

FRANCHISE DISCLOSURE DOCUMENT



UNITED FRANCHISE HOLDINGS, LLC,
a Florida limited liability company
1 Sunshine Boulevard, Unit D
Ormond Beach, Florida 32174
T: (386) 492-6904 / F: (386) 492-5978
E-Mail: frandev@unitedwaterrestoration.com
www.unitedwaterrestoration.com

The franchise is for a United Water Restoration® Group Business (the “UWRG Business” or the “Business”) for the operation of a full-service restoration company that provides quality service in an expedient manner specializing in construction, repair and Restoration/Remediation Services relating to water, flood, fire, storm and sewage damage, mold removal and such other services that we specifically authorize to commercial and residential customers.

The total investment necessary to begin operation of a UWRG Business franchise ranges from \$~~154,776~~170,575 to \$~~582,127~~627,400. This includes \$49,000 to \$210,000 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, us or our affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact United Franchise Holdings, LLC, 1 Sunshine Boulevard, Unit D, Ormond Beach, Florida 32174, telephone number (386) 492-6904.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 (the “FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April ~~10~~19, ~~2023~~2024

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 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 mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty and advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support to you.”

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

**(THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

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

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

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

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

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

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

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

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

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

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

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or

to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
670 G Mennen William Building
Lansing, Michigan 48913
Telephone Number: (517) 373-3800

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EXHIBITS:

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C.	United Water Restoration Group Operating Manual Table of Contents
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E.	State Specific Addendums to Disclosure Document, Amendments to Franchise Agreement & Franchise Compliance Certification
F.	General Release
G.	Guaranty
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- ~~I.~~ Conditional Assignment of Telephone Numbers and Listings and Internet Addresses
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ITEM 1. THE FRANCHISOR, PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us,” “our” and the “Company” refers to the Franchisor, United Franchise Holdings, LLC. “You” and “your” refers to the Franchisee, whether a person or legal entity purchasing a UWRG Business franchise, including, your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

The Franchisor

We conduct business under the name United Franchise Holdings, LLC. Our principal business address is 1 Sunshine Boulevard, Unit D, Ormond Beach, Florida 32174. We are a Florida limited liability company that was organized on April 1, 2014. We do not conduct business under any other names other than our corporate name and the trade name “United Water Restoration® Group.”

Parents, Predecessors and Affiliates

We do not have any parents or predecessors.

Our affiliate is United Water Restoration Group, Inc. (“UWRG”). It is a Florida company organized on December 19, 2008. Its principal business address is 1 Sunshine Boulevard, Unit D, Ormond Beach, Florida 32174. UWRG owns the Marks listed in Item 13 and licenses them to us under an oral agreement which grants us the right to use and to sublicense the use of the Marks to our franchisees. UWRG also provides management and accounting services to us. In doing so, we share certain employees with it, including the individuals listed in Item 2. UWRG does not engage in other business activities and does not offer franchises in this or any other type of business, although it may do so in the future.

~~UWRG also has acquired experience of knowledge with respect to insurance restoration construction, remodeling and emergency services including drying, cleaning, decontamination, repair, board up, demolition, loss mitigation, mold remediation and other emergency services for residential and commercial buildings, structures, and contents (“Reconstruction Services”). If you desire to offer Reconstruction Services, you must obtain our prior written consent and comply with all of our requirements as to such Reconstruction Services as well as all applicable laws and regulations. Reconstruction Services provided to customers who you have in the past, or are, providing Restoration/Remediation Services must be done through your UWRG Business. To the extent you provide Reconstruction Services to non-UWRG customers, it must be done via a separate entity and we shall have the right, at least annually, to audit the books and records of said separate entity to ensure compliance.~~

We do not have any affiliates that offer products or services to our franchisees or offer franchises in any line of business. None of our affiliates have offered franchises in other lines of business.

Agent for Service of Process

Our agent for service of process in Florida is Endre Banfi, 1 Sunshine Blvd, Unit D, Ormond Beach, FL 32174. Our agents for service of process in the states that require franchise registration, if any, are listed in Exhibit “D” to this disclosure document.

Prior Experience

We began offering franchises on January 2, 2015. We do not currently and have not previously conducted any other lines of business nor offered franchises in any other lines of business. We do not operate any of the UWRG Businesses, but our affiliate, United Water Restoration Group, Inc. (“UWRG”) owns and operates ~~UWRG Businesses~~businesses since its inception in 2008. ~~The business of UWRG is that are~~ substantially similar to the ~~UWRG Business~~ franchise offered under this disclosure document. UWRG has not offered franchises in this or any other lines of business.

The Franchise We Offer

We offer qualified and capable candidates the right to establish and operate a full-service restoration company (~~“UWRG Business(es)”~~) that provides quality service in an expedient manner specializing in restoration, remediation and emergency services including drying, cleaning, decontamination, board-up, demolition, loss mitigation, mold remediation and other emergency services for residential and commercial buildings, structures, and contents (the “Restoration/Remediation Services”) to commercial and residential customers using our System (“UWRG Business(es)” or “Business(es)”). We and our affiliates have developed or licensed distinctive formats, methods, policies, procedures, standards, specifications, information, sales and training techniques, business relationships, confidential operations manual, Marks and Copyrights to operate a UWRG Business, all of which we may change, alter, amend, further improve, discontinue, develop or otherwise modify (collectively, the “System”). You must not engage in any sales of Restoration/Remediation Services on a wholesale basis. You ~~must not engage in any Reconstruction Services without our prior written consent.~~ You will acquire a license to use certain logos, service marks and trademarks, including the service mark “United Water Restoration® Group” (collectively, the “Marks”) and proprietary systems, procedures and technology in the operation of your UWRG Business. The “Marks” also include our distinctive trade dress used to identify UWRG Businesses, whether now in existence or created in the future. You must sign a Franchise Agreement (the “Franchise Agreement”). ~~You and you~~ will operate your UWRG Business in accordance with the Franchise Agreement in the form attached to this disclosure document as Exhibit “A.” We offer both an Office/Warehouse franchise offering (consisting of 1-6 territories) and an Express Program wherein you operate your Business (consisting of 1 territory) from your current home or garage.

UWRG also has acquired experience of knowledge with respect to insurance restoration construction, remodeling and emergency services including repair and rebuilding services after a restoration/remediation event including drywall, fixture, and flooring installation, painting, and other common services associated with remodeling (“Reconstruction Services”). If you desire to offer Reconstruction Services, you must obtain our prior written consent and comply with all of our requirements as to such Reconstruction Services as well as all applicable laws and regulations. Reconstruction Services provided to customers who you have in the past, or are, providing Restoration/Remediation Services must be done through your UWRG Business. To the extent you provide Reconstruction Services to non-UWRG customers, it must be done via a separate entity and we shall have the right, at least annually, to audit the books and records of said separate entity to ensure compliance.

~~UWRG Businesses are characterized by the System which includes our methods and procedures for the establishment, management and operation of UWRG Businesses, including our logos, concept, style, trade secrets, proprietary formulas, programs and products, confidential operations manuals and operating system.~~ The operational aspects of a UWRG Business are contained within our confidential operating manuals (collectively, the “Manual”). You will operate your UWRG Business as an independent business using the Marks, the System, the United Water Restoration® Group name, as well as the support, guidance and other methods and materials provided or developed by us. For uniformity and brand integrity, you may not offer other services or products without our prior written approval.

Conversion Program

We also offer a conversion program for established mitigation and reconstruction businesses (an “Existing Business”) that meet our financial and experience criteria and wish to operate as a UWRG business (a “Conversion Franchise”). We offer franchisees that qualify for our conversion program discounted franchise fees and royalty payments based on the Existing Business’ established mitigation and/or reconstruction business gross volume. Conversion franchisees also may continue operating any other portion of their Existing Business. A copy of the Conversion Addendum is attached as Attachment I to the Franchise Agreement.

Market and Competition

The market for providing a full-service restoration business that operates 24/7 in response to water, flood, fire, storm, sewage and mold emergencies is developed and competitive. There are currently several national, regional and local companies that provide disaster Restoration/Remediation Services. This means you will compete with both national and local companies that provide disaster Restoration/Remediation Services.

Laws and Regulations

There are no regulations specific to the industry in which UWRG Businesses operate, although you must comply with all local, state and federal, health, and environmental laws that apply to Business operations. Some states may regulate mold remediation and some states may require a contractor’s license or a home inspector’s license. Therefore, in your state, you, or at least one of your employees, may be required to be certified and/or licensed for mold assessment and remediation and/or ~~as~~ home inspector and/or a licensed contractor. You will also be required to comply with workers’ compensation, equal protection, privacy and workplace safety laws and regulations. There may be other local, state and/or federal laws or regulations pertaining to your UWRG Business with which you must comply. We strongly suggest that you investigate these laws before investing in this franchise.

ITEM 2. BUSINESS EXPERIENCE

President & Member: Zoltan Kurucz

Mr. Kurucz is a Member ~~and President~~ of United Franchise Holdings, LLC, in Ormond Beach, FL, since its formation in April 2014. He also served as our President from April 2014 to April, 2023. He has been the President of United Water Restoration Group, Inc. (UWRG) in Ormond Beach, FL, since April 2018. He was Vice President of UWRG from October 2010 to April 2018.

Manager & Member: Endre Banfi

Mr. Banfi is a Member and Manager of United Franchise Holdings, LLC, in Ormond Beach, FL, since its formation in April 2014. He was President of United Water Restoration Group, Inc. (UWRG) in Ormond Beach, FL, from December 2008 to March 2018.

Member: Lajos Nagy

Mr. Nagy has been a Member of United Franchise Holdings, LLC, in Ormond Beach, FL, since its formation in April 2014. He is also Director and Secretary of United Water Restoration Group, Inc. (UWRG) in Ormond Beach, FL, since its formation in December 2008.

President: Bob Moore

Mr. Moore has been our President since April, 2023. Prior to that, Mr. Moore was our Vice President of Operations from April, 2019 to April, 2023.

Franchise Development Manager: Maria London

Mrs. London has been our Franchise Development Manager since November 2020. Previously she served as the Development Sales Associate of United Franchise Holdings, LLC, in Ormond Beach, FL from July 2019 through November, 2020. From May 2016 to July 2019, Mrs. London was Sales and Marketing Coordinator of Hammock Beach Resort in Palm Coast, Florida.

Franchise Marketing Manager: Mark Burger

Mr. Burger ~~was named~~has been our Franchise Marketing Manager ~~in August~~since June 2022. Prior to that he was our Franchise Development Manager from October, 2021 to ~~August~~May 2022. Previously, he served as a Field Marketer for our affiliate, United Water Restoration Group, Inc. from ~~September, 2014~~February, 2012 to October, 2021.

Vice President of Operations: ~~Bob Moore~~ Chrissy Gregory

~~Mr. Moore was named Vice President of Operations since April 2019. Prior to joining us, he was Senior Manager of Field Training with Dunkin' Brands (parent company for Dunkin' Donuts & Baskin Robbins) from April 2008 to January 2019.~~

Director of Operations: Chrissy Gregory

Mrs. Gregory ~~was named~~has been our Vice President of Operations since May, 2023. Prior to that she was our Director of Franchise Operations ~~in~~from May 2021 to April, 2023. Previously she has been a Franchise Business Coach of United Franchise Holdings, LLC, in Ormond Beach, FL from May 2020 through April, 2021. Prior to joining us, she was the General Manager of Roto-Rooter Plumbing from September 2014 to April 2020.

Director of Digital Marketing: Turner Kuell

~~Vice President of Marketing Director & Fleet Manager: Jonathan Jerome Ranney~~

~~Mr. Ranney was named Vice President of~~Kuell has been the Director of Digital Marketing Director & Fleet Manager of United Franchise Holdings, LLC, in Ormond Beach, FL, since ~~October 12, 2017, and Marketing~~January, 2023. Prior to that, Turner was Director ~~& Fleet Manager of~~of Digital Marketing for our affiliate, United Water Restoration Group, Inc. ~~(UWRG) in Ormond Beach, FL, since January 1, 2012,~~ from October 2020 to December, 2023. Prior to that he worked as an Account Executive at Markentum, in Daytona Beach, FL from March 2018 to September 2020.

Director of Franchise Marketing: ~~Tiffany Browning~~ Jaci Erale-Baughn

~~Ms. Browning was named~~Jaci has been the Director of Franchise Marketing of United Franchise Holdings, LLC, in Ormond Beach, FL since ~~May 2021~~March, 2023. Prior to joining us, she was ~~a Business Development~~the Brand Manager for ~~Emergency Restoration Xperts in Charlotte, NC from June, 2019 through May, 2021. Prior to that, she was a Business Development Executive for Emergency Restoration Xperts from February 2018 through June, 2019.~~Pirteck, USA Canada located in Rockledge, FL, from January 2023 to February 2023. Jaci also served as Director of Marketing Strategy for the Sports Facilities Companies in Clearwater Florida from August 2021 to January 2023. Jaci worked as Marketing Projects – Contracts for the Home Depot in St. Petersburg, FL from June 2020 to July 2021 and as Director of Marketing for YMCA in St. Petersburg, Florida from June, 2018 to May, 2020.

Director of Franchise Development: Casey Morris

Casey has served as the Director of Franchise Development for United Franchise Holdings, LLC since February 2024. Casey served as Director of Franchise Development for Best Brands, LLC in

[McGaheysville, VA from October 2020 to February 2024 and as Lead Generation Manager for Red Lion Hotel Corp., in Virginia Beach, VA from September 2018 to October 2020.](#)

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Initial Franchise Fee

You must pay us an Initial Franchise Fee (the “Franchise Fee”) based upon the number of territories purchased:

No. of Territories Purchased (Approximately 250,000 population per territory)	Initial Franchise Fee
1	\$49,000
2	\$86,500
3	\$122,000
4	\$156,000
5	\$188,000
6	\$210,000

Franchise fees are based on territories of approximately 250,000 population and are drawn up by zip codes. The final franchisee fee is pro-rated based on the above rates ~~based on~~ and determined by the final population count of the proposed territory. We do not anticipate selling more than a 6-territory franchise however we reserve the right to do so in the future. We also offer an Express Program located in your current home or garage for a single (1) territory. ~~We do not anticipate selling more than a 6- based on the single territory franchise located in an Office or Warehouse, however reserve the right to do so in the future~~ rate above. The franchise fee is payable in full when you sign the Franchise Agreement. All franchise fees are fully earned when paid and are non-refundable under any and all circumstances.

We offer the following special discounts (“Special Discounts”) which cannot be combined, and we reserve the right to modify or cancel these programs at any time:

- a) 15% for qualified veterans new to our system to help them acquire franchised businesses. A qualified veteran is any honorably discharged veteran with a DD Form 214 document. The qualified veteran must have a majority ownership in the franchised business to receive this discount on the initial franchise fee.
- b) 25% of the initial franchise fee if you are one of our, or one of our affiliates’, employees or if you have been employed by one of our franchisees for a minimum of eighteen (18) months.
- c) A 5% discount per \$200,000 in gross receipts earned by the Existing Business from providing mitigation and reconstruction services for franchisees that qualify for our

conversion program, up to a maximum 50% discount off the Initial Franchise Fee.

d) We may also offer discounts, in our discretion, to our existing franchisees.

Mapping Application Deposit

In the event we have determined that you are otherwise qualified to become a UWRG franchisee and you would like to apply for a franchise but have not yet finalized plans for a territory, you may place a hold on a territory of interest for up to 2 weeks while details are finalized. The territory will not be sold to anyone else during this time. The deposit required for this is \$5,000.00 and it will be credited against the initial franchise fee if you elect to move forward. After the expiration of the 2 week period, the hold will be lifted. In the event you choose to not move forward or the territory is otherwise sold, the deposit is fully refundable.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee ⁽¹⁾	Restoration/Remediation Services: 6% of Collected Revenue, subject to minimums ⁽²⁾ Reconstruction Services: 2% of Collected Revenue	Tuesday of each week (the "Payment Day") by automatic debit or ACH	The "Minimum Royalty" for each calendar year is defined as follows: (a) Year 1 - \$10,000; (b) Year 2 - \$22,000; (c) Year 3 - \$25,000; (d) Year 4 - \$28,000; and (e) Year 5 and thereafter - \$30,000. The Year 1 Minimum Royalty will be prorated based on the months your Business is in operation. You must pay us any shortfall in the Royalty you paid and the Minimum Royalty each year within 30 days after you receive notice of the amount due.
Brand Development Fund Contributions	The greater of \$450 per month or the percentage of Collected Revenue we set, but not more than 2% ⁽²⁾	On the Payment Day	Payable in such amounts as designated by us if a Brand Development program is established. We will set the percentage amount effective on 90 days' notice to you.
Opening Promotion/Campaign Advertising	Minimum of \$7,500	As Directed	Typically paid to third parties however, we reserve the right, in our sole discretion, to implement the opening campaign on your behalf and require you to pay the amounts to conduct it directly to us. It must be conducted in accordance with our instructions contained the Manual or otherwise. These expenditures are not credited against any other obligations. You must provide us with a monthly written report of all activities undertaken by you as part of the opening campaign.
Co-op Contributions	As determined by the Co-op, not to exceed 1% of Collected Revenue unless Co-op votes for a higher amount. ⁽²⁾	As determined by the Co-op.	If established in your geographic area, you must join and actively participate. Your local advertising requirement will be reduced by the amount of the Co-op Contribution.

Type of Fee	Amount	Due Date	Remarks
Technology Fee	<u>Then-current amount</u> (Currently \$250 per month)	On the 23 rd day of each Month	This fee covers a number of web-based platforms and digital services required to operate your franchise business.
Call Center Fee	Up to \$300 per month (not currently being charged)	On the first Payment Day of each Month	Payable only if we develop or utilize a call center to answer all calls placed to a toll-free telephone number established for the System. We may increase this fee by no more than 5% each year.
Additional Assistance Fee	<u>Then-current rate</u> (Current per diem rate of \$400 per day per person, plus expenses.)	10 days after date of invoice	Payable only if we provide you additional assistance at a location approved by us within your Territory. Expenses include travel, meals & lodging.
Manager Training	<u>Then-current rate</u> (Current per diem rate of \$350 per day per person, plus expenses.)	10 days after date of invoice	Payable if we determine that you are either not capable of, or have not provided, manager training that meets our satisfaction. Expenses include travel, meals & lodging.
Renewal Fee	\$5,000	At the time of election, but not less than 30 days prior to the expiration date.	There are other conditions for the grant of the renewal of your franchise.
Transfer Fee	\$25,000 if transfer of one Territory. \$40,000 if transfer of two or more Territories.	Before transfer	Payable when you transfer or sell your franchise. \$10,000 if transfer is to one of our franchisees; and \$2,000 if the transfer is made to one of your family members who has been actively involved in the Business for at least 2 years.
Audit Fee	Actual cost of the audit or inspection, any shortfall amounts, including late fees and interest, attorney and independent accountant charges, plus travel expenses, room and board, and compensation of our employees.	10 days after invoice	If you fail to timely furnish any reports or records that we require, or if the information you provided to us is not accurate or understated by 2% or more.
Interest on Late Payments	Lesser of 18% of amount past due or highest contract rate allowed by applicable law	10 days after invoice	Payable on all overdue amounts.
Insufficient Funds Fee/NSF	Currently \$100 per occurrence, or the maximum legal rate allowed by law. 	Upon Demand	Any payment tendered by you to us that is returned or there are insufficient funds in your account, or any electronic funds transfer is denied for insufficient funds, or any charge to your credit card is declined in connection with any payment to us. The NSF is non-refundable under any and all circumstances.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Will vary with circumstances	Upon Demand	If we are sued for claims relating to the operation of your UWRG Business or for damages that we incur due to your breach of the Franchise Agreement, then you must reimburse us.
Insurance	Amount of premiums	Upon Demand	Payable only if you do not maintain required insurance coverage and we elect to obtain coverage for you.
Management Fee	Currently \$475 per day plus any advances or expenses we pay for your business and our representatives' travel and living expenses	Weekly	Payable only on your death or disability or if you are in default under your Franchise Agreement or we otherwise determine it is necessary and we appoint a manager to manage the day-to-day operations of your UWRG Business.
Supplier Review Fee	Currently \$750	Upon requesting approval of a new supplier, material or service	Payable only if you request our approval of a new supplier, material or service.
Warranty Fee	\$10,000	On the effective date of the expiration or termination of your franchise.	You must pay the Warranty Fee upon expiration or termination of your franchise to compensate us for any warranty work necessary on jobs completed by you. At the expiration of 2 years from the effective date of such expiration or termination of your franchise, we will provide you with an accounting of any monies used from the Warranty Fee and refund any sums remaining.
Non-Compliance Fee	Currently \$300 \$500 per incident	Upon Demand	This fee is charged only if you are not in compliance with the terms of your franchise agreement.
Administrative Fee	Currently \$250 per request	Upon Demand	We charge this fee if you request, and we process, modifications to the Franchise Agreement or related documents or they are necessary due to your actions or for us to review requests for our consent.

All fees and expenses described in this Item 6 are non-refundable under any and all circumstances. Fees may not be uniformly imposed. Except as otherwise indicated in the chart above, we impose all of the fees and expenses listed above, and they are payable to us. We may, at our option, require you to pay any or all periodic or recurring fees to us by electronic funds transfer.

NOTE 1: If the state or local taxing authorities in your Territory impose any taxes on any payments that you owe to us (like a sales or service tax), then you must comply with all tax reporting and pay to us an adjusted amount to cover any such taxes, so that the net amount paid to us is not reduced by such taxes. This gross-up provision for state or local taxes applies only to taxes imposed directly on the Royalties or other amounts due to us. This provision does not apply to any taxes separately imposed on us, like income taxes.

NOTE 2: The term “Collected Revenue” means all revenue you collect that was derived from operating your UWRG Business which includes all the revenues received from performing, marketing and selling the Restoration/Remediation Services (based on the service fee schedules we develop or otherwise) and Reconstruction Services whether in the form of cash, credit or otherwise. This includes any referral fees from work passed to other companies related to the restoration work your UWRG Business performed. Collected Revenue does not include any sales tax or other taxes collected by the UWRG Business and paid to the appropriate taxing authority.

~~NOTE 3: Notwithstanding anything said to the contrary, Minn. Stat. §604.113 allows for only one service charge per dishonored check that is not to exceed \$30.~~

If you qualify as a Conversion Franchise, you must pay a Royalty Fee on Collected Revenue generated by your UWRG Business and on any non-mitigation and/or non-reconstruction services performed by the Existing Business as a result of a lead from the UWRG Business. Conversion Franchises will not pay a Royalty Fee on any other Collected Revenue generated by the Existing Business when (a) a construction business becomes a conversion franchisee, and (b) the construction work is not related to a fire, flood or other disaster and (c) remains separate from the UWRG Business – examples are adding a deck to a house, remodeling a dated kitchen, and basically anything cosmetic. If, however, the construction work came from a lead that we provide to you, the Royalty Fee for Reconstruction Services would apply.

If the Conversion Franchise maintains at least \$500,000 in yearly Collected Revenue for the mitigation and/or reconstruction services it provides and is otherwise compliant with the terms of the Franchise Agreement and Conversion Addendum, we will provide Conversion Franchises with the following Royalty Fee Discounts during the following months of operation:

<u>Months of Operation</u>	<u>Mitigation Services Royalty Fee Discount</u>	<u>Reconstruction Services Royalty Fee Discount</u>
<u>First 12 Months</u>	<u>50% on Franchisee’s Collected Revenue, up to the Baseline Collected Revenue (defined below); no royalty discount on additional sums earned</u>	<u>100% on Franchisee’s Collected Revenue</u>
<u>Months 13 to 24</u>	<u>40% Collected Revenue, up to the Baseline Collected Revenue; no royalty discount on additional sums earned</u>	<u>100% on Franchisee’s Collected Revenue</u>
<u>Months 25 to 36</u>	<u>30% Collected Revenues, up to the Prior Collected Revenues for Mitigation Services</u>	<u>80% on Franchisee’s Collected Revenues</u>
<u>Months 37 to 48</u>	<u>No discount on Collected Revenues</u>	<u>70% on Franchisee’s Collected Revenues</u>

“Baseline Collected Revenue” equals the Collected Revenue earned by the Existing Business from providing mitigation and reconstruction services, respectively during the 12-month period immediately preceding the execution of the Franchise Agreement and Conversion Addendum.

The Royalty Fee Discount will not apply to Conversion Franchises who otherwise provide remodeling services through their Existing Businesses.

ITEM 7. ESTIMATED INITIAL INVESTMENT

**YOUR ESTIMATED INITIAL INVESTMENT
[OFFICE/WAREHOUSE OUTLET]**

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ⁽¹⁾	\$49,000 to \$210,000	Lump Sum	Upon effective date of Franchise Agreement ⁽¹⁾	Us
Deposits (Lease & Utility) ⁽²⁾	\$1,500 to \$3,000	As Incurred	As Agreed	Third Parties
Rent (3 months) ⁽³⁾	\$4,500 to \$9,000	As Incurred	As Agreed	Third Parties
Monthly Utility Costs (3 months) ⁽⁴⁾	\$600 to \$1,000 <u>1,200</u>	As Incurred	As Agreed	Third Parties
Leasehold Improvements ⁽⁵⁾	\$0 to \$9,000	As Incurred	As Agreed	Third Parties
Signage ⁽⁶⁾	\$4,000 to \$7,500	As Incurred	As Agreed	Third Parties
Vehicles ⁽⁷⁾	\$13,700 <u>20,000</u> <u>0</u> to \$85,000 <u>95,000</u> <u>0</u>	As Incurred	As Agreed	Third Parties
Opening Equipment, Tools, Inventory & Supplies Package ⁽⁸⁾	\$38,501 <u>42,500</u> <u>0</u> to \$91,817 <u>106,000</u>	As Incurred	As Agreed	Third Parties
Office Furniture, Equipment & Supplies ⁽⁹⁾	\$1,000 to \$5,500	As Incurred	As Agreed	Third Parties
Computer Hardware & Software ⁽¹⁰⁾	\$7,500 to \$15,000	As Incurred	As Agreed	Third Parties
Payroll Service Fee (3 Months) ⁽¹¹⁾	\$0 to \$600	As Incurred	As Agreed	Third Parties
Answering Service Fee (3 Months) ⁽¹²⁾	\$0 to \$750	As Incurred	As Agreed	Third Parties
Uniforms ⁽¹³⁾	\$200 to \$600	As Incurred	As Agreed	Third Parties

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Business Licenses & Permits ⁽¹⁴⁾	\$1,000 to \$2,000	As Incurred	As Agreed	Third Parties
Association Fees ⁽¹⁵⁾	\$400 to \$750	As Incurred	As Agreed	Third Parties
Legal, Accounting & Professