franchise agreement with us).

G. You acknowledge that a violation of any covenant in the above paragraphs will cause irreparable damage to us, the exact amount of which may not be subject to reasonable or accurate ascertainment, and therefore, you consent that if a violation occurs, we will, as a matter of right, be entitled to injunctive relief to restrain you, or anyone acting for or on behalf of you, from violating those covenants. Those remedies, however, will be cumulative and in addition to any other remedies to which we may then be entitled. You represent and acknowledge that in the event of the termination of this Agreement for whatever cause, your experience and capabilities are such that you can obtain employment in business engaged in other lines or of a different nature than that of the operation of an inspection service franchise and that the enforcement of a remedy by way of injunction will not prevent you from earning a livelihood. If we bring suit to enforce any provision above, we will be entitled to receive, in addition to any relief or remedy granted, the cost of bringing such suit, including reasonable attorney’s fees. The covenants in this Section will survive the termination or expiration of this Agreement.



## **XVI TERMINATION AND DEFAULTS**

A. You will be deemed to be in default under this Agreement and all rights granted to you will terminate effective immediately and without an opportunity to cure upon delivery of written notice, if any of the following occur:

- (1) you receive three (3) Notices to Cure a default or violation, whether or not default or violation has been cured;
- (2) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Franchised Business is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of you or your Franchised Business is not vacated within thirty (30) days following the order's entry;
- (3) you abandon or fail actively to operate your Franchised Business for five (5) or more consecutive business days (including, without limitation, due to the failure to maintain any necessary professional licenses, certifications, or other requirements for residential and commercial inspectors in the Designated Area), unless you close your Franchised Business for a purpose we approve or because of casualty or government order;
- (4) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony, crime involving moral turpitude, or any other crime which we reasonably believe adversely affects the System's reputation or the goodwill associated with the Marks;
- (5) you violate any federal, state, or local law, ordinance, or regulation governing residential or commercial inspections or the operation of your Franchised Business (including, but not limited to, applicable privacy and information security laws), or operate your Franchised Business in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within seventy-two (72) hours after you receive notice from us or any other party;
- (6) you effect repairs identified in any inspection report in exchange for a fee, or recommend another franchisee, or any other person or entity to affect such repairs in exchange for a referral fee;
- (7) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring or operating your Franchised Business;

- (8) you do not begin operating your Franchised Business within one hundred and twenty (120) days after the Effective Date;
- (9) you (or your Managing Owner) do not satisfactorily complete the initial training program;
- (10) you (or your Managing Owner) fail to maintain a valid residential and commercial inspector's broker license, or such other license as may be required under applicable law to operate your Franchised Business;
- (11) you (or any of your owners) engage in any dishonest or unethical conduct which, in our opinion, adversely affects your Franchised Business' reputation or the goodwill associated with the Marks;
- (12) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Confidential Manuals or any other Confidential Information;
- (13) you fail to pay us (or our affiliates) any amounts due and you do not correct the failure within ten (10) days after we deliver written notice of that failure to you;
- (14) you fail to pay when due any federal or state income, service, sales, or other taxes due on your Franchised Business's operation, unless you are in good faith contesting your liability for these taxes, or you fail to submit a copy of your U.S. Tax Return Business Income Statement as required by Section XII.B of this Agreement;
- (15) you (or any of your owners) or your employees make unauthorized use of the Computer System for the operation of your Franchised Business or any other purpose;
- (16) you fail to maintain NPI trained personnel in the operation of your Franchised Business and do not correct such failure within thirty (30) days;
- (17) you or any of your owners, representatives or employees make any illicit statements, including in an email to our employees, officers or directors or in any social media posts, or any other unlawful, threatening, abusive, libelous, defamatory, obscene, vulgar, pornographic, gambling-related, drug-related, alcohol-related, profane, racist, sexually explicit or indecent comments that in our opinion, negatively affects us, our affiliates, our employees, our operations or otherwise affects NPI Franchised Businesses' reputation or the goodwill associated with the Marks;
- (18) you fail to pay your employees in a timely manner.

- (19) we (or any of our owners or affiliates) terminate any other agreement between you (or any of your owners and affiliates) and us (or any of our owners or affiliates) due to your (or any of your owners' or affiliates') failure to comply with the terms of such agreement
- (20) you (or any of your owners) fail to comply with any other provision of this Agreement or any part of our System and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you;
- (21) you or your owners make or attempt to make any transfer in violation of Section XVIII.

B. In addition to, and without limiting, our other rights and remedies under this Agreement, any other agreement or applicable law, upon the occurrence of any event giving rise to our right to terminate this Agreement under the preceding Section XVI.A, we may instead elect, at our sole option and upon delivering providing you written notice, to take any or all of the following actions without terminating this Agreement:

- (1) temporarily or permanently reduce the size of the Designated Area, in which case the restrictions on us or our affiliates under Section I.C above will not apply in any geographic area removed from the preceding territorial boundaries;
- (2) temporarily remove information concerning your Franchised Business from any Website or extranet operated for the network of NPI Franchised Businesses, and/or restrict your or your Franchised Business's participation in other programs or benefits offered on or through any such Website or extranet;
- (3) require you to engage a third party accounting firm we approve to conform to the bookkeeping, accounting, reporting and recordkeeping system requirements and formats we prescribe;
- (4) require you to pay us \$500 for each day the condition giving rise to our right to terminate continues to exist to help offset our increased administrative expenses associated with your failure to comply with the terms of this Agreement;
- (5) suspend you and your Franchised Business's right to participate in any advertising, marketing, promotional, or public relations programs that we or the Fund provide, authorize, or administer; or
- (6) assume, or appoint a third party to assume, management of your Franchised Business in the manner provided in Section XVI.D below.

C. Any default or breach by you (or any of your owners), or your affiliate (or any of your owner's affiliates) of any other agreement with us or our affiliate will be considered an event of default under this Agreement, and any default or breach by you (or any of your owners) of this Agreement will be considered an event of default or breach by you under any and all agreements between us or our affiliate and you (or any of your owners), or your affiliate (or any of your owner's affiliates). If the nature of the default under any other agreement would have been considered an event of default under this Agreement, then we, or our affiliate, will have the right to terminate all other agreements between us or our affiliate and you (or any of your owners), or your affiliate (or any of your owner's affiliates) in accordance with the termination provisions of this Agreement.

D. We have the right (but not the obligation), under the circumstances described below, to assume management of your Franchised Business (or to appoint a third party to assume its management) for any period of time we deem appropriate. If we (or a third party) assume the management of your Franchised Business under subparagraphs (1) and (2) below, you agree to pay us (in addition to the royalties, Fund contributions, Software Fee (as applicable) and other amounts due under this Agreement) \$500 per day, plus our (or the third party's) direct out-of-pocket costs and expenses. If we (or a third party) assume management of your Franchised Business, you acknowledge that we (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services your Franchised Business purchases, while we (or the third party) manage it. We (or a third party) may assume management of your Franchised Business under the following circumstances: (1) if you abandon or fail actively to operate your Franchised Business; (2) if you fail to comply with any provision of this Agreement or any System standard and do not cure the failure within the time period we specify in our notice to you; or (3) if this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase your Franchised Business under Section XVII below. Any exercise of our rights under subparagraphs (1) or (2) above in this Section XVI.D will not affect our right to terminate this Agreement under Section XVI.A above.

## **XVII RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION**

A. Upon termination or expiration of this Agreement, you shall immediately cease to be a licensed Franchised Business and:

- (1) You must immediately upon termination or expiration of this Agreement, and on any later date that we determine the amounts due to us, you shall pay us all royalties, Fund contributions, Software Fees (as applicable), interest, and all other amounts owed to us (and/or our affiliates) which then are unpaid. Additionally, if this Agreement is terminated before its Initial Term or Renewal Term (as applicable) expires pursuant to Section XVI above, then you acknowledge and confirm that we will suffer and incur substantial damages because this Agreement did not continue for the full length of the Initial Term or Renewal Term (as applicable). Accordingly, you agree to pay us for all damages, costs, expenses,

attorneys' and experts' fees directly or indirectly related thereto, including, without limitation, lost royalties, lost Fund contributions, lost Software Fees (as applicable), lost profits, loss of goodwill and damage to our Marks and reputation, lost opportunities, travel and personnel costs, expenses that we may incur in developing or finding another franchisee to develop a new NPI Franchised Business in the Designated Area, and any other lost payments or benefits we would have received for the balance of the Initial Term or Renewal Term (as applicable) after the effective date of termination (collectively, "Brand Damages"). You further acknowledge and agree that your obligation to pay Brand Damages resulting from early termination shall be in addition to (not in lieu of) your post-termination obligations to pay other amounts due as of the date of termination (as contemplated under the preceding Subsection (1) above) and to otherwise comply with the entirety of Section XVII hereof, and that the Brand Damages shall not be deemed a penalty for early termination but instead reasonable compensation to us for your failure to perform under this Agreement during the remainder of the Initial Term or Renewal Term (as applicable).

- (2) You must immediately cease to use, by advertising or in any manner, the Marks, the Confidential Manuals or any other form, manuals, slogans, signs, marks, symbols, or devices used in connection with the operation of a NPI Franchised Business. You must not represent or advertise that you or we were formerly parties to this Agreement or that you did business under the Marks.
- (3) You must take such action, at your expense, as will be necessary to cancel any assumed name or equivalent registration which contains the name "National Property Inspections" or other Mark and you must furnish us with evidence satisfactory to us of compliance with this obligation within 10 days after termination or expiration of this Agreement.
- (4) You must immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise.
- (5) You agree to notify within five (5) days after termination or expiration of this Agreement the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, facsimile, or other numbers and telephone directory listings associated with any Mark; to authorize the transfer of these numbers and directory listings to us or at our direction; and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to affect these events.

- (6) You must immediately deliver to us the following (to the extent permissible under applicable law): (a) all training or other manuals furnished to you (including the Confidential Manuals and any supplements to the Confidential Manuals); (b) computer software and database material (including all user identification information and passwords to access files stored on the Computer System); (c) all Personal Information including client lists, records and files; (d) documents, instructions, display items, advertising and promotional material; (e) any and all materials, signs and related items which bear our Marks or slogans and insignias and designs; (f) advertising contracts; and (g) forms and other materials or property of ours, and any copies of them in your possession which relate to the operation of your Franchised Business, or generated or otherwise maintained by your Franchised Business. You may retain no copy or record of any of these items, except for your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law. You agree that the foregoing items, materials, Personal Information, client lists, files, software and other similar items will be considered to be our property for all purposes, to the extent permissible under applicable law.

B. No right or remedy conferred upon or reserved by us is exclusive of any other right or remedy or at law or in equity provided or permitted, but each will be cumulative of every other right or remedy given.

C. You shall maintain insurance coverage, with the limits set forth in this Franchise Agreement or later prescribed by us in accordance with our rights under Section XIV, for a minimum period of one (1) year from the date of termination or expiration of this Agreement naming us as an additional insured.

D. All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

E. Upon termination of this Agreement, or upon expiration of this Agreement without renewal, we shall have the right and option, but not the obligation, to purchase the equipment, and other assets of your Franchised Business at a purchase price equal to its then-current book value determined using the straight-line method of depreciation. If we elect to exercise this option, we will deliver written notice to you of our election within thirty (30) days after the date of termination or expiration of this Agreement. We will have the right to inspect the equipment and other assets at any time during this thirty (30) day period. If we elect to purchase the equipment and/or other assets, we will be entitled to, and you must provide, all customary warranties and representations relating to the equipment and other assets to be purchased, including, without limitation, representations and warranties as to the maintenance, function and condition of the equipment and other assets and your good title to those items (including that you own each item free and clear of any liens and encumbrances), the validity of



contracts and agreements, and the liabilities affecting the equipment, furnishings, and accessories, contingent or otherwise. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. You shall deliver the equipment to us within fifteen (15) days of receipt of our written notice to you of our election to purchase. We may set off against the purchase price any and all amounts you then owe to us, if applicable.

## **XVIII TRANSFERABILITY OF INTEREST**

**A. Our Right to Transfer.** You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, member or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction or notice to you. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

**B. Your Right to Transfer.** You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an entity, to your owners) and that we have granted you the right to operate your Franchised Business in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) your Franchised Business (or any right to receive all or a portion of your Franchised Business' profits or losses or capital appreciation related to your Franchised Business); (iii) substantially all of the assets of your Franchised Business; (iv) any ownership interest in you (regardless of its size); or (v) any ownership interest in any of your owners (if such owners are entities). A transfer of your Franchised Business' ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

- (1) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- (2) merger or consolidation or issuance of additional securities or other forms of ownership interest;
- (3) any sale of a security convertible to an ownership interest;
- (4) transfer of an interest in you, this Agreement, your Franchised Business or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(5) if you, one of your owners, or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, your Franchised Business or substantially all of its assets, or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(6) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, or foreclosure upon your Franchised Business. You may grant a security interest (including a purchase money security interest) in your Franchised Business' assets (not including this Agreement) to a lender that finances your acquisition, development, and/or operation of your Franchised Business without having to obtain our prior written approval as long as you give us ten (10) days' prior written notice.

**C. Conditions to Transfer.** If you (and your owners) are fully complying with this Agreement, then, subject to the other provisions of this Section XVIII, we will approve a transfer that meets all of the requirements in this Section. If you are an entity, your owners may transfer a non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) if: (i) the proposed transferee and its direct and indirect owners (if the transferee is an entity) are of good character and otherwise meet our then applicable standards for NPI Franchised Business franchise owners (including no ownership interest in or performance of services for a Competitive Business); (ii) you give us prior written notice of the transfer and later provide us final documentation of the consummated transfer; and (iii) you reimburse us, upon our demand at any time, for any costs we incur in connection with the proposed transfer (regardless of whether the proposed transfer actually transpires).

For any other proposed transfer (including a transfer of this Agreement, a transfer of a controlling ownership interest in you or one of your owners, or a transfer that is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in you or one of your owners) all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) the transferee has sufficient business experience, aptitude, education, record of compliance with applicable laws, and financial resources to operate your Franchised Business;

(2) you have paid all royalties, Fund contributions, Software Fees (as applicable) and other amounts owed to us, our affiliates, and third party vendors; have submitted all required reports and statements; and have not violated any provision of this Agreement or any other agreement with us during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(3) neither the transferee nor its owners (if the transferee is an entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;



(4) the transferee (or its managing owner) satisfactorily completes our training program;

(5) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then current form of franchise agreement and related documents (including, without limitation, our then current form of Guaranty and Assumption of Obligations, if applicable), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the royalty, the Fund contributions and the Software Fees (as applicable), provided, however, that the execution of the new franchise agreement will terminate this Agreement (except for your guarantees, the post-termination obligations under this Agreement, and all other rights and obligations that survive termination or expiration of this Agreement), and the term of the new franchise agreement signed will expire on the expiration of this Agreement, unless we and the transferee otherwise agree in writing;

(6) you or the transferee pays us a transfer fee equal to \$5,000, plus our administrative costs and expenses, provided; however, if the purchase price for your Franchised Business exceeds \$200,000, the amount of the transfer fee shall increase above \$5,000 by an additional amount equal to 10% of the amount the purchase price exceeds \$200,000;

(7) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, members, employees, and agents;

(8) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of your Franchised Business;

(9) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Franchised Business are subordinate to the transferee's obligation to pay royalties, Fund contributions, and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Agreement;

(10) you and your transferring owners (and your and your owners' spouses) will not, for 2 years beginning on the transfer's effective date, engage in any of the activities proscribed in Section XV; and

(11) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other NPI Franchised Businesses you own and operate) identify yourself or themselves or any business as a current or former NPI Franchised Business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a NPI Franchised Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

We may review all information regarding your Franchised Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Franchised Business.

**D. Transfer to a Wholly-Owned Corporation or Limited Liability Company.**

Despite Section XVIII.C above, if you are fully complying with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than your Franchised Business and, if applicable, other NPI Franchised Businesses, in which you maintain management control, and of which you own and control 100% of the equity and voting power of all issued and outstanding ownership interests, provided that all of your Franchised Business' assets are owned, and your Franchised Business' business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to the conditions of Section XVIII.C above that otherwise apply to non-controlling transfers. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

**XIX DEATH OR INCAPACITY OF FRANCHISEE**

A. In the event of your death or incapacity, or if you are an entity, the death or incapacity of any owner owning 50% or more of your capital stock or interests, the heirs, beneficiaries, devisees, or legal representatives of said individual, partner or shareholder, together with all surviving or remaining partners or shareholders, must within one hundred and eighty (180) days of such event:

- (1) Apply to us for the right to continue to operate your Franchised Business for the duration of the Term, which right will be granted upon the fulfillment of all of the conditions set forth in Section XVIII.C of this Agreement, except that no transfer fee will be required; or
- (2) Sell, assign, transfer, or convey your interest in compliance with the provisions of Section XVIII.C. of this Agreement; provided, however, in the event of a proper and timely application for the right to continue to operate has been made and rejected, the one hundred and eighty (180) days to sell, assign, transfer or convey will be computed from the date of the rejection.

B. In the event of your death or incapacity, or if you are an entity, the death or incapacity of any owner owning 50% or more of your capital stock or interests, where the provisions of Section XIX have not been fulfilled within the time provided, all rights licensed to you under this Agreement will, at our option terminate and automatically revert to us.

## **XX RIGHT OF FIRST REFUSAL**

If at any time during the Term, you receive a bona fide offer to purchase (i) your Franchised Business, (ii) the assets of your Franchised Business, or (iii) an ownership interest (whether direct or indirect) in your Franchised Business (collectively an “Interest”), which offer you are willing to accept, you must communicate to us in writing the full terms of the offer and the name of the offeror. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to 5% or more of the offering price.

We may elect to purchase the offered Interest on the terms as contained in the offer, and if we so elect, we will give to you a written notice of such election within thirty (30) days after receipt of your communication of offer to us and our receipt of all materials and information we reasonably request regarding the possible transaction, provided that (i) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held company); and (ii) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer). If we fail to give such written notice of election within the thirty (30) days, you may sell to the offeror on the terms offered, subject to the provisions relating to transferability as set forth in Section XVIII. If we elect to purchase, that purchase must be completed within one hundred and twenty (120) days from the date of our notice of election to purchase. We must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

## **XXI OPERATION IN THE EVENT OF ABSENCE, DISABILITY OR DEATH**

In order to prevent any interruption of your Franchised Business which would cause harm to your Franchised Business and thereby depreciate the value, you authorize us, in the event that you are absent or incapacitated by reason of illness or death or in the absence of a National Property Inspections-trained manager, and therefore, are not able to operate your Franchised Business, and your physician or legal representative concurs with this determination, to operate your Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement.

Nevertheless, we will not manage the daily operations of your Franchised Business for more than 90 days at a time, renewable as necessary for up to one year, and we will periodically discuss with you, or your legal representative, the status of your Franchised Business.

We will not charge a management fee for operation of your Franchised Business under the provisions of this Section XXI except for the following: any revenues generated from your Franchised Business during this period will be kept in a separate account and the expenses of your Franchised Business, including reasonable compensation and expenses for our representative, will be charged to said account. If we temporarily operate for you your Franchised Business, you agree to indemnify and hold us and any of our representatives harmless pursuant to your indemnification obligations under Section XXIII.

## **XXII RESOLUTION OF DISPUTES**

We and you agree that all controversies, disputes, or claims between us and our affiliates, and our and their respective shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between you and us or your or our respective affiliates;
- (2) our relationship with you;
- (3) the scope and validity of this Agreement or any other agreement between you and us or any provision of such agreements (including the validity and scope of the arbitration obligations under this Section XXII, which the parties acknowledge is to be determined by an arbitrator and not a court); or
- (4) any requirement of the System or the Confidential Manuals;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Section XXII otherwise provides, according to the then current commercial arbitration rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in the city in which our then current principal business address is located (currently, Omaha, Nebraska). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except as expressly provided otherwise in the remainder of this XXII, judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section XXXII below, award any punitive or exemplary damages against either party (we and you hereby waiving to the fullest extent permitted by law, except as expressly provided in Section XXXII, any right to or claim for any punitive or exemplary damages against the other). All aspects of the arbitration, including statements made and documents produced within the arbitration, will be confidential in nature and will not be admissible in any subsequent legal proceeding.

Except as expressly limited by Section XXXIII below, we and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section XXVI.

We and you agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between us and our affiliates, and our and their respective shareholders, members, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between us and any other person. Notwithstanding the foregoing or anything to the contrary in this Section XXII or Section XXVIII, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section XXII, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with Section XXXI.

Except as expressly provided otherwise in this Agreement, despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided in this Section XXII.

The provisions of this XXII are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

### **XXIII INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

A. **Independent Contractor.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with clients, suppliers, public officials, Franchised Business personnel, and others as your Franchised Business' owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require at any time and from time to time.

None of your employees or other personnel will be considered to be our employees or personnel. Neither you nor any of your employees or personnel whose compensation you pay

may in any way, directly or indirectly, expressly or by implication, be construed to be our employee or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, provincial, or federal governmental agency. We will not have the power to hire or fire your employees or personnel. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or personnel for qualification to perform certain functions for your Franchised Business does not directly or indirectly vest in us the power to hire, fire or control any such employee. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Franchised Business and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in the Confidential Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Business.

**B. Indemnification.** You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, members, directors, officers, employees, agents, successors, and assignees (the “Indemnified Parties”) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Franchised Business’ operation, employment matters in connection with your Franchised Business, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party’s negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. You agree to give us and the Indemnified Parties written notice of any action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any of the Indemnified Parties within three (3) days of your actual or constructive knowledge of it. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any claim; and (ii) control the response thereto and the defense thereof, including the right to enter into settlements or take any other remedial, corrective, or other actions. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such claim, including court costs and reasonable attorneys’ fees, within ten (10) days of the date of each invoice delivered by the Indemnified Parties to you enumerating such costs, expenses and attorneys’ fees.

For purposes of this indemnification, “claims” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants’, arbitrators’,



attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its or their losses and expenses, in order to maintain and recover from third parties fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph. Your or any of the other Indemnified Parties' undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnified Parties and to hold us and any of the Indemnified Parties harmless.

#### **XXIV NON-WAIVER**

No failure of ours to exercise any power reserved to us, or to insist upon strict compliance by you with any obligation or condition, and no custom or practice of the parties in variance with the terms will constitute a waiver of our right to demand exact compliance with the terms. Waiver by us of any particular default by you will not affect or impair our right in respect to any subsequent default of the same or of a different nature; nor will any delay, waiver, forbearance or omission by us to exercise any power or rights arising out of any breach or default by you of any of the terms, provisions, or covenants, affect or impair our rights nor will such constitute a waiver by us of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by us of the payments due to us will not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

#### **XXV NOTICE**

Any and all notices reports, and payments permitted or required to be delivered by this Agreement or the Confidential Manuals will be deemed to be delivered (i) at the time delivered by hand; (ii) at the time delivered by computer transmission and, in the case of a royalty payment, Fund Contribution, Software Fee (as applicable) and other amounts due, at the time we actually receive the payment via EDTA; (iii) one (1) business day after transmission by other electronic system if the sender has confirmation of successful transmission; (iv) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or (v) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Notices shall be sent to the following addresses:

Notices to us:	National Property Inspections, Inc. 9375 Burt Street, Suite 201 Omaha, Nebraska 68114
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Notices to Franchisee:

## **XXVI LIABILITY FOR BREACH**

In the event of any default on the part of either party, in addition to any other remedies of the aggrieved party, the party in default will pay to the aggrieved party all amounts due and all damages, costs and expenses, including reasonable attorney's fees, incurred by the aggrieved party as a result of any such default.

## **XXVII ENTIRE AGREEMENT**

This Agreement, the attached Exhibits, and the documents referred to including the Non-Competition and Non-Disclosure Agreements, will be construed together and constitute the entire, full and complete agreement between you and us concerning the subject matter, and supersedes all prior agreements, no other representations have induced you to execute this Agreement, and there are no representations, inducements, promises, or agreement, oral or otherwise, between the parties not embodied within, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement will be binding on either party unless executed in writing.

## **XXVIII SEVERABILITY AND CONSTRUCTION**

A. Each section, part, term and/or provision of this Agreement will be considered severable, and if, for any reason, any section, part, term and/or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such will not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties; and said sections, parts, terms and/or provisions will be deemed not to be a part of this Agreement; provided, however, that we determine that said find of illegality adversely affects the basic consideration of this Agreement, we may, at our option, terminate this Agreement.

B. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than us and you and our respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

C. You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. All captions are intended solely for the convenience of the parties, and none will be deemed to affect the meaning of construction of any provision.



## **XXIX APPLICABLE LAW**

**ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEBRASKA, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY NEBRASKA LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION XXIX.**

## **XXX EQUITABLE RELIEF**

Nothing contained within this Agreement will bar the right of either party to obtain injunction relief against threatened conduct that will cause loss or damages under the usual equity rules, including the applicable rules for obtaining preliminary injunctions, provided an appropriate bond against damages be provided.

## **XXXI CONSENT TO JURISDICTION**

**SUBJECT TO THE PROVISIONS BELOW, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US, WHETHER SOUNDING IN LAW OR EQUITY, MUST BE INSTITUTED, LITIGATED THROUGH CONCLUSION AND, IF NECESSARY, APPEALED THROUGH FINAL, IRREVOCABLE JUDGMENT IN A STATE OR FEDERAL DISTRICT COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS THEN LOCATED (CURRENTLY, OMAHA, NEBRASKA), AND YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION YOU (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. YOU AGREE THAT ANY DISPUTE AS THE VENUE FOR LITIGATION WILL BE SUBMITTED TO AND RESOLVED EXCLUSIVELY BY SUCH AFOREMENTIONED COURT. NONETHELESS, YOU AND YOUR OWNERS AGREE THAT WE MAY ENFORCE THIS AGREEMENT IN THE COURTS OF THE STATE OR STATES IN WHICH YOU ARE DOMICILED OR YOUR FRANCHISED BUSINESS IS LOCATED.**

## **XXXII WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**

**EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION XXIII.B, AND EXCEPT FOR PUNITIVE DAMAGES**

**AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

### **XXXIII      LIMITATION OF CLAIMS**

**EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN EIGHTEEN (18) MONTHS FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.**

### **XXXIV      LIMITED LIABILITY FOR OUR RELATED PARTIES**

You agree that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, owner, Entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of ours or our affiliates will have any liability for (i) any of our obligations or liabilities relating to or arising from this Agreement; (ii) any claim against us based on, in respect of, or by reason of, the relationship between you and us, or (iii) any claim against us or our affiliates based on any alleged unlawful act or omission of ours or our affiliates, as applicable.

### **XXXV COVENANT OF GOOD FAITH**

If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties hereto agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law will imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties hereto that is inherent in this Agreement) grants us the judgment to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests; (ii) any judgment we exercise will be based on our assessment of our own interests and balancing those interests against the interests of our franchise owners generally, and specifically without considering your individual interests or the individual interests of any other particular franchise owner; (iii) we will have no liability to you for the exercise of our judgment in this manner, so long as the judgment is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation will substitute its judgment for our judgment so exercised.

## **XXXVI        MULTIPLE FORMS OF AGREEMENT**

You acknowledge and agree that there may be more than one form of franchise agreement in effect between us and our various NPI Franchise Business franchise owners; those other agreements may contain provisions that may be materially different from the provisions contained in this Agreement; and you are not entitled to rely on any provision of any other agreement with other NPI Franchised Business franchise owners whether to establish course of dealing, waiver, or estoppel, or for any other purpose.

## **XXXVII       COMPLIANCE WITH ANTI-TERRORISM AND OTHER LAWS**

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with all applicable legislation, laws, regulations, rules, ordinances, administrative orders, decrees and policies of any court, arbiter, government, governmental agency, department, or similar organization that are in effect from time to time pertaining to: (a) the various anti-terrorism, economic sanctions, and anti-money laundering and narco-trafficking laws, regulations, orders, decrees and guidelines of the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), (b) the USA PATRIOT Act (Title III of Pub. L. 107-56, signed into law October 26, 2001), as amended, (c) the provisions of United States Executive Order 13224, (d) the U.S. Prevention of Corruption Act 1988, (e) the U. S. Foreign Corrupt Practices Act, 15 U.S.C. Section 78dd-2, (e) relevant multilateral measures such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the UN Convention Against Corruption, (f) bribery and anti-corruption laws, (g) the laws against money laundering, and (h) the laws against facilitating or supporting persons who conspire to commit these and other crimes against any person or government. You immediately shall notify us in writing if a potential violation of any of the foregoing legislation, laws, regulations, rules, ordinances, administrative orders, decrees and/or policies has occurred or is suspected to have occurred. You immediately shall provide us with copies of any communication to or from any such agency, government, or commission that relates to or affects this Agreement, your Franchised Business, or the Marks. Any failure to comply with this Section by you or your owners, or any blocking of your or your owners' assets under any of such laws, legislation, regulations, orders, decrees and/or policies shall constitute good cause for immediate termination of this Agreement, as provided in Section XVI above.

## **XXXVIII      ELECTRONIC MAIL**

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates ("Official Senders") to you during the Term.

You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or

is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term.

The consent given in this Section XXXVIII shall not apply to the provision of notices by either party under this Agreement pursuant to Section XXV using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

### **XXXIX ELECTRONIC SIGNATURES**

The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an “I Accept” or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in duplicate the day and year first above written.

**NATIONAL PROPERTY INSPECTIONS, INC., a Nebraska corporation**      **FRANCHISE OWNER**

By: \_\_\_\_\_  
[signature of person signing on behalf of entity]

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[signature of person signing on behalf of entity]

Title of Signatory: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[signature of individual franchisee]

Print Name: \_\_\_\_\_

**DATED:** \_\_\_\_\_

\_\_\_\_\_  
[signature of individual franchisee]

Print Name: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**EXHIBIT A**

**LISTING OF OWNERSHIP INTERESTS**

**Effective Date:** This Exhibit A is current and complete  
as of \_\_\_\_\_, 20\_\_\_\_

**You and Your Owners**

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

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(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE) You were incorporated or formed on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and \_\_\_\_\_. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

<b><u>Name of Each Director/Officer</u></b>	<b><u>Position(s) Held</u></b>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

2. **Owners.** The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

<b><u>Owner's Name</u></b>	<b><u>Percentage/Description of Interest</u></b>
(a) <hr/>	<hr/>

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(b) \_\_\_\_\_

(c) \_\_\_\_\_

(d) \_\_\_\_\_

3. **Name and Address of Person to Receive Notice for Franchise Owner.**

(a) Name: \_\_\_\_\_

(b) Postal Address: \_\_\_\_\_  
\_\_\_\_\_

(c) E-mail Address: \_\_\_\_\_

4. **Identification of Managing Owner.** Your Managing Owner as of the Effective Date is \_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above). You may not change the Managing Owner without prior written approval.

[Signatures on following page.]



**NATIONAL PROPERTY INSPECTIONS, INC., a Nebraska corporation**

By: \_\_\_\_\_  
[signature of person signing on behalf of entity]

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[signature of person signing on behalf of entity]

Title of Signatory: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[signature of individual franchisee]

Print Name: \_\_\_\_\_

**DATED:** \_\_\_\_\_

\_\_\_\_\_  
[signature of individual franchisee]

Print Name: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**EXHIBIT B**

**FRANCHISE FEE AND DESIGNATED AREA**

Franchisee:

Dated:

**A. Initial Franchise Fee:**

The franchise fee for said Designated Area as described in section I.A is \$\_\_\_\_\_, due upon signing.

**B. Designated Area:** The Designated Area is defined as the following zip codes in \_\_\_\_\_ Counties in the state of \_\_\_\_\_: as outlined on the following attached map.

**[Insert Map]**

[SIGNATURES ON FOLLOWING PAGE]

**NATIONAL PROPERTY INSPECTIONS, INC., a Nebraska corporation**

By: \_\_\_\_\_  
[signature of person signing on behalf of entity]

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[signature of person signing on behalf of entity]

Title of Signatory: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[signature of individual franchisee]

Print Name: \_\_\_\_\_

**DATED:** \_\_\_\_\_

\_\_\_\_\_  
[signature of individual franchisee]

Print Name: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**EXHIBIT C**

**Electronic Payment Authorization Agreement**

**(ACH Credits and Debits)**

I hereby authorize NATIONAL PROPERTY INSPECTIONS, INC (“FRANCHISOR”), to initiate debit and credit entries and to initiate, if necessary, adjustments for any debit or credit entries in error to \_\_\_\_\_ (“FRANCHISE OWNER”) ☐ Checking (please attach voided check) or ☐ Savings account (select one) indicated below at the depository named below, (“DEPOSITORY”), to debit and/or credit the same to such account.

Depository Name: \_\_\_\_\_

Depository Branch: \_\_\_\_\_

Depository Address: \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Routing Number: \_\_\_\_\_

Account Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that this authorization is to remain in full force and effect until terminated by FRANCHISE OWNER pursuant to a written notice to FRANCHISOR in such time and in such manner as to afford FRANCHISOR and DEPOSITORY a reasonable opportunity to act on it, but in no event less than thirty (30) days in advance thereof. FRANCHISE OWNER consents for the DEPOSITORY to provide FRANCHISOR with a bank account statement and deposit detail, at any time and from time to time, for any and all accounts described above.

[SIGNATURE ON FOLLOWING PAGE]

NATIONAL PROPERTY INSPECTIONS, INC.

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IN WITNESS WHEREOF, this authorization has been executed on \_\_\_\_\_,  
202\_\_ at \_\_\_\_\_.

FRANCHISE OWNER:

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Phone No.: \_\_\_\_\_

**[ATTACH VOIDED CHECK HERE]**

**EXHIBIT D**

**GUARANTY AND ASSUMPTION OF OBLIGATION**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

By (list each guarantor):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the “Agreement”) on this date by NATIONAL PROPERTY INSPECTIONS, INC. (“us,” “we,” or “our”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that \_\_\_\_\_ (“Franchisee”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may at any time and from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be instituted, litigated through conclusion and, if necessary, appealed through final, irrevocable judgment exclusively in a state or federal district court of competent jurisdiction in the state, county and judicial district in which our principal place of business is then located (currently, Omaha, Nebraska), and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Each of the undersigned agrees that any dispute as to the aforementioned venue will be submitted to and resolved exclusively by such aforementioned court. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty in the courts of the state or states in which he or she is domiciled.

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

**Signatures Of Each Guarantor**

**Percentage Of Ownership  
In Franchisee**

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %



## EXHIBIT B

### FINANCIAL STATEMENTS

**National Property Inspections, Inc.**

**Financial Statements**

**For The Periods**

**April 1, 2023 to March 31, 2024**

**March 1, 2022 to March 31, 2023**

**March 1, 2021 to February 28, 2022**

**National Property Inspections, Inc.**  
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## Independent Auditor's Report

Board of Directors  
National Property Inspections, Inc.

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of National Property Inspections, Inc., which comprise the balance sheets as of March 31, 2024, March 31, 2023, and February 28, 2022, and the related statements of operations, changes in stockholder's equity, and cash flows for the periods from April 1, 2023 to March 31, 2024, March 1, 2022 to March 31, 2023, and March 1, 2021 to February 28, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Property Inspections, Inc. as of March 31, 2024, March 31, 2023, and February 28, 2022, and the results of its operations and its cash flows for the periods from April 1, 2023 to March 31, 2024, March 1, 2022 to March 31, 2023, and March 1, 2021 to February 28, 2022 in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Property Inspections, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Property Inspections, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Property Inspections, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Property Inspections, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*BerganKDV, LTD.*

Minneapolis, Minnesota  
June 26, 2024

**National Property Inspections, Inc.**  
**Balance Sheets**  
**As of March 31, 2024, March 31, 2023, and February 28, 2022**

	<u>March 31, 2024</u>	<u>March 31, 2023</u>	<u>February 28, 2022</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 52,463	\$ 237,710	\$ 530,380
Investments	-	-	370,304
Accounts receivable	497,231	351,898	349,163
Related party receivables	21,792	55,535	-
Inventory	94,947	84,662	73,958
Prepaid expenses	64,516	75,911	54,109
Income tax refund receivable	-	-	57,828
Total current assets	<u>730,949</u>	<u>805,716</u>	<u>1,435,742</u>
Property and equipment			
Equipment and software	434,587	2,086,327	1,989,659
Vehicles	-	37,004	37,004
Teaching materials	-	3,838	3,838
Leasehold improvements	-	75,158	75,158
Software in development	6,585	87,476	86,247
Total property and equipment	<u>441,172</u>	<u>2,289,803</u>	<u>2,191,906</u>
Less accumulated depreciation	<u>(369,512)</u>	<u>(1,703,568)</u>	<u>(1,514,885)</u>
Net property and equipment	<u>71,660</u>	<u>586,235</u>	<u>677,021</u>
Other assets			
Right-of-use asset - operating lease, net	310,192	424,918	-
Note receivable, shareholder	-	-	40,296
Due from franchisee	16,550	-	-
Intangible assets, net	1,573	1,883	2,218
Deferred tax assets, net	100,400	-	-
Total other assets	<u>428,715</u>	<u>426,801</u>	<u>42,514</u>
Total assets	<u><u>\$ 1,231,324</u></u>	<u><u>\$ 1,818,752</u></u>	<u><u>\$ 2,155,277</u></u>

**National Property Inspections, Inc.**  
**Balance Sheets (Continued)**  
**As of March 31, 2024, March 31, 2023, and February 28, 2022**

	<u>March 31, 2024</u>	<u>March 31, 2023</u>	<u>February 28, 2022</u>
<b>Liabilities And Stockholder's Equity</b>			
Current liabilities			
Accounts payable	\$ 180,103	\$ 146,800	\$ 132,450
Accrued expenses	48,490	49,110	63,390
Deferred revenue, current	73,161	78,439	75,016
Current portion of leases payable - operating lease	116,088	114,892	-
Total current liabilities	<u>417,842</u>	<u>389,241</u>	<u>270,856</u>
Long-term liabilities			
Deferred revenue, net of current	317,231	369,783	379,022
Notes payable	100,000	-	-
Leases payable - operating lease, net of current portion	194,069	309,872	-
Deferred tax liability, net	-	34,300	38,400
Total long-term liabilities	<u>611,300</u>	<u>713,955</u>	<u>417,422</u>
Stockholder's equity			
Common stock, par value \$1 per share; 10,000 shares authorized; 500 shares issued	500	500	500
Additional paid-in capital	156,951	156,951	104,582
Retained earnings	44,731	558,105	1,302,449
Accumulated other comprehensive income	-	-	59,468
Total Stockholder's equity	<u>202,182</u>	<u>715,556</u>	<u>1,466,999</u>
Total liabilities and Stockholder's equity	<u>\$ 1,231,324</u>	<u>\$ 1,818,752</u>	<u>\$ 2,155,277</u>



**National Property Inspections, Inc.**  
**Statements of Operations**

	April 1, 2023 to March 31, 2024	March 1, 2022 to March 31, 2023	March 1, 2021 to February 28, 2022
Revenues	\$ 3,659,836	4,303,460	\$ 3,984,122
Expenses			
Operating	3,435,710	3,847,758	3,678,576
Advertising	324,507	291,048	272,523
Depreciation and amortization	177,215	189,018	159,208
Impairment loss	368,434	-	-
Total expenses	4,305,866	4,327,824	4,110,307
Loss from operations	(646,030)	(24,364)	(126,185)
Other income (expense)			
Investment and interest income	-	1,583	22,295
Gain from extinguishment of PPP loan	-	-	285,300
ERTC income	-	140,521	-
ERTC fees	-	(42,156)	-
Total other income (expense) - net	-	99,948	307,595
Loss before income taxes	(646,030)	75,584	181,410
Income tax benefit (expense)	132,656	5,787	(39,124)
Net income (loss)	\$ (513,374)	69,797	220,534
Other comprehensive income (loss)			
Unrealized income on securities available for sale	-	2,910	16,680
Comprehensive income (loss)	\$ (513,374)	\$ 72,707	\$ 237,214

See notes to financial statements.

**National Property Inspections, Inc.**  
**Statements of Stockholder's Equity**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
<b>Balance March 1, 2021</b>	\$ 500	\$ 104,582	\$ 1,131,915	\$ 42,788	\$ 1,279,785
Dividends paid	-	-	(50,000)	-	(50,000)
Unrealized gain on securities	-	-	-	16,680	16,680
Net income	-	-	220,534	-	220,534
<b>Balance, February 28, 2022</b>	500	104,582	1,302,449	59,468	1,466,999
Cash contribution	-	52,369	-	-	52,369
Dividends paid	-	-	(814,141)	(62,378)	(876,519)
Unrealized gain on securities	-	-	-	2,910	2,910
Net income	-	-	69,797	-	69,797
<b>Balance, March 31, 2023</b>	500	156,951	558,105	-	715,556
Net loss	-	-	(513,374)	-	(513,374)
<b>Balance, March 31, 2024</b>	<u>\$ 500</u>	<u>\$ 156,951</u>	<u>\$ 44,731</u>	<u>\$ -</u>	<u>\$ 202,182</u>

**National Property Inspections, Inc.**  
**Statements of Cash Flows**

	April 1, 2023 to March 31, 2024	March 1, 2022 to March 31, 2023	March 1, 2021 to February 28, 2022
<b>Cash Flows - Operating Activities</b>			
Cash received from customers	\$ 3,473,866	\$ 4,160,972	\$ 3,772,312
Cash paid to suppliers and employees	(3,726,305)	(3,994,629)	(3,903,754)
Interest and dividends received	-	1,583	22,295
Taxes paid	(2,044)	47,941	(16,040)
Net cash flows - operating activities	<u>(254,483)</u>	<u>215,867</u>	<u>(125,187)</u>
<b>Cash Flows - Investing Activities</b>			
Net purchase of investments	-	-	(21,384)
Purchase of software and equipment	(30,764)	(97,897)	(116,463)
Decrease in note receivable shareholder	-	40,296	2,170
Net cash flows - investing activities	<u>(30,764)</u>	<u>(57,601)</u>	<u>(135,677)</u>
<b>Cash Flows from financing activities</b>			
Proceeds from PPP loan	-	-	285,300
Proceeds from note payable	100,000	-	-
Capital contribution	-	52,369	-
Stockholder dividends	-	(503,305)	(50,000)
Net cash flows - financing activities	<u>100,000</u>	<u>(450,936)</u>	<u>235,300</u>
Net change in cash and cash equivalents	(185,247)	(292,670)	(25,564)
<b>Cash and cash equivalents</b>			
Beginning of year	<u>237,710</u>	<u>530,380</u>	<u>555,944</u>
End of year	<u>\$ 52,463</u>	<u>\$ 237,710</u>	<u>\$ 530,380</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Cash paid for:			
Amounts included in the measurement of operating lease liabilities	<u>\$ 98,926</u>	<u>\$ 138,635</u>	<u>\$ -</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>			
ROU assets obtained in exchange for operating lease liabilities	<u>\$ -</u>	<u>\$ 547,471</u>	<u>\$ -</u>
Investments distributed as dividends	<u>\$ -</u>	<u>\$ 373,214</u>	<u>\$ -</u>

See notes to financial statements.

**National Property Inspections, Inc.**  
**Statements of Cash Flows (Continued)**

	April 1, 2023 to March 31, 2024	March 1, 2022 to March 31, 2023	March 1, 2021 to February 28, 2022
<b>Reconciliation of net income to cash provided by cash provided by operating activities</b>			
Net income	\$ (513,374)	\$ 69,797	\$ 220,534
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	177,215	189,018	159,208
Amortization of right-of-use assets	114,726	122,835	-
Impairment loss on abandonment of software assets	368,434	-	-
Gain from extinguishment of PPP loan	-	-	(285,300)
Deferred income taxes, net	(134,700)	(4,100)	(61,900)
Change in operating assets and operating liabilities			
Accounts receivable	(145,333)	(58,270)	7,768
Related party receivables	33,743	-	-
Inventory	(10,285)	(10,704)	4,223
Prepaid expenses	11,395	(21,802)	(32,560)
Income tax refund receivable	-	57,828	6,736
Due from franchisee	(16,550)	-	-
Accounts payable	33,303	14,350	(66,360)
Accrued expenses	(620)	(14,280)	(6,907)
Deferred revenues	(57,830)	(5,816)	(70,629)
Leases payable - operating lease	(114,607)	(122,989)	-
Total adjustments	258,891	146,070	(345,721)
Net cash flows - operating activities	\$ (254,483)	\$ 215,867	\$ (125,187)

**National Property Inspections, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

National Property Inspections, Inc. (the "Company") is engaged in the sale of franchises in the property inspection industry. The Company sells franchises to home inspection operators in the United States and Canada. Each franchisee has its own specific territory. As part of the franchise agreement, the Company provides training, a computer, inspection equipment and supplies.

In February 2024, the Company's stockholder was acquired. The Company has chosen to not apply pushdown accounting as a result of the acquisition.

**Basis of Accounting**

The Company prepares its financial statements on the accrual basis under accounting principles generally accepted in the United States of America.

**Change in Accounting Policy**

During the period ended March 31, 2023, the Company changed its fiscal year-end month from February to March. To accommodate this change, the 2023 fiscal year represents a thirteen month period of March 1, 2022 through March 31, 2023.

**Cash and Cash Equivalents**

The Company considers all short-term securities with a maturity of three months or less to be cash equivalents. Cash is maintained in bank deposit accounts which, at times, may exceed federally insured limits. To date, there have been no losses in such accounts.

**Investments**

Investments are stated at fair value, which is based on market quotes or other available inputs disclosed later in Note 7. Adjustments to fair value of these investments, which are classified as available-for-sale, are recorded in other comprehensive income. Any realized gains or losses on the sale of marketable securities are determined on a specific identification method, and such gains and losses are reflected as a component of investment income. These investments are available to support current operations, and are, therefore, classified as current assets on the accompanying balance sheet.

**Accounts Receivable**

The Company grants credit to its franchisees and customers. Account receivables are reported at the amount of principal outstanding. The opening balance of accounts receivable was \$356,931 as of March 1, 2021. Account receivables are considered past due after 30 days. The Company does not accrue interest on past due receivables. The Company determines its reserve for credit losses by considering several factors including the length of time accounts receivable are past due, the Company's previous loss history, the franchisee's and customer's ability to pay its obligation to the Company and the general economy and industry. Account receivables are written off as bad debts after all collection efforts have been exhausted and the account is deemed uncollectible. Since subsequent payment from franchisees and customers is fully anticipated, no reserve for credit losses has been established.

**Inventories**

Inventories are valued at lower of cost or net realizable value as determined by the first-in, first-out method.

**National Property Inspections, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment are carried at cost. Depreciation is provided using straight-line methods over 3 to 10 year lives. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in operations. Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized.

All property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Software with a net book value of approximately \$283,000 was abandoned during the period ended March 31, 2024 and is included in the impairment loss on the statements of operations.

**Software in Development**

Software in development is carried at cost. It is tracked separately until it is placed into service at which time it begins to be depreciated. Approximately \$85,000 of software in development was abandoned during the period ended March 31, 2024 and is included in the impairment loss on the statements of income.

**Leases**

The Company classifies leases as either operating or finance leases at the commencement date of the lease. A lease is classified as a finance lease if any of the five criteria are met: (1) ownership transfers at the end of the lease term, (2) there is an option to purchase the underlying assets and the lessee is reasonably certain to exercise the option, (3) the term of the lease is for a major part of the remaining economic life of the underlying assets, (4) the present value of the sum of the lease payments and any residual value guaranteed by the lessee equals or exceeds substantially all of the fair value of the underlying assets or (5) the underlying assets are of such a specialized nature that they are expected to have no alternative use to the lessor at the end of the lease term. Leases that do not meet any of the five criteria above for a finance lease are classified as operating leases.

The Company recognizes a right-of-use (ROU) asset and lease liability for each operating and finance lease with a term greater than 12 months at the time of lease inception. The Company does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term. Options to extend or terminate at the sole discretion of the Company are included in the determination of lease term when they are reasonably certain to be exercised. The lease liability represents the present value of future lease payments over the lease term. The Company has elected the practical expedient that allows for private companies to utilize the risk-free rate based on asset class.

**National Property Inspections, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues and Cost Recognition**

Revenues for the Company consist of franchisee fee revenue, royalty revenue, and commercial revenue. The contracts executed by the Company include both fixed and variable consideration. Revenue is measured as the amount of consideration the Company is expected to receive in exchange for transferring distinct goods or services to customers following a five-step process, (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Company satisfies a performance obligation.

The Company's primary performance obligation under the franchise agreement is granting certain rights to use the Company's intellectual property over the term of each agreement. The Company has certain pre-opening services, including training and other administrative services, that are provided as part of the franchise agreement. These pre-opening activities are considered distinct from the franchise license and are therefore recognized upon opening of the franchise. The Company has elected the FASB's practical expedient related to pre-opening activities and does not analyze each separate activity as its own distinct performance obligation. The franchise fees remaining after any pre-opening performance obligations have been satisfied are recognized on a straight-line basis over the term of the respective agreement, typically ten years. The franchisee agreement can be renewed for an additional ten-year period after the initial agreement expires at no additional fee. The opening balance of deferred revenue was \$524,667 as of March 1, 2021.

Royalty revenue is a variable cost charged monthly based on the amount of revenue the franchisee has each month. The royalty revenues are recognized when due.

Commercial revenue consists of inspections that are set up through the corporate office and performed by a franchisee. Such revenue is recognized when service is completed.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Advertising Costs**

The Company expenses non-direct-response advertising as of the first time the advertising takes place. The Company had no material direct-response advertising.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date.

**National Property Inspections, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. As of March 31, 2024, there have been no accrued interest or penalties related to uncertain tax positions.

**Fair Value Measurement**

The fair value measurements policy established a framework for measuring fair value and expanded disclosures about fair value measurements.

**Fair Value of Financial Instruments**

The Company's financial instruments, including cash, accounts receivable and accounts payable, are carried at cost, which approximates fair value due to the short-term maturity of these instruments.

**NOTE 2 - OPERATING LEASES**

The Company has operating lease agreements for office space and equipment with remaining lease terms of approximately 3 years. The office lease requires the Company to pay for certain operating expenses, including real estate taxes.

Future minimum lease payments under non-cancellable leases are as follows for the fiscal years ended March 31:

	<u>Operating</u>
2025	\$ 118,711
2026	118,711
2027	<u>77,275</u>
Total lease payments	314,697
Less: Amount representing interest	<u>(4,540)</u>
Present value of lease liabilities	<u><u>\$ 310,157</u></u>

As of March 31, 2024, operating leases had a weighted-average remaining lease term of approximately 32 months and the weighted-average discount rate was approximately 1.13%. Lease expense for the periods ending March 31, 2024, March 31, 2023, and February 28, 2022 was \$203,438, \$217,844, and \$149,606, respectively.



**National Property Inspections, Inc.**  
**Notes to Financial Statements**

**NOTE 3 - INCOME TAXES**

The income tax benefit consists of the following for the periods:

	April 1, 2023 to March 31, 2024	March 1, 2022 to March 31, 2023	March 1, 2021 to February 28, 2022
Federal			
Current income tax provision	\$ -	\$ 6,452	\$ -
Deferred income tax benefit	(108,784)	(3,321)	(43,695)
Total federal income tax expense (benefit)	(108,784)	3,131	(43,695)
State			
Current income tax provision	2,044	3,435	22,776
Deferred income tax benefit	(25,916)	(779)	(18,205)
Total state income tax expense (benefit)	(23,872)	2,656	4,571
Total income tax expense (benefit)	<u>\$ (132,656)</u>	<u>\$ 5,787</u>	<u>\$ (39,124)</u>

Deferred income tax assets and liabilities are the result of differences between the financial statement and tax basis of assets and liabilities, as measured by currently enacted tax rates. Items giving rise to deferred taxes consist primarily of differences between book and tax accounting for depreciation of property and equipment, other accruals, and net operating loss carryforwards. The difference between the statutory and effective tax rate is primarily due to permanent differences, changes in estimates, and state taxes.

The tax effects of temporary differences that give rise to significant portions of the net deferred tax assets were as follows at March 31, 2024, March 31, 2023, and February 28, 2022:

	2024	2023	2022
Deferred tax assets			
Accrued vacation	\$ 5,800	\$ 1,300	\$ 1,000
Property and equipment	6,500	-	-
Net operating loss carryforwards	88,100	81,000	112,300
Total deferred tax assets	100,400	82,300	113,300
Deferred tax liabilities			
Investments	-	-	(11,500)
Property and equipment	-	(116,600)	(140,200)
Total deferred tax liabilities	-	(116,600)	(151,700)
Deferred income assets (liabilities), net	<u>\$ 100,400</u>	<u>\$ (34,300)</u>	<u>\$ (38,400)</u>

As of March 31, 2024, the Company has \$339,103 of net operating loss carry forwards for federal tax purposes that do not expire and \$339,103 of net operating loss carry forwards for state income tax purposes that either do not expire or expire between 2032 and 2043.

**National Property Inspections, Inc.**  
**Notes to Financial Statements**

**NOTE 3 - INCOME TAXES (CONTINUED)**

Management considers whether it is “more likely than not” that all the Company's deferred tax assets will be realized. The Company has determined, based on the level of historical taxable income and projections for future taxable income, all deferred tax assets are expected to be fully recognized. Management determined no valuation allowance was necessary as of March 31, 2024.

**NOTE 4 - RETIREMENT PLAN**

The Company has a profit-sharing plan covering substantially all its employees which was started January 1, 1994. The plan is funded through employer and employee contributions. Retirement plan expense for the periods ended March 31, 2024, March 31, 2023, and February 28, 2022 were \$22,042, \$33,791, and \$38,163, respectively.

**NOTE 5 - DISAGGREGATED REVENUE**

Revenue disaggregated by category was as follows for the periods ended March 31, 2024, March 31, 2023, and February 28, 2022:

	April 1, 2023 to March 31, 2024	March 1, 2022 to March 31, 2023	March 1, 2021 to February 28, 2022
Royalties	\$ 1,739,487	\$ 1,996,569	\$ 2,059,013
Franchise Fees	447,925	482,383	500,734
Commercial	1,241,266	1,585,539	1,217,784
Other	231,158	242,202	230,209
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 3,659,836	\$ 4,306,693	\$ 4,007,740
	<hr/>	<hr/>	<hr/>

**NOTE 6 - FRANCHISE INFORMATION**

Franchises at March 1, 2021	221
Opened	19
Closed	(31)
	<hr/>
Franchises at February 28, 2022	209
Opened	18
Closed	(13)
	<hr/>
Franchises at March 31, 2023	214
Opened	11
Closed	(22)
	<hr/>
Franchises at March 31, 2024	203
	<hr/>

**National Property Inspections, Inc.**  
**Notes to Financial Statements**

**NOTE 7 - FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are:

- Level 1: Quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs that are not corroborated by market data

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2023.

*Mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following chart sets forth the Company's assets at fair value and cost by level as of February 28, 2022:

	Fair Value (Level 1)	Cost
Mutual Funds	\$ 370,304	\$ 310,836

There were no investments at fair value as of March 31, 2024 and 2023.

**National Property Inspections, Inc.**  
**Notes to Financial Statements**

**NOTE 8 - RELATED PARTY TRANSACTIONS**

GPI Franchise Corporation, an affiliate, has an agreement with the Company for the Company to provide administrative services. The administrative service fee is equal to the costs and expenses incurred by the Company in providing the service plus 5%. The fee is then paid to the Company by their parent company, Carson Dunlop & Associates Ltd. Total fees for the periods ending March 31, 2024, March 31, 2023, and February 28, 2022 were \$113,598, \$73,062, and \$0, respectively. Receivables due from the related party were \$21,792, \$55,535, and \$0 at March 31, 2024, March 31, 2023, and February 28, 2022, respectively.

Carson Dunlop & Associates Ltd., the Company's parent, had an agreement with the Company for the Company to provide administrative services. The agreement terminated in January 2024. Total fees for the periods ending March 31, 2024, March 31, 2023, and February 28, 2022 were \$50,040, \$0, and \$0, respectively.

**NOTE 9 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through June 27, 2024, the date the financial statements were available to be issued.

**NOTE 10 - RECLASSIFICATIONS**

Certain amounts in the prior year balance sheets, statements of operations, and statements of cash flows have been reclassified to conform to the presentation used in the current year financial statements. There was no impact on previously reported net income (loss) or stockholder's equity.

## EXHIBIT C

### NATIONAL PROPERTY INSPECTIONS FRANCHISE PACKAGE

<b>NATIONAL PROPERTY INSPECTIONS FRANCHISE PACKAGE</b>	
<b>Two Week Classroom Training Course at National Property Inspections, Inc. Training Academy located in Omaha, Nebraska</b>	<b>Included in Franchise Fee</b>
<b>Motel Accommodations includes breakfast. Lunch meals hosted by National Property Inspections, Inc.</b>	<b>Included in Franchise Fee</b>
<b>Shared Local Ground Transportation during initial 2-week training program (beginning on the 1<sup>st</sup> day of training).</b>	<b>Included in Franchise Fee</b>
<b>In-field Training</b> National Property Inspections, Inc. offers a third week of in-the-field training with an experienced Inspector and a limited allowance per franchise of up to \$150/day for travel and living expenses, not to exceed 5 days, \$750 total allowance	<b>Included in Franchise Fee</b>
<b>Electronic Package</b> A portable computer, portable printer and digital camera	<b>Included in Franchise Fee</b>
<b>Applicable Software</b> Customized Proprietary Inspection Software	<b>Included in Franchise Fee</b>
<b>Basic Tools/Equipment</b> Binoculars, Digital Thermometers, Safety Glasses, Tactical Flashlight (LED), Tool Bag, Respirator, Outlet and GFI Tester, Moisture Detector, Mini Infrared-Thermometer, Inspection Mirror, Voltage Sensing Screwdriver, Gas Sniffer, Flow Gauge & Valve Test Assembly, LED Headlamp, Circuit Analysis IOS and Voltage Tester.	<b>Included in Franchise Fee</b>
<b>Technical Reference Library</b> National Property Inspections Inc. Electrical, Heating and Air Conditioning, Plumbing and Basic Construction Manual.	<b>Included in Franchise Fee</b>
<b>Supplies</b> Initial inventory of marketing supplies: Promotional brochures, Letterhead, Envelopes, Business Cards and Brochure Holders. Free Shipping of initial supplies, tools, equipment. \$200.00 credit toward the Builder Warranty Direct Mailing Program (U.S.A) only.	<b>Included in Franchise Fee</b>
<b>Marketing and Business Management Tools:</b> Websites and various marketing and business management applications developed for use by NPI franchisees. Initial 63-month subscription to the NPI Tech Suite, which includes automated social media postings, an automated monthly newsletter, and a review-gathering and reputation management system. We will provide a business e-mail to be used while a franchisee	<b>Included in Franchise Fee</b>

## **EXHIBIT D**

### **LISTS OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

## LIST OF STATE ADMINISTRATORS

### CALIFORNIA

Office of the Commissioner  
California Department of  
Financial Protection and  
Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
  
Los Angeles, CA 90013  
(866) 275-2677

### MICHIGAN

Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of  
Attorney General  
G. Mennen Williams Building,  
1st Fl  
525 West Ottawa Street  
Lansing, MI 48913  
517.373.7117

### RHODE ISLAND

Division of Securities  
1511 Pontiac Avenue  
John O. Pastore Complex  
Building 69-1  
Cranston, RI 02920  
401.222.3048

### HAWAII

Commissioner of Securities of  
the State of Hawaii  
Dept. of Commerce and  
Consumer Affairs  
335 Merchant Street, Room 205  
Honolulu, HI 96813  
808.586.2744

### MINNESOTA

MN Dept. of Commerce  
85 7<sup>TH</sup> Place East, Suite 280  
St. Paul, MN 55101  
651.539.1500

### SOUTH DAKOTA

Dept. of Labor & Regulations  
Division of Insurance  
Securities Regulation  
124 South Euclid, Second Floor  
Pierre, SD 57501  
605.773.3563

### ILLINOIS

Chief - Franchise Bureau  
Office of the Attorney General  
500 South Second Street  
Springfield, IL 62706  
217.782.4465

### NEW YORK

NYS Department of Law  
Investor Protection Bureau  
28 Liberty St., 15<sup>th</sup> Floor  
New York, NY 100271  
212.416.8236

### VIRGINIA

State Corporation  
Commission  
Division of Securities & Retail  
Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
804.371.9051

### INDIANA

Franchise Section  
302 W Washington Street  
Indianapolis, IN 46204  
317.232.6681

### NORTH DAKOTA

North Dakota Securities Dept.  
600 E. Boulevard Ave.  
State Capitol – 14<sup>th</sup> Floor  
Bismarck, ND 58505  
701.328.2910

### WASHINGTON

Dept. of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, WA 98504-1200  
360.902.8760

### MARYLAND

Office of Attorney General  
Securities Division

### OREGON

Dept. of Insurance & Finance  
Corporate Securities Section

### WISCONSIN

Dept. of Financial Institutions  
Division of Securities



200 St. Paul Place,  
Baltimore, MD 21202-2020  
410.576.6360

Labor and Industries Building  
350 Winter St. NE, Room 410  
Salem, OR 97309  
503.378.4140

4822 Madison Yards Way  
North Tower  
Madison, WI 53705  
608.266.2319

## LIST OF STATE AGENTS FOR SERVICE OF PROCESS

### CALIFORNIA

Commissioner of the Department  
of Financial Protection and  
Innovation  
2101 Arena Blvd  
Sacramento, CA 95814  
213.576.7500  
1.866.275.2677 Toll Free

### MICHIGAN

Department of Labor and  
Economic Growth  
Consumer Protection Division  
Bureau of Commercial Services  
P.O. Box 30054  
Lansing, MI 48909  
517.373.7117

### RHODE ISLAND

Dept. of Business Regulation  
Securities Division  
John O. Pastore Complex  
1511 Pontiac Ave., Building 68-2  
Cranston, RI 02920  
401.462.9527

### HAWAII

Commissioner of Securities  
Business Registration Division  
Dept. of Consumer Affairs  
335 Merchant Street, Room 205  
Honolulu, HI 96813  
808.586.2744

### MINNESOTA

Commissioner of Commerce  
MN Dept. of Commerce  
85 7<sup>TH</sup> Place East, Suite 280  
St. Paul, MN 55101  
651.539.1500

### SOUTH DAKOTA

Dept. of Labor & Regulations  
Division of Insurance  
Securities Regulations  
124 South Euclid, 2<sup>nd</sup> Floor  
Pierre, SD 57501  
605.773.4823

### ILLINOIS

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
217.782.4465

### NEW YORK

New York Secretary of State  
One Commerce Plaza  
99 Washington Ave., 6<sup>th</sup> Floor  
Albany, NY 12231  
518.473.2492

### VIRGINIA

Clerk, State Corporation  
Commission  
1300 East Main Street, 1st Floor  
Richmond, VA 23219  
804.371.9733

### INDIANA

Indiana Secretary of State  
Franchise Section  
200 W Washington Street  
Indianapolis, IN 46204

### NORTH DAKOTA

Securities Commissioner  
600 E. Boulevard Ave.  
State Capitol – 5<sup>th</sup> Floor  
Bismarck, ND 58505

### WASHINGTON

Dept. of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, WA 98501

317.232.6531

**MARYLAND**

Maryland Securities Commissioner  
Office of Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202-2020  
410.576.6360

701.328.4712

**OREGON**

Dept. of Insurance & Finance  
350 Winter St. NE, Room 410  
Salem, OR 97309  
503.378.4140

360.902.8760

**WISCONSIN**

Administrator  
Division of Securities  
4822 Madison Yards Way  
North Tower  
Madison, WI 53705  
608.266.8557

## EXHIBIT E

### STATE ADDENDA TO FRANCHISE AGREEMENT

**RIDER TO THE NATIONAL PROPERTY INSPECTIONS, INC.  
FRANCHISE AGREEMENT FOR USE IN CALIFORNIA, INDIANA,  
MICHIGAN, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, AND WISCONSIN**

**This Rider** (the “**Rider**”) is made and entered into by and between **NATIONAL PROPERTY INSPECTIONS, INC.**, a Nebraska corporation with its principal business address at 9375 Burt Street, Suite 201, Omaha, Nebraska 68114, (“**Franchisor**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement.

2. **No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Indiana, Michigan, Rhode Island, South Dakota, Virginia, or Wisconsin:

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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed and delivered this rider effective on the effective date stated in the franchise agreement.

**NATIONAL PROPERTY INSPECTIONS,  
INC.**, a Nebraska corporation

By: \_\_\_\_\_  
[Signature]

Name: \_\_\_\_\_  
[Print Name]

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
[Name of Franchisee]

By: \_\_\_\_\_  
[Signature]

Name: \_\_\_\_\_  
[Print Name]

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**RIDER TO THE NATIONAL PROPERTY INSPECTIONS, INC.  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

This Rider (the “**Rider**”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) (regardless of the dates of the parties’ signatures) by and between **NATIONAL PROPERTY INSPECTIONS, INC.**, a Nebraska corporation with its principal business address at 9375 Burt Street, Suite 201, Omaha, Nebraska 68114 (“**we,**” “**us,**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. Background. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed at the same time as this Rider (the “Franchise Agreement”). This Rider forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the National Property Inspections franchise that you will operate under the Franchise Agreement was made in the State of Illinois and the National Property Inspections franchise will be operated in Illinois, and/or (b) you are a resident of Illinois.

2. Entire Agreement. The following language is added to the end of Section XXVII of the Franchise Agreement:

Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you.

3. Consent to Jurisdiction. Section XXXI of the Franchise Agreement is deleted in its entirety and replaced with the following:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. Jury Trial Waiver. The following language is added to the end of Section XXXII of the Franchise Agreement:

However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

5. Illinois Franchise Disclosure Act. The following is added as a new Section XL of the Franchise Agreement:

XL Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement

agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

6. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have signed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**NATIONAL PROPERTY INSPECTIONS,  
INC.,** a Nebraska corporation

By: \_\_\_\_\_  
[Signature]

Name: \_\_\_\_\_  
[Print Name]

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
[Name of Franchisee]

By: \_\_\_\_\_  
[Signature]

Name: \_\_\_\_\_  
[Print Name]

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**RIDER TO THE NATIONAL PROPERTY INSPECTIONS, INC.  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

This Rider (the “**Rider**”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) (regardless of the dates of the parties’ signatures) by and between **NATIONAL PROPERTY INSPECTIONS, INC.**, a Nebraska corporation with its principal business address at 9375 Burt Street Suite 201, Omaha, Nebraska 68114 (“**we,**” “**us,**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. Background. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed at the same time as this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, and/or (b) the National Property Inspections franchise that you will operate under the Franchise Agreement will be located in Maryland.

2. Agreements/Releases. Sections II.B(5) (entitled “Renewal Term”), XVII (entitled “Rights and Duties Upon Expiration or Termination”), and XVIII.C(7) (entitled “Conditions to Transfer”) of the Franchise Agreement are amended by adding the following:

However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Insolvency. The following language is added to the end of Section XVI.A(2) of the Franchise Agreement:

; termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 *et seq.*), but we and you agree to enforce this provision to the maximum extent the law allows.

4. Arbitration. The following language is added to the end of Section XXII of the Franchise Agreement:

This 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.

5. Consent to Jurisdiction. The following language is added to the end of Section XXXI of the Franchise Agreement:

However, subject to the parties' arbitration obligations, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Limitation of Claims. The following sentence is added to the end of Section XXXIII of the Franchise Agreement:

However, the limitation of such claims shall not act to reduce the three (3)-year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

7. Acknowledgements. The following language is added as a new Section XL of the Franchise Agreement:

All representations requiring you 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.

8. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have signed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**NATIONAL PROPERTY INSPECTIONS,  
INC.,** a Nebraska corporation

**FRANCHISEE**

By: \_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Name of Franchisee]

Name: \_\_\_\_\_  
[Print Name]

By: \_\_\_\_\_  
[Signature]

Title: \_\_\_\_\_

Name: \_\_\_\_\_  
[Print Name]

**DATED:** \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_



**RIDER TO THE NATIONAL PROPERTY INSPECTIONS, INC.  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

This Rider (the “**Rider**”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) (regardless of the dates of the parties’ signatures) by and between **NATIONAL PROPERTY INSPECTIONS, INC.**, a Nebraska corporation with its principal business address at 9375 Burt Street, Suite 201, Omaha, Nebraska 68114 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. Background. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed at the same time as this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the National Property Inspections franchise that you will operate under the Franchise Agreement was made in the State of Minnesota and/or (b) the National Property Inspections franchise will be operated in Minnesota.

2. Agreements/Releases. Sections II.B(5), XVII, and XVIII.C(7) of the Franchise Agreement are amended by adding the following:

However, any general release will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

3. Default & Termination. The following language is added at the end of Section XVI of the Franchise Agreement:

Minnesota law provides you with certain termination and non-renewal rights. Minn. Stat. §80C.14 Subds. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of this Agreement.

4. Governing Law/Choice of Forum. The following language is added to the end of Sections XXIX and XXXI of the Franchise Agreement:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. Jury Trial Waiver. The Section XXXII of the Franchise Agreement is deleted to the extent unenforceable under the Minnesota Franchises Law.

6. Limitation of Claims. The following sentence is added to the end of Section XXXIII of the Franchise Agreement:

Minnesota law provides that no action may be commenced pursuant to Minn. Stat. §80C.17 more than three (3) years after the cause of action accrues. Minn. Stat. §80C.17, Subd. 5.

7. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have signed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**NATIONAL PROPERTY INSPECTIONS,  
INC.,** a Nebraska corporation

By: \_\_\_\_\_  
[Signature]

Name: \_\_\_\_\_  
[Print Name]

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
[Name of Franchisee]

By: \_\_\_\_\_  
[Signature]

Name: \_\_\_\_\_  
[Print Name]

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**RIDER TO THE NATIONAL PROPERTY INSPECTIONS, INC.  
FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

This Rider (the “**Rider**”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) (regardless of the dates of the parties’ signatures) by and between **NATIONAL PROPERTY INSPECTIONS, INC.**, a Nebraska corporation with its principal business address at 9375 Burt Street, Suite 201, Omaha, Nebraska 68114 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. Background. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed at the same time as this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the National Property Inspections franchise that you will operate under the Franchise Agreement was made in the State of New York and/or (b) you are a resident of New York and the National Property Inspections franchise will be operated in New York.

2. Transfer by Us. The following language is added to the end of Section XVIII.A. of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. Agreements/Releases. Sections II.B(5), XVII, and XVIII.C(7) of the Franchise Agreement are amended by adding the following:

Provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

4. Termination by You. The following language is added at the end of Section XVI of the Franchise Agreement:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. Governing Law/Choice of Forum. The following language is added to the end of Sections XXIX and XXXI of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by

the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. Limitation of Claims. The following sentence is added to the end of Section XXXIII of the Franchise Agreement:

To the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

7. Application of Rider. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if you are domiciled, and the franchise will be opened, in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

8. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have signed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**NATIONAL PROPERTY INSPECTIONS,  
INC.,** a Nebraska corporation

**FRANCHISEE**

By: \_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Name of Franchisee]

Name: \_\_\_\_\_  
[Print Name]

By: \_\_\_\_\_  
[Signature]

Title: \_\_\_\_\_

Name: \_\_\_\_\_  
[Print Name]

**DATED:** \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**RIDER TO THE NATIONAL PROPERTY INSPECTIONS, INC.  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

This Rider (the “**Rider**”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) (regardless of the dates of the parties’ signatures) by and between **NATIONAL PROPERTY INSPECTIONS, INC.**, a Nebraska corporation with its principal business address at 9375 Burt Street, Suite 201, Omaha, Nebraska 68114 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. Background. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed at the same time as this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the National Property Inspections franchise that you will operate under the Franchise Agreement will be located in North Dakota, and/or (b) any of the franchise offering or sales activity occurred in North Dakota.

2. Releases. Sections II.B(5), XVII, and XVIII.C(7) of the Franchise Agreement are amended by adding the following:

; provided, however, that such general release shall not apply to the extent prohibited by law with respect to claims arising under the North Dakota Franchise Investment Law.

3. Payment of Amounts Owed to Us. Section XVII.A(1) of the Franchise Agreement is amended by adding the following language:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law; however, we and you agree to enforce the provision to the extent the law allows.

4. Arbitration. The following language is added to the end of Section XXII of the Franchise Agreement:

However, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which we and you agree.

5. Governing Law. The following language is added to the end of Section XXIX of the Franchise Agreement:

**NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED  
BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, NORTH  
DAKOTA LAW WILL APPLY TO THIS AGREEMENT.**

6. Consent to Jurisdiction. The following language is added to the end of Section XXXI of the Franchise Agreement:

**HOWEVER, TO THE EXTENT REQUIRED BY APPLICABLE LAW, YOU MAY BRING AN ACTION IN NORTH DAKOTA.**

7. Waiver of Jury Trial. If and then only to the extent required by the North Dakota Franchise Investment Law, Section XXXII of the Franchise Agreement is deleted.

8. Limitation of Claims. Section XXXIII of the Franchise Agreement is amended by adding the following language:

The time limitations set forth in this Subsection might be modified by the North Dakota Franchise Investment Law.

9. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have signed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**NATIONAL PROPERTY INSPECTIONS,  
INC.,** a Nebraska corporation

**FRANCHISEE**

By: \_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Name of Franchisee]

Name: \_\_\_\_\_  
[Print Name]

By: \_\_\_\_\_  
[Signature]

Title: \_\_\_\_\_

Name: \_\_\_\_\_  
[Print Name]

**DATED:** \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**RIDER TO THE NATIONAL PROPERTY INSPECTIONS, INC.  
FRANCHISE AGREEMENT  
FOR USE IN WASHINGTON**

This Rider (the “**Rider**”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”) (regardless of the dates of the parties’ signatures) by and between **NATIONAL PROPERTY INSPECTIONS, INC.**, a Nebraska corporation with its principal business address at 9375 Burt Street, Suite 201, Omaha, Nebraska 68114 (“**we,**” “**us,**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. Background. We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ that has been signed at the same time as this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Washington and/or (b) the National Property Inspections franchise that you will operate under the Franchise Agreement will be located in Washington and/or (c) any of the franchise offering or sales activity occurred in Washington.

2. Acknowledgments.

(a). \_\_\_\_\_ The following ~~subparagraphs~~ subparagraph of Section I.A of the Franchise Agreement ~~are~~ is revised to read as follows:

~~(610) You have not received from us any representations or guarantees, express or implied~~ accept that this Agreement’s terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as to well as the potential volume, sales, income, or profits of an uniformity of those standards at each NPI Franchised Business.

~~(12) We have not made any representation, warranty, or other claim regarding this NPI Franchised Business franchise opportunity, other than those made in this Agreement and our Franchised Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors., and to protect and preserve the goodwill of the Marks.~~

(b) \_\_\_\_\_ Subparagraphs (6), (12), (14) of Section I.A of the Franchise Agreement are hereby deleted.

3. Limited Liability for Our Related Parties. Section XXXIV of the Franchise Agreement shall not apply to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

4. Covenant of Good Faith. Notwithstanding anything in Section XXXV of the Franchise Agreement to the contrary, the parties shall deal with each other in good faith in accordance with the Washington Franchise Investment Protection Act, RCW 19.100.180(1).

5. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. Addition of Paragraphs. The following is added to the end of the Franchise Agreement:

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the “Act”), the Franchise Agreement of National Property Inspections, Inc. shall be modified as follows:

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us 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 us including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s



earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**IN WITNESS WHEREOF**, the parties have signed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

**NATIONAL PROPERTY INSPECTIONS,  
INC.**, a Nebraska corporation

**FRANCHISEE**

By: \_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Name of Franchisee]

Name: \_\_\_\_\_  
[Print Name]

By: \_\_\_\_\_  
[Signature]

Title: \_\_\_\_\_

Name: \_\_\_\_\_  
[Print Name]

**DATED:** \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

## EXHIBIT F

### STATE ADDENDA TO DISCLOSURE DOCUMENT

**ADDENDUM TO**  
**NATIONAL PROPERTY INSPECTIONS, INC.**  
**FRANCHISE DISCLOSURE DOCUMENT**

The following are additional disclosures for the Franchise Disclosure Document of National Property Inspections, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

**CALIFORNIA**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.**

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

~~2. — SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE~~  
AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

2. ~~3.~~—OUR WEBSITE, [www.npiweb.com](http://www.npiweb.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

3. Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department of that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

4. Item 3 of the Franchise Disclosure Document is amended to provide that neither the franchisor, nor any person in Item 2 of the Franchise Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in that association or exchange.

5. The following sentence is added to the “Remarks” column of the line-item titled “Interest on Overdue Payments” in Item 6 of the Franchise Disclosure Document: The highest interest rate allowed under California law is 10% annually.

6. The following sentence is added at the end of Item 15 of the Franchise Disclosure Document: We generally do not require a spouse to sign a personal guaranty if he or she has no ownership interest in the franchise.

7. The following paragraphs are added at the end of Item 17 of the Franchise Disclosure Document:

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees and developers concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Secs. 101 et seq.). You must sign a release if you renew or transfer your franchise. The California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

~~The Franchise Agreement requires binding arbitration at a suitable location that is in the city in which we have our principal business address (currently, Omaha, Nebraska) at the time the arbitration demand is filed. You will be required to travel to that location (currently, Omaha, Nebraska) and pay the expenses you incur in any such arbitration proceeding. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.~~

~~The~~

For Franchisees operating outlets located in California, the California Franchise Investment Law and California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement ~~requires application of the laws of the State of Nebraska. This provision might not be enforceable under California law~~ or any amendment thereto or any agreement to the contrary is superseded by this condition.

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

9. California's Franchise Investment Law (Corporations Code section ~~31512 and~~ 31512.1) states that ~~any: "Any~~ provision of a franchise agreement ~~or related, franchise disclosure document requiring the franchisee to waive specific provisions, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any~~ of the ~~law is~~ following shall be deemed contrary to public policy and ~~is~~ shall be void and unenforceable. ~~The law also prohibits a:~~ (a) Representations made by the franchisor ~~from disclaiming or denying (i) representations it, or its employees, personnel or its agents make to you, a prospective franchisee. (iib) your ability to rely~~ Reliance by a franchisee on any representations ~~it makes to you, made by the franchisor or its personnel or agents. (iiic) any violations of the law~~ Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto. (d) Violations of any provision of this division."

~~Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.~~

## ILLINOIS

THE GOVERNING LAW, VENUE AND JURISDICTION REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.

The following statement is added to the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

The conditions under which the Franchise Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void.

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

## **MARYLAND**

1. The “Summary” sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Disclosure Document are amended by adding the following:

Any general releases you sign as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The “Summary” section of Item 17(h), entitled **"Cause" defined – non-curable defaults**, of the Disclosure Document is amended by adding the following:

The agreements provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

3. The “Summary” section of Item 17(v), entitled **Choice of forum**, of the Disclosure Document is amended by adding the following:

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.

4. The following language is added to the end of Item 17 of the Disclosure Document:

Despite any contradicting provision in the franchise agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

5. Your responses to the Disclosure Questionnaire (Exhibit K to the Franchise Disclosure Document) do not act as a release, estoppel, or waiver of any liability of the Franchisor under the Maryland Franchise Registration and Disclosure Law.

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

## **MINNESOTA**

### **Item 13, Additional Disclosure.**

National Property Inspections, Inc. will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party, provided that your use of the Marks is in accordance with the requirements of the Franchise Agreement and the System.

**Renewal, Termination, Transfer and Dispute Resolution.** The following paragraphs are added at the end of the chart in Item 17 of the Franchise Disclosure Document:

For franchises governed by the Minnesota Franchises Law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the applicable agreement.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee or developer to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of franchisee's or developer's rights as provided for in Minnesota Statutes, Chapter 80C or franchisee's or developer's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by applicable law for claims arising under Minn. Rule 2860.4400D.

## **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 A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS

FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 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 to 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 or 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:~~**

~~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 has 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.~~

3. ~~5.~~ The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. ~~6.~~ The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreements 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 or Area Development Agreement.~~

5. ~~8.~~ The following is added to the end of the: “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 7(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.

6. Receipts - Any sale made must be in compliance with §683(8) of the Franchise Sale Act (N.Y. Gen Bus. L. §680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

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

## **NORTH DAKOTA**

1. The “Summary” sections of Items 17(c) and 17(m) of the Disclosure Document are amended by adding the following:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The “Summary” section of Item 17(r) of the Disclosure Document is amended by adding the following:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

3. The “Summary” section of Item 17(u) of the Disclosure Document is amended to read as follows:

We and you must arbitrate all disputes at location in the city of where our principal business address is located at the time the arbitration demand is filed (it currently is in Omaha, Nebraska); however, to the extent required by the North Dakota Franchise

Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which we and you agree.

4. The “Summary” section of Item I7(v) of the Disclosure Document is amended by adding the following:

To the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The “Summary” section of Item 17(w) of the Disclosure Document is amended by adding the following:

Except for federal law. North Dakota law applies.

## **VIRGINIA**

The “Summary” section of Item 17(h) of the Franchise Disclosure Document is amended by adding the following:

Pursuant to 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 ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act, or the laws of Virginia that provision may not be enforceable.

## **WASHINGTON**

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the “**Washington Act**”), the Franchise Disclosure Document and Franchise Agreement shall be modified as follows:

The State of Washington has a statute, RCW 19.100.180, which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

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

litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington 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 Washington Act, or rights or remedies under the Washington Act such as a right to a jury trial, might not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or 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.

## EXHIBIT G

### OPERATIONS MANUAL TABLE OF CONTENTS

## OPERATIONS MANUAL TABLE OF CONTENTS

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## EXHIBIT H

### STATE TRAINING REIMBURSEMENT ADDENDUM TO FRANCHISE AGREEMENT

## STATE TRAINING REIMBURSEMENT ADDENDUM TO FRANCHISE AGREEMENT

**THIS STATE TRAINING REIMBURSEMENT ADDENDUM TO FRANCHISE AGREEMENT** (this “**Addendum**”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, by and between National Property Inspections Inc. (“**we,**” “**us,**” or “**our**”), and \_\_\_\_\_, a(n)\_\_\_\_\_ (“**you**” or “**your**”). All capitalized terms not defined in this Addendum shall have the meanings assigned to them in the Franchise Agreement.

**WHEREAS**, you and we have executed a Franchise Agreement (the “**Franchise Agreement**”), pursuant to which we granted you the right to establish and operate a NPI Franchised Business (your “**Franchised Business**”) in one of the states identified in Schedule 1.

**WHEREAS**, the state in which your Franchised Business is located requires that you complete certain training courses (collectively, the “**State Requirements**”) prior to receiving the home inspector license required to operate your Franchised Business; and

**WHEREAS**, we have agreed to reimburse you for certain costs and expenses up to the applicable amount listed on Schedule 1 related to your completion of the State Requirements so long as you satisfy the terms and conditions stated in this Addendum.

**NOW, THEREFORE**, for good and valuable consideration, the receipt of which the parties hereby acknowledge, you and we agree as follows:

1. Upon your completion of the State Requirements and your receiving a home inspector license from the state in which your Franchised Business is located, we will reimburse you for the costs and expenses you incur in completing the State Requirements up to the applicable amount listed on Schedule 1 hereto (the “**Reimbursement**”). Our payment of the Reimbursement is contingent on you being in full compliance with the terms of the Franchise Agreement and you providing us, in the manner and format we prescribe, the following materials: (i) receipts and/or invoices showing all payments that you made to complete the State Requirements; (ii) evidence that you sufficiently completed the State Requirements and received your home inspector license from the state in which your Franchised Business is located; and (iii) any other information we request related to your home inspector license and/or the State Requirements for the state in which your Franchised Business is located. We will pay you the Reimbursement within thirty (30) days of our receiving the materials detailed herein.

2. You acknowledge and agree that the Reimbursement is not meant to compensate you for the time and effort involved in obtaining a home inspector license, studying for tests or other related expenses, nor do we promise or guarantee that you will ultimately obtain a license, nor will we refund the initial franchise fee payable under the Franchise Agreement in whole or in part.

3. This Addendum sets forth the entire agreement between the parties concerning your request for the Reimbursement and incorporates all prior discussions, negotiations,



agreements and understandings. No alteration, amendment, change or addition to this Addendum will be binding unless in writing and signed by all of the parties.

4. The counterparts of this Addendum and all ancillary documents executed or delivered in connection with this Addendum may be executed and signed by electronic signature by any of the parties to this Addendum, and delivered by electronic or digital communications to any other party to this Addendum, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an “I Accept” or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

5. This Addendum does not modify the terms of the Franchise Agreement except as specifically stated herein. The parties acknowledge and agree that the Franchise Agreement, as modified by this Addendum, is ratified and shall continue in full force and effect.

6. The following provisions of the Franchise Agreement are incorporated by reference into this Addendum and will govern all aspects of this Addendum and the parties relationship as if fully stated within the text of this Addendum: Section XXII (*Resolution of Disputes*), Section XXIV (*Non-Waiver*), Section XXV (*Notice*), Section XXVIII (*Severability and Construction*) Section XXIX (*Applicable Law*), Section XXXI (*Consent to Jurisdiction*), Section XXXII (*Waiver of Punitive Damages and Jury Trial*), Section XXXIII (*Limitation of Claims*), Section XXXIV (*Limited Liability for our Related Parties*), Section XXXV (*Covenant of Good Faith*), and Section XXXVI (*Multiple Forms of Agreement*).

**National Property Inspections,  
Inc.**

**Franchisee:**

By: \_\_\_\_\_  
**David Stamper, President/CFO**

\_\_\_\_\_  
**Name**

### **SCHEDULE 1**

<b>State</b>	<b>Reimbursement Amount</b>
Arizona	An amount up to \$2,500
Louisiana	An amount up to \$1,300
Nevada	An amount up to \$1,250
New Jersey	An amount up to \$4,500
Texas	An amount up to \$2,800

**EXHIBIT I**

**FORM OF GENERAL RELEASE**

**NATIONAL PROPERTY INSPECTIONS, INC.**  
**GRANT OF FRANCHISOR CONSENT AND FRANCHISE OWNER RELEASE**

**NATIONAL PROPERTY INSPECTIONS, INC.** (“we,” “us,” “our,” or “Franchisor”) and the undersigned \_\_\_\_\_ franchise \_\_\_\_\_ owner, \_\_\_\_\_ (“you,” “your,” or “Franchise Owner”), currently are parties to a certain franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”). You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our affiliates, our and their current and former officers, directors, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Franchisor Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties (1) arising out of or related to the Franchisor Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity that is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your transferring owners likewise grant to us the release and covenant not to sue provided above.

\*This form of General Release shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, R.C.W. 19.100, and the rules adopted thereunder.

**NATIONAL PROPERTY INSPECTIONS, INC.**  
a Nebraska corporation

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISE OWNER,**  
a/an \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT J

### LISTS OF CURRENT AND FORMER FRANCHISE OWNERS

### LIST OF CURRENT FRANCHISEES

**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system**

ST	CITY	ZIP	LAST NAME	FIRST NAME	ADDRESS	PHONE
AK	Anchorage	99517	Johnson	Steven	311 West 35th Ave	907-632-1881
AL	Chelsea	35043	Yarbrough	Jason	348 Crossbridge Rd	205-381-0808
AL	Florence	35630	Farej	Jim	139 Cox Creek Pkwy S, Unit #2	<del>901.49.37854</del> <a href="tel:9014937854">901-493-7854</a>
AR	Lonoke	72086	Pressgrove	Jeremy	3 Jo Li Circle	501-733-3981
AR	Rodgers	72758	Faber	Dave	5501 S. 44 <sup>th</sup> Street	<del>479.777.1007</del> <a href="tel:4797771007">479-777-1007</a>
<a href="#">AR</a>	<a href="#">Fort Smith</a>	<a href="#">72916</a>	<a href="#">Talley</a>	<a href="#">Micah</a>	<a href="#">7900 Sumac Ct</a>	<a href="tel:4797901235">479-790-1235</a>
AZ	Phoenix	85032	Marshall	David	2718 E. Claire Drive	602-550-4777
AZ	Prescott Valley	86312	Goermer	Matt	P.O. Box 27941	<del>928.642.8376</del> <a href="tel:9286428376">928-642-8376</a>
AZ	San Tan Valley	85140	Anderson (I)	Steve	654 E. Payton Circle	623-337-8872
AZ	San Tan Valley	85140	Anderson (II)	Steve	654 E. Payton Circle	623-337-8872
AZ	Scottsdale	85254	Steenhoek	Joel	16636 N. 58 <sup>th</sup> St.	602-330-7376
AZ	Tucson	85749	Gallegos	Phillip	4321 N. Camino Tesote Circle	<del>303.503.6019</del> <a href="tel:5203730550">520-373-0550</a>
CA	Brea	92821	Birenbaum	Mike	357 E. Buttonwood Dr.	714-529-9470
CA	Camarillo	93010	Hasler (I)	Andy	2538 Corte Olmo	805-233-1777
CA	Camarillo	93010	Hasler (II)	Andy	2538 Corte Olmo	805-233-1777
CA	Campbell	95008	Mikhailov	Viktor	406 Union Ave., #H	408-410-4557
CA	Corona	92883	Manalo	Julius	13459 Bay Hill Dr	<del>909.680.252</del> <a href="tel:59097283556">5909-728-3556</a>
CA	Cottonwood	96022	Hoffer	Albert	18992 Compass Dr.	<del>530.551.5501</del>

NPI ~~03/2024~~[06/2024](#)

~~AMENDED~~-FRANCHISE DISCLOSURE DOCUMENT

ACTIVE ~~695267411~~[699738167](#)v1

						<a href="tel:530-551-5501">530-551-5501</a>	
CA	El Centro	92243	Alvarez	Andy	450 W. Main St.	760-352-4050	
CA	Lake Forest	92630	Randolph	Chris	25422 Trabuco Road Ste 105 - 284	949-414-5580	
<a href="#">CA</a>	<a href="#">Whittier</a>	<a href="#">90604</a>	<a href="#">Tittle</a>	<a href="#">Dan</a>	<a href="#">11622 Falconhill Dr</a>	<a href="#">(650) 448-4530</a>	
	<b>CA</b>	<b>Los Osos</b>	<b>93402</b>	<b>Wallace</b>	<b>Andy</b>	<b>1255 Del Mar Drive</b>	<b>805-534-1827</b>
CA	Oakley	94561	Stewart	Shawn	47 Escher Circle	925-628-6905	
CA	Oceanside	92054	Blanco	Simon	1607 Whaley Street	<del>949.680.7445</del> <a href="#">949-680-7445</a>	
CA	Ontario	91762	Paneto	Benny	706 Eucalyptus Street	909-996-9213	
	<b>CA</b>	<b>Ramona</b>	<b>92065</b>	<b>Naish</b>	<b>William</b>	<b>23964 Berryessa Court</b>	<b>858.888.0848</b>
CA	Sacramento	95831	Bond	Cameron	332 Blackbird Lane	<del>260-349-8818</del> <del>844-904-636</del>	
CA	San Marcos	92078	Pigeon	Roger	1261 San Julian Place	760-420-8659	
CA	Santa Clarita	91351	Garcia	Charlie	26798 Claudette St. Unit 340	661-373-1900	
CO	Aurora	80016	Dalrymple/ DeBoer	Bruce/Justin	23468 East Briarwood Place	720-505-1109	
CO	Bailey	80421	Seidler	Josh	1637 Bluebird Drive	720-600-3196	
CO	Colorado Springs	80920	Morgan	Ethan & Hilary	PO Box 62413	<del>720-759-837</del> <del>4719-650-4528</del>	
CO	Edwards	81632	Putnam	Blake	PO Box 2971	970-926-1639	
CO	Fort Collins		Fotaides (II)	Stephen		970-286-5851	
CO	Highlands Ranch	80129	Boyer	David	2893 Rockbridge Circle	<del>303-994-000</del> <del>0303-498-9173</del>	
<a href="#">CO</a>	<a href="#">Highlands Ranch</a>	<a href="#">80129</a>	<a href="#">Boyer (II)</a>	<a href="#">David</a>	<a href="#">2893 Rockbridge Circle</a>	<a href="#">303-498-9173</a>	
CO	Strasburg	80136	Barnhill	Mike	1950 Doppler	720-588-0438	



CT	Clinton	06413	Griffith	Ron	32 Heritage Circle	860-227-4949
CT	Hartford	06112	Sawyer	Michael	877 Tower Ave	860-816-3890
CT	New Haven	06512	Volpato	Giuseppe	NPI of Southern Connecticut	203-871-7214
CT	New London	06320	Clark	Kyle	27 Masonic St. 1 #9	<del>203.980.4519</del> <a href="tel:203-980-4519">203-980-4519</a>
CT	Plantsville	06479	Difusco/Robertson	Sil/Nick	127 Summitt St.	<del>860.877.2900</del> <a href="tel:860-877-2900">860-877-2900</a>
<a href="#">CT</a>	<a href="#">Stamford</a>	<a href="#">06905</a>	<a href="#">Lauture</a>	<a href="#">John</a>	<a href="#">170 Little Hill Dr</a>	<a href="tel:475-283-4799">475-283-4799</a>
CT	Terryville	06786	Bilodeau	Mike	38 Maggie Court	860-940-3077

<b>FL</b>	<b>Apopka</b>	<b>32704</b>	<b>Barrett</b>	<b>Jeffrey</b>	<b>PO Box 2753</b>	<b>407-257-9888</b>
<b>FL</b>	<b>Brooksville</b>	<b>34613</b>	<b>Toseano</b>	<b>David</b>	<b>14148 Lemon Yellow Tree Lane</b>	<b>914-461-6303</b>

FL	Cape Coral	33914	Vaughn	Jim	928 SW 36 <sup>th</sup> Terrace	239-770-3098
FL	Clearwater	33756	Marino	Tony	1666 Lady Mary Drive	727-433-2613
FL	Coconut Creek	33073	Redmin	Brad	5848 Eagle Cay Terrace	<del>954.592.0397</del> <a href="tel:954-592-0397">954-592-0397</a>
FL	Doral	33178	Restrepo	Agustin	3618 Alcantara Avenue	305-713-5010
FL	Dunedin	34698	Peavler	Bruce	1490 Burnham Lane	727-723-7800
FL	Fruitland Park	34731	McTague	Jim	36328 Piney Ridge Blvd.	352-446-7449
FL	Jacksonville	32259	Logan	Joe	14644 Durbin Island Way	904-392-8749
<a href="#">FL</a>	<a href="#">Hallandale</a>	<a href="#">33009</a>	<a href="#">Otis</a>	<a href="#">Francois</a>	<a href="#">807 8th St</a>	<a href="tel:418-907-5678">418-907-5678</a>
FL	Jacksonville	32236	Spaulding	Nathan	P.O. Box 6365	904-629-5663
FL	Jensen Beach	34957	Parker (I)	David	587 NW Bellworth Place	772-285-7520
FL	Jensen Beach	34957	Parker (II)	David	587 NW Bellworth Place	772-285-7520
FL	Lake Worth	33467	Salinas	Mike	6521 Stonehurst Circle	561-965-7405

<b>FL</b>	<b>Loxahatchee</b>	<b>33470</b>	<b>Stueckart</b>	<b>Gerry</b>	<b>17884 30th Lane North</b>	<b>561-530-3609</b>
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FL	Lynn Haven	32444	Williams	Tim	303 Florida Avenue	850-527-2185
FL	Miami	33138	Veloze	Mike	758 NE 90 <sup>th</sup> St, Unit 510	<del>305.975.2141</del> <a href="tel:305-975-2141">305-975-2141</a> <a href="tel:305-975-2141">305-975-2141</a>
FL	Miramar Beach	32550	Lannon	Edward	P.O. Box 6158	850-865-6525
FL	Naples	34104	Schertell	Justin	125 Airport North, Ste 203	239-785-3323
<b>FL</b>	<b>Ocala</b>	<b>34479</b>	<b>Puig</b>	<b>Ivan</b>	<b>5525 NE 31st Terrace</b>	<b>352-351-0428</b>
FL	Orange City	32774	Toledo	Alex	PO Box 741202	386-215-9034
FL	Orlando	32828	Owen	Richard	14030 Weymouth Run	321-800-4555
FL	Pace	32571	Cagle	Michael	2645 Tulip Hill Road	<del>850-736-856</del> <del>3850-463-0</del> <del>333</del>
<b>FL</b>	<b>Pembroke Pines</b>	<b>33026</b>	<b>Nicholson</b>	<b>George</b>	<b>1620 NW 110 Terrace</b>	<b>954-436-7449</b>
FL	Plant City	33563	Shultz	Kevin	1808 E. Carol Drive	<del>863.661.7253</del> <del>863-661-725</del> <del>3</del>
FL	Ruskin	33575	Suhre	Greg	P.O. Box 1432	<del>813.640.0639</del> <del>941-254-158</del> <del>3</del>
FL	Weston	33326	Fuziol	Richard	1683 Island Way	<del>954-310-600</del> <del>4954-681-7</del> <del>560</del>
FL	Winter Garden	34787	Rogers	Josh	13750 W Colonial Dr., Ste 350-305	407-277-4555
GA	Cumming	30041	Cheang (I)	U Hin (Max)	1595 Peachtree Pkwy Ste 204-119	<del>404-405-006</del> <del>1404-424-9</del> <del>200</del>
GA	Cumming	30041	Cheang (II)	U Hin (Max)	1595 Peachtree Pkwy Ste 204-119	<del>404-405-006</del> <del>1404-424-9</del> <del>200</del>
GA	Lawrenceville	30045	McDonough	Bobby	1524 Millennial Lane	770-656-2209

GA	Peachtree City	30269	Teppo (I)	Eric	264 Claridge Curve	770-656-2209	
GA	Peachtree City	30269	Teppo (II)	Eric	264 Claridge Curve	770-656-2209	
GA	Peachtree City	30269	Teppo (III)	Eric	264 Claridge Curve	770-656-2209	
	GA	Rabun Gap	30568	McDonough	Mark	265 Paul Frist Lane	706.746.6272
GA	Tybee Island	31328	Riley	Patrick	1208 5 <sup>th</sup> Ave	912-713-7796	
IA	Adel	50003	Meade	Hugh	25018 Eagle Vista Dr	515-991-9167	
IA	Bettendorf	52722	Crowley	Mark	3342 Summertree Ave	563-359-6749	
IA	Coralville	52241	Heckart	Jay	2275 Flintshire Vw	563-676-7400	
IA	Raymond	50667	Klein	Allen	6408 Lafayette Road	800-259-7957	
ID	Caldwell	83607	DeOliveira	Jeff	111 E. Pat Lane	208-340-4711	
ID	Soda Springs	83276	Fullmer	Jacob	380 Court Street	<del>208-240-236</del> <a href="tel:4208-240-2800">4208-240-2800</a>	
IL	Arlington Heights	60004	Beaton	Joesph	1611 W. Hawkes St. Unit 4	<del>847.749.3188</del> <a href="tel:847-749-3188">847-749-3188</a>	
IL	Orland Park	60462	Bonnevier	Rich	15774 S LaGrange Rd. PMB# 145	708-577-9920	
IL	Western Springs	60058	Restani	Eddie	5301 Lawn Ave.	<del>312.771.1293</del> <a href="tel:312-771-1293">312-771-1293</a>	
IL	Western Springs	60558	Wojnicki	Mike	5301 Lawn Ave.	<del>331.238.2020</del> <a href="tel:331-238-2020">331-238-2020</a>	
IN	Laporte	46350	Hampton	Steve	873 E. Sportsman Lane	<del>574.404.7559</del> <a href="tel:574-404-7559">574-404-7559</a>	
IN	<a href="#">Indianapolis</a>	<a href="#">46214</a>	<a href="#">Sims</a>	<a href="#">Marin</a>	<a href="#">6751 Oak Lake Dr</a>	<a href="#">616-485-8141</a>	
IN	Madison	47250	Davis	Paul	716 Fillmore St.	<del>812-265-104</del> <del>0</del> <a href="tel:812-599-3008">812-599-3008</a>	
IN	New Haven	46774	Evans	Blake	16913 Hamptons Pkwy	<del>260.705.9835</del>	

NPI ~~03/2024~~[06/2024](#)

**AMENDED**-FRANCHISE DISCLOSURE DOCUMENT

ACTIVE ~~695267411~~[699738167](#)v1

						<a href="tel:260-705-9835">260-705-9835</a>	
	<b>IN</b>	<b>Union Mills</b>	<b>46382</b>	<b>Brooks</b>	<b>Riek</b>	<b>5084 W. 1100 S</b>	<b>219-307-1166</b>
KS	Basehor	66007	Marsh	Joe	PO Box 466	913-915-1566	
KS	Overland Park	66213	Barngrover	Trey	11936 W. 119th St #265	913-707-7080	
LA	Baton Rouge	70809	Gomes	Drex	3307 Old Quarter Dr.	<del>225.278.0856</del> <a href="tel:225-928-2864">225-928-2864</a>	
LA	Houma	70360	Naquin	Mark	104 Albany Drive	985-860-0636	
<a href="#">LA</a>	<a href="#">CarenCro</a>	<a href="#">70520</a>	<a href="#">Kolb</a>	<a href="#">Kacy</a>	<a href="#">203 Rue Pacannier</a>	<a href="tel:337-281-2822">337-281-2822</a>	
	<b>MD</b>	<b>Camp Springs</b>	<b>20746</b>	<b>McGee</b>	<b>James</b>	<b>4212 Talmadge Circle</b>	<b>301-899-5982</b>
MD	Denton	38017	Whaley	Dave	24522 Choptank Blvd	<del>410-673-2050</del> <a href="tel:410-463-7480">410-463-7480</a>	
MD	Harwood	20776	Settle	David	4304 Warthen Drive	443-994-2185	
MD	North East	21901	Crook	Rick	137 Cool Springs Rd.	443-907-9514	
ME	York	03909	Pykett	Greg	298 York St	978-809-8298	
MI	Canton	48187	Schilling	David	42807 Ford Rd, Suite 374	734-727-3662	
MI	Kalamazoo	49004	Shultz	David	2904 Mt. Olivet Road	<del>269.267.4813</del> <a href="tel:269-267-4813">269-267-4813</a>	
MI	Kentwood	49508	Bowyer	Thom	5434 Discovery Dr. SE	616-443-6481	
MI	Troy	48083	Bugar	Peter	3334 RochesterRoad, Suite 172	586-922-8334	
MN	Chaska	55318	Evans/Sons	Jeremy/Russ	1107 Hazeltine Blvd. Ste. 474 MD-58	<del>952.228.0505</del> <a href="tel:952-228-0505">952-228-0505</a>	
<a href="#">MN</a>	<a href="#">Woodbury</a>	<a href="#">55129</a>	<a href="#">Schuster</a>	<a href="#">Darrell</a>	<a href="#">5361 Pine Island Dr</a>	<a href="tel:651-354-9216">651-354-9216</a>	
MN	Sartell	56377	Nygaard	Brian	713 19 <sup>th</sup> Ave. N.	320-761-0077	
MO	Barnhart	63012	Perry	Phillip	2005 Parkton West Drive	<del>314-280-324</del>	

						<del>9314-651-4</del> <u>466</u>
MO	St. Charles	63303	Gould	George	306 Country Meadows Drive	314-575-6781
MO	St. Charles	63302	Gould	Robert	P.O. Box 937	636-940-1005
MS	Hernando	38632	Groves	Derek	3133 E. Jefferson Loop	901-497-0943
MS	Taylorsville	39168	Ulmer	Josh	1110 SCR 19 South	<del>601-319-662</del> <del>8601-651-1</del> <u>942</u>
MT	Great Falls	59404	Murphy	Tracy	2241 Ivy Court	406-799-5814
MT	Shelby	59474	Cliver	Howard	101 11th Ave N	406-460-1426
<u>NC</u>	<u>Concord</u>	<u>28027</u>	<u>Johnson</u>	<u>Coy</u>	<u>9230 Lockwood Rd</u>	<u>704-968-4574</u>
<u>NC</u>	<u>Red Springs</u>	<u>28377</u>	<u>Felix</u>	<u>Jorge</u>	<u>501 N. Vance St.</u>	<u>910-536-6360</u>
NC	Columbus	28722	Roush	David	201 Oakwood Lane	828-702-3978
NC	Denver	28037	Lauterer	Pete	7226 Price Point	980-722-1506
<div> <div>NC</div> <div>Greensboro</div> <div>27405</div> <div>Blount</div> <div>Dennis</div> <div>2504 David Richmond Ct</div> <div>336-317-3014</div> </div>						
NC	Jamestown	27282	Shuford	Tim	227 Buttercup Drive	<del>336-823-555</del> <del>3336-823-6</del> <u>605</u>
NC	Ocean Isle Beach	28469	Giuffre	Jim	P.O. Box 6634	910-575-2171
NC	Raleigh	27614	Nanni	Joe	14460 New Falls of Neuse Rd Ste 149-166	919-621-5830
NC	Statesville	28677	Nicholson	Kent	930 Argyle Court	704-928-8521
ND	Grand Forks	58201	Brown	Tim	3589 Norkota Court	701-746-7757
<u>NE</u>	<u>Plattsmouth</u>	<u>68048</u>	<u>Giles</u>	<u>Justin</u>	<u>19416 Watersedge Cir</u>	<u>402-297-1628</u>
NE	Omaha	68136	Smith/ Wilken	Andy/Daryle	16119 Gertrude St	<del>402-321-336</del> <del>402-321-336</del> <u>7</u>
NE	Plattsmouth	68048	Anderson	Kirk	9218 Talmadge Court	402-807-5545
NJ	Manahawkin	08050	Bosco	Don	304 Compass Road	609-276-2377
NJ	South Amboy	08879	Rusinak	Mike	8 Parker Court	732-588-8980
NV	Henderson	89014	Mitchell	Scott	120 W Kimberly Drive	702-566-1869

NV	Las Vegas	89130	Briones	Daniel	5109 Drummond Road	<del>702.884.1654</del> <a href="tel:702-884-1654">702-884-1654</a>
NY	Brooklyn	11209	Talalaj	James	145 Bay Ridge Parkway, #1	718-491-1987
NY	Oceanside	11572	Byrne	Chris	260 Harris Dr	<del>516-509-909</del> <del>1</del> <a href="tel:516-509-4560">516-509-4560</a>
NY	Ossining	10562	Vetrano	Ray	5 Tuttle Drive	914-255-6799
NY	Rochester	14621	Sansone	Tom	212 Leicestershire Road	585-654-7294
NY	Suffern	10901	Spataro	Charlie	11 Jaime Court	<del>845.558.8918</del> <a href="tel:845-579-5010">845-579-5010</a>
<b>OH   Gahanna   43230   Dimin/Schmidt   Lisa/Ryan   765 Citation Court   614.394.4697</b>						
OH	Indian Springs	45011	Haynie	Terry	6169 Creekside Way	513-894-9458
OH	Marblehead	43440	Rudolph	Joe	15 Drawbridge Road	419-960-7332
OH	Pickerington	43147	Harr	Chris	PO Box 613	614-592-6484
OK	Beggs	74421	Booker	James	9130 North 230 Road	918-508-0806
OK	Elgin	73538	Schucker	Mark	1102 Baybrook Dr.	580-704-4450
OK	Stillwater	74075	Nelson	Chris	124 S. Edna Drive	405-385-2041
OR	<a href="#">White City</a>	<a href="#">97503</a>	<a href="#">Wileman</a>	<a href="#">Jason</a>	<a href="#">23233 E Evans Creek Rd</a>	<a href="tel:541-531-6059">541-531-6059</a>
<b>OR   Ashland   97520   Rutter   Josh   516 Granite Street   541-324-0535</b>						
OR	Bend	97703	Dehm	Gary	3374 NW Conrad Dr	541-550-9360
OR	Junction City	97448	Edney	Greg	P.O. Box 463	<del>541.852.3443</del> <a href="tel:541-852-3443">541-852-3443</a> <a href="tel:541-852-3443">541-852-3443</a>
<b>OR   St. Helens   97051   Tolleshaug   Erik   31226 Pittsburg Road   503-396-1244</b>						
OR	Sublimity	97385	Jacobe	Rob	203 NE Berry St	<del>503-881-633</del> <del>0</del> <a href="tel:503-551-2051">503-551-2051</a>

OR	Tigard	97223	Schiedler	Alex	13290 SW Genesis Loop	503-757-4442	
PA	Allentown	18103	McCurry	Justin	3440 Leigh Street, # 401	610-737-7274	
PA	<u>Telford</u>	<u>18969</u>	<u>Kurtz</u>	<u>Josh</u>	<u>719 Keller Creamery Rd</u>	<u>(215)</u> <u>292-6603</u>	
	PA	Berwick	18603	Coslett	Scott	332 East 11th Street	570-204-5558
	PA	Blue Bell	19422	Ballasy	Steve	1786 Clearview Ave	610-745-4719
PA	Downington	19335	Benson	Jeff	850 Dowlin Forge Road	610-942-2132	
PA	Doylestown	18902	Marshall	Chris	4638 Curly Hill Road	215-579-1996	
PA	Feasterville	19053	Tracy	Matt	NPI- Matthew Tracy	<del>215-364-290</del> <u>4215-208-8</u> <u>365</u>	
PA	Gilbertsville	19525	Bancroft	Jason	P.O. Box 261	484-504-9876	
PA	Hickory	15340	Kasimirsky	George	P.O. Box 145	724-747-7321	
PA	Morton	19070	Fentress	Rashon	420 Agnus Ave	<del>215-264-388</del> <u>6610-653-9</u> <u>540</u>	
PA	Oakdale	15071	Ferguson	Darren	1022 Old Noblestown Rd.	724-650-7517	
PA	Palmyra	17078	Sandt	Richard	1200 E Main St	717-926-5778	
PA	Spring Brook Township	18444	Long	Tyler	379 Aston Mountain Road	570-763-9628	
PA	Williamsport	17701	Grimes II	Adam W.	313 Grimesville Rd	570-494-7559	
PA	Womelsdorf	19567	Lutz	Matt	42 N. 2 <sup>nd</sup> Street	484-402-6741	
RI	Bristol	02809	Avery	Jon	19 Garfield Avenue	<del>401.239.6770</del> <u>401-239-677</u> <u>0</u>	
SC	Charleston	29412	Greenawalt	Zach	335 Howle Ave. Unit B	<del>843.409.7488</del> <u>843-409-748</u> <u>8</u>	
SC	Dalzell	29040	Shadwell	Hank	70 Old Ford Trail	<del>803-491-520</del> <u>9803-306-2</u>	

						<a href="#">413</a>	
SC	Irmo	29063	Cooley	Ronald	P.O. Box 1455	803-732-3830	
SC	Summerville	29485	Mankin	Mike	117 Comiskey Park Circle	843-300-5760	
SD	Sioux Falls	57103	Shabino	Brian	3513 E. Apple Blossom Cir.	605-321-9517	
TN	Carthage	37030	Gibbs	Jon	14 County House Circle	615-397-1108	
TN	Chattanooga	37405	Aaserude	Severn	900 Mountcreek Rd Apt B28	<del>306-316-602</del> <a href="#">9423-305-9473</a>	
TN	Columbia	38401	Lee	Jason	1401 Sunnyside Drive	931-398-8477	
TN	Cordova	38017	Whatley	Rob	1520 Denham Road	901-619-7736	
	<b>TN</b>	<b>Crossville</b>	<b>38571</b>	<b>Davenport</b>	<b>Jack</b>	<b>265 Tabor Loop</b>	<b>931.787.9059</b>
TN	Humboldt	38343	Dubuisson	Pete	26 Lake of the Woods Cove	731-467-6250	
TN	Knoxville	37920	Anderson (I)	Cory	7124 Hodges Ferry Road	865-523-6200	
TN	Knoxville	37920	Anderson (II)	Cory	7124 Hodges Ferry Road	865-523-6200	
TN	Knoxville	37920	Anderson (III)	Cory	7124 Hodges Ferry Road	865-523-6200	
	<b>TN</b>	<b>Murfreesboro</b>	<b>37129</b>	<b>Sostrom</b>	<b>Brent</b>	<b>3563 Caronlie Farms Dr</b>	<b>615-605-6578</b>
TN	Rossville	38066	Auckerman	Mike	30 Oak Run Lane	901-674-6868	
	<b>TX</b>	<b>Austin</b>	<b>78737</b>	<b>Knapp</b>	<b>Will</b>	<b>275 Riva Ridge Place</b>	<b>512.585.6849</b>
TX	Beaumont	77706	Abbey	Wes	8350 Evangeline Lane	409-351-2772	
TX	Burleson	76028	Dohanich	Chas	1917 Red Oak Dr.	<del>903.557.0154</del> <a href="#">682-259-2557</a>	
TX	Cypress	77410	Buss	Matt	PO Box 2022	281-213-4018	
TX	Dallas	75206	Davis	Channon	5606 Ellsworth Avenue	<del>205.218.0987</del> <a href="#">205-218-0987</a>	
TX	DeLeon	76444	Olsberg/Houston	Shaun/John	6651 Hwy. 6	<del>254.423.4219</del> <a href="#">254-893-7878</a>	
TX	Flower Mound	75028	Green (I)	Sean	2201 Hazy Meadows	972-489-5245	



TX	Flower Mound	75028	Green (II)	Sean	2201 Hazy Meadows	972-489-5245
TX	Fort Worth	76131	Baley	Craig	1917 Kirsten Court	682-521-4608
TX	Grand Prairie	75052	Gonzalez	Alfredo	3449 Country Club Dr.	<del>214-325-1771</del> <a href="tel:469-951-4496">469-951-4496</a>
	<b>TX</b>	<b>Houston</b>	<b>77044</b>	<b>Phillips, III</b>	<b>Jerry</b>	<b>14418 Morning Lodge</b> <b>713-331-8849</b>
TX	Katy	77450	Karnitskiy	Din	1003 Comstock Springs Dr.	281-985-1333
	<b>TX</b>	<b>Kerrville</b>	<b>78028</b>	<b>Fox</b>	<b>Chico</b>	<b>317 Sidney Baker Street South Ste 400-284</b> <b>830-377-2945</b>
TX	Kingwood	77345	Spillman	Travis		832-720-8735
TX	Mansfield	76063	Hoenig	Scott	505 Marquis Lane	972-877-5357
TX	McKinney	75071	Terrell	Damon	4233 Waterstone Estates Drive	903-316-6261
TX	Montgomery	77356	Gremillion	Garner	3 Camden Oaks Lane	936-230-3440
<u>TX</u>	<u>El Paso</u>	<u>79925</u>	<u>Rivera</u>	<u>Ramon</u>	<u>10337 Darin Rd</u>	<u>(915)</u> <u>443-0531</u>
TX	San Antonio	78251	Aktepe/Semih	Muzzy/Onder	9530 Vanderpool St.	<del>210-387-0674</del> <a href="tel:210-387-0674">210-387-0674</a>
TX	Woodway	76712	Baker (I)	Jason	114 Castle Bluff Circle	<del>614-315-2040</del> <a href="tel:254-523-3857">254-523-3857</a>
TX	Woodway	76712	Baker (II)	Jason	114 Castle Bluff Circle	<del>614-315-2040</del> <a href="tel:254-523-3857">254-523-3857</a>
UT	Huntsville	84317	Froerer	Anthony	7424 E. 1450 N	801-814-0450
	<b>UT</b>	<b>Hurricane</b>	<b>84737</b>	<b>Housley</b>	<b>James</b>	<b>1015 W. 100 N. Suite 4</b> <b>435-986-1037</b>
UT	Murray	84157-0188	Stark	Alan	P.O. Box 57188	801-870-2749
	<b>VA</b>	<b>Boones Mill</b>	<b>24065</b>	<b>Wood</b>	<b>Brian</b>	<b>149 Longview Lane</b> <b>540-334-2700</b>

VA	Front Royal	22630	Nelson (I)	John	202 Greenfield Rd	571-330-0974
VA	Front Royal	22630	Nelson (II)	John	202 Greenfield Rd	571-330-0974
VA	Mechanicsville	23111	Morton	Mark	5471 Turkey Hill Trail	804-929-8767
VA	Suffolk	23435	Coley	Don	2704 Windjammer Rd.	757-285-2858
VA	Williamsburg	23188	Supplee	Paul	3707 Brick Bat Road	757-220-8006
VA	Yorktown	23692	Thomas	Steve	304 Barcroft Dr.	757-660-6593
VT	Barre	05641	Benoit	Ed	13 East Street	802-839-9284
VT	Rutland	05702	Glinski	Jon	PO Box 6890	802-776-4913

<b>WA</b>	<b>Chattaroy</b>	<b>99003</b>	<b>Fast</b>	<b>John</b>	<b>P.O. Box 526</b>	<b>509-238-4140</b>
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WA	Kennewick	99338	Schenck	Ron	5206 South Toro Road	509 832-3427
WA	Rainier	98576	Peters	Erik	10407 133 <sup>rd</sup> Ave. SE	<b>360.480.5812</b> <a href="tel:360-480-5812">360-480-5812</a>
WA	Tacoma	98401	Hager	Rob	PO Box 988	253-732-9254
WI	Mt. Pleasant	53406	Oezer, Jr.(I)	Jim	8330 Corporate Drive.	262-636-9909
WV	Martinsburg	25405	Smith	Ken	1430 Baker Road	304-267-8650

<b>WY</b>	<b>Casper</b>	<b>82601</b>	<b>Gonzales</b>	<b>Jerry</b>	<b>145 S. Durbin Street, Suite 202</b>	<b>307-215-4958</b>
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WY	Cheyenne	82003	Fotaides (I)	Stephen	P.O. Box 20471	307-433-0443
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#### **LEFT THE SYSTEM**

**(Mutual Termination/Canceled, Transferred, Not Renewed or otherwise Voluntarily or Involuntarily Ceased to do business).  
If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system**

<b>ST</b>	<b>CITY</b>	<b>ZIP</b>	<b>LAST NAME</b>	<b>FIRST NAME</b>	<b>ADDRESS</b>	<b>PHONE</b>
<b>AL</b>	<b>Gadsden</b>	<b>35905</b>	<b>Thomas</b>	<b>Joseph (Danny)</b>	<b>8257 Patterson Rd.</b>	<b>256-504-1881</b>
<b>CA*</b>	<b>Elk Grove</b>	<b>95758</b>	<b>Sostrom</b>	<b>Brent</b>	<b>9305 Starfish Way</b>	<b>916-799-7417</b>
<b>CO</b>	<b>Golden</b>	<b>80401</b>	<b>Versaw</b>	<b>Doug</b>	<b>601 16th Street # C229</b>	<b>303-498-9173</b>
<b>FL</b>	<b>Stuart</b>	<b>34994</b>	<b>Stetson</b>	<b>John</b>	<b>268 SE Villas Street</b>	<b>772-220-1268</b>

NPI **03/2024**[06/2024](#)

**AMENDED**-FRANCHISE DISCLOSURE DOCUMENT

ACTIVE **695267411**[699738167](#)v1

ID	Hayden	83835	Jackson	Jared	11889 N. Forest Road	208-660-8215
IA	Marion	52302	Scherf	Christopher (Chris)	2945 25th Avenue	319-432-9076
MN	Maple Grove	55369	Quint	Steve	11694 85th Pl N	612-242-4568
NY	Lockport	14094	Guyett	Dave	635 Locust Street	716-694-2113
OH	Whitehouse	43571	McGuckin	Tim	9730 Bucher Road	419-661-9057
OK	Edmond	73083-1591	Brumbaek	Jim	P.O. Box 1591	405-370-4065
PA	Cranberry Twp	16066	Warren	Shawn	PO Box 1575	724-765-2512
TX	McKinney	75069	Lanning	Earl	930 Overland Drive	972-880-6305
UT	Orem	84057	Krebs	Jaron	545 N 1110 W	801-735-5515
VA**	Lorton	22079	Fuziol	Richard & Sandra	1800 Harley Rd	703-595-9999
WA	Ridgefield	98642	Hannum	Josh	1833 N. 9th Way	360-953-7904

#### LEFT THE SYSTEM

(Mutual Termination/Canceled, Transferred, Not Renewed or otherwise Voluntarily or Involuntarily Ceased to do business).

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

<u>ST</u>	<u>CITY</u>	<u>ZIP</u>	<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>PHONE</u>
<u>CA</u>	<u>Los Osos</u>	<u>93402</u>	<u>Wallace</u>	<u>Andy</u>	<u>805-534-1827</u>
<u>CA</u>	<u>Ramona</u>	<u>92065</u>	<u>Naish</u>	<u>William</u>	<u>858-888-0848</u>
<u>FL</u>	<u>Apopka</u>	<u>32704</u>	<u>Barrett</u>	<u>Jeffrey</u>	<u>407-257-9888</u>
<u>FL</u>	<u>Brooksville</u>	<u>34613</u>	<u>Toscano</u>	<u>David</u>	<u>914-461-6303</u>
<u>FL</u>	<u>Loxahatchee</u>	<u>33470</u>	<u>Stuckart</u>	<u>Gerry</u>	<u>561-530-3609</u>
<u>FL</u>	<u>Ocala</u>	<u>34479</u>	<u>Puig</u>	<u>Ivan</u>	<u>352-351-0428</u>
<u>FL*</u>	<u>Pembroke Pines</u>	<u>33026</u>	<u>Nicholson</u>	<u>George</u>	<u>954-436-7449</u>
<u>GA</u>	<u>Rabun Gap</u>	<u>30568</u>	<u>McDonough</u>	<u>Mark</u>	<u>706-746-6272</u>
<u>IN</u>	<u>Union Mills</u>	<u>46382</u>	<u>Brooks</u>	<u>Rick</u>	<u>219-307-1166</u>
<u>MD</u>	<u>Camp Springs</u>	<u>20746</u>	<u>McGee</u>	<u>James</u>	<u>301-899-5982</u>

NPI ~~03/2024~~06/2024

~~AMENDED~~-FRANCHISE DISCLOSURE DOCUMENT

ACTIVE ~~695267411~~699738167v1

<a href="#">NC</a>	<a href="#">Greensboro</a>	<a href="#">27405</a>	<a href="#">Blount</a>	<a href="#">Dennis</a>	<a href="#">336-317-3014</a>
<a href="#">OH</a>	<a href="#">Gahanna</a>	<a href="#">43230</a>	<a href="#">Dimin/Schmidt</a>	<a href="#">Lisa/Ryan</a>	<a href="#">614-394-4697</a>
<a href="#">OR*</a>	<a href="#">Ashland</a>	<a href="#">97520</a>	<a href="#">Rutter</a>	<a href="#">Josh</a>	<a href="#">541-324-0535</a>
<a href="#">OR</a>	<a href="#">St. Helens</a>	<a href="#">97051</a>	<a href="#">Tolleshaug</a>	<a href="#">Erik</a>	<a href="#">503-396-1244</a>
<a href="#">PA</a>	<a href="#">Berwick</a>	<a href="#">18603</a>	<a href="#">Coslett</a>	<a href="#">Scott</a>	<a href="#">570-204-5558</a>
<a href="#">PA*</a>	<a href="#">Blue Bell</a>	<a href="#">19422</a>	<a href="#">Ballasy</a>	<a href="#">Steve</a>	<a href="#">610-745-4719</a>
<a href="#">TN</a>	<a href="#">Crossville</a>	<a href="#">38571</a>	<a href="#">Davenport</a>	<a href="#">Jack</a>	<a href="#">931-787-9059</a>
<a href="#">TN</a>	<a href="#">Murfreesboro</a>	<a href="#">37129</a>	<a href="#">Sostrom</a>	<a href="#">Brent</a>	<a href="#">615-605-6578</a>
<a href="#">TX</a>	<a href="#">Austin</a>	<a href="#">78737</a>	<a href="#">Knapp</a>	<a href="#">Will</a>	<a href="#">512-585-6849</a>
<a href="#">TX</a>	<a href="#">Houston</a>	<a href="#">77044</a>	<a href="#">Phillips, III</a>	<a href="#">Jerry</a>	<a href="#">713-331-8849</a>
<a href="#">TX</a>	<a href="#">Kerrville</a>	<a href="#">78028</a>	<a href="#">Fox</a>	<a href="#">Chico</a>	<a href="#">830-377-2945</a>
<a href="#">UT</a>	<a href="#">Hurricane</a>	<a href="#">84737</a>	<a href="#">Housley</a>	<a href="#">James</a>	<a href="#">435-986-1037</a>
<a href="#">VA</a>	<a href="#">Boones Mill</a>	<a href="#">24065</a>	<a href="#">Wood</a>	<a href="#">Brian</a>	<a href="#">540-334-2700</a>
<a href="#">WA</a>	<a href="#">Chattaroy</a>	<a href="#">99003</a>	<a href="#">Fast</a>	<a href="#">John</a>	<a href="#">509-238-4140</a>
<a href="#">WY</a>	<a href="#">Casper</a>	<a href="#">82601</a>	<a href="#">Gonzales</a>	<a href="#">Jerry</a>	<a href="#">307-215-4958</a>
<a href="#">WA</a>	<a href="#">Chattaroy</a>	<a href="#">99003</a>	<a href="#">Fast</a>	<a href="#">John</a>	<a href="#">509-238-4140</a>

\*This franchisee ~~moved from California to Tennessee, but continues to operate his NPI franchised business in Tennessee.~~

~~\*\*This franchisee moved from Virginia to Florida, but continues to operate his NPI franchised business in Florida~~ transferred its outlet during our last fiscal year.

NPI ~~03/2024~~06/2024

~~AMENDED~~ FRANCHISE DISCLOSURE DOCUMENT

ACTIVE ~~695267411~~699738167v1

**EXHIBIT K**

**FRANCHISE OWNER DISCLOSURE QUESTIONNAIRE**

## FRANCHISE OWNER DISCLOSURE QUESTIONNAIRE

\* Do not sign this questionnaire if you are (a) a resident of California, Maryland, or Washington or (b) the business is to be operated in California, Maryland, or Washington.

As you know, National Property Inspections, Inc. (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a National Property Inspections franchised business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized, or that may be untrue, inaccurate or misleading, in order to be certain that you have been properly represented in this transaction and that you understand the limitations on claims you may make arising from the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the receipt for the Franchise Disclosure Document; instead, you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, then please explain your answer on the back of this sheet.

- Yes\_\_ No\_\_ 1. Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
- Yes\_\_ No\_\_ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes\_\_ No\_\_ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes\_\_ No\_\_ 4. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
- Yes\_\_ No\_\_ 5. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes\_\_ No\_\_ 6. Have you discussed the benefits and risks of developing and operating a National Property Inspections franchised business with an existing National Property Inspections franchise owner?
- Yes\_\_ No\_\_ 7. Do you understand the risks of developing and operating a National Property Inspections franchised business?
- Yes\_\_ No\_\_ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
- Yes\_\_ No\_\_ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated, mediated, or litigated in Nebraska?

NPI ~~03/2024~~06/2024

~~AMENDED~~ FRANCHISE DISCLOSURE DOCUMENT

ACTIVE 695917244v1

- Yes\_\_ No\_\_ 10. Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open, or otherwise before we will consent to a transfer of your franchised business?
- Yes\_\_ No\_\_ 11. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a National Property Inspections franchised business that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 12. Do you agree that no employee or other person speaking on our behalf made any statement or promise to you, or any agreement with you, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 13. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a National Property Inspections franchised business will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 14. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the National Property Inspections business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding? When considering this question, please note that nothing in the Franchise Agreement or the attachments to the Franchise Agreement will disclaim or require you (the franchise owner) to waive reliance on any representation that we made in our most recent franchise disclosure document (including its exhibits and amendments) delivered to you or your representative.

[Signature Page Follows.]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

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Signature of Franchise Applicant

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Signature of Franchise Applicant

---

Name (please print)

---

Name (please print)

---

Dated

---

Dated

---

Signature of Franchise Applicant

---

Signature of Franchise Applicant

---

Name (please print)

---

Name (please print)

---

Dated

---

Dated

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:



## STATE EFFECTIVE DATES & RECEIPTS

## STATE EFFECTIVE DATES

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	<del>October 20, 2023, as amended March 11, 2024</del>
Hawaii	<del>Not Effective</del>
Illinois	<del>July 20, 2023, as amended March 1, 2024</del>
Indiana	<del>July 5, 2023, as amended March 1, 2024</del>
Maryland	<del>August 21, 2023, as amended March 25, 2024</del>
Michigan	<del>July 5, 2023, as amended March 1, 2024</del>
Minnesota	<del>September 25, 2023, as amended March 21, 2024</del>
New York	<del>October 10, 2023, as amended March 12, 2024</del>
North Dakota	<del>July 26, 2023, as amended March 7, 2024</del>
Rhode Island	<del>July 11, 2023, as amended March 7, 2024</del>
South Dakota	<del>July 5, 2023, as amended March 1, 2024</del>
Virginia	<del>July 14, 2023, as amended March 5, 2024</del>
Washington	<del>August 21, 2023, as amended March 15, 2024</del>
Wisconsin	<del>July 5, 2023, as amended March 1, 2024</del>

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.

## ITEM 23 – RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

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

If **NATIONAL PROPERTY INSPECTIONS, INC.** offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or take a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York, and Iowa ~~and Rhode Island~~ require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If **NATIONAL PROPERTY INSPECTIONS, INC.** 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, DC 20580 and your State Administrator (EXHIBIT E).

### CONTACT INFORMATION OF THE FRANCHISE SELLER:

SAMANTHA MARCELLUS

NATIONAL PROPERTY INSPECTIONS, INC

9375 BURT STREET, SUITE 201, OMAHA, NE 68114, 1-800-333-9807; AND

---

The agent for service of process in this state is your state administrator refer to EXHIBIT D.

I have received a Disclosure Document with an Issuance date of ~~July 5, 2023, as amended March 1~~ June 28, 2024. This Disclosure Document included the following exhibits:

Ex. A - FRANCHISE AGREEMENT

Ex. B - FINANCIAL STATEMENTS

Ex. C - NATIONAL PROPERTY INSPECTIONS FRANCHISE PACKAGE

Ex. D - LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Ex. E - STATE ADDENDA TO FRANCHISE AGREEMENT

Ex. F - STATE ADDENDA TO DISCLOSURE DOCUMENT

Ex. G - CONFIDENTIAL MANUALS TABLE OF CONTENTS

Ex. H - STATE TRAINING REIMBURSEMENT ADDENDUM TO FRANCHISE AGREEMENT

Ex. I - SAMPLE FORM OF GENERAL RELEASE

Ex. J - LIST OF CURRENT AND FORMER FRANCHISE OWNERS

Ex. K - FRANCHISE OWNER DISCLOSURE QUESTIONNAIRE

---

DATE RECEIVED

---

PROSPECTIVE FRANCHISEE SIGNATURE

---

PRINT NAME

YOU MAY SIGN, DATE AND RETURN THIS RECEIPT OF ACKNOWLEDGEMENT TO THE CORPORATE OFFICE USING ONE OF THE FOLLOWING METHODS:

**MAIL:** NATIONAL PROPERTY INSPECTIONS, INC.  
9375 BURT STREET, SUITE 201,  
OMAHA, NE 68114

**E-MAIL:** [INFO@NPIWEB.COM](mailto:INFO@NPIWEB.COM)

**FAX:** 1-800-933-2508

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If **NATIONAL PROPERTY INSPECTIONS, INC.** 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 DC 20580 and your State Administrator (EXHIBIT E).

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SAMANTHA MARCELLUS

NATIONAL PROPERTY INSPECTIONS, INC

9375 BURT STREET, SUITE 201, OMAHA, NE 68114, 1-800-333-9807; AND

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---

DATE RECEIVED

---

PROSPECTIVE FRANCHISEE SIGNATURE

---

PRINT NAME

YOU MAY SIGN, DATE AND KEEP A COPY OF THIS RECEIPT FOR YOUR RECORDS.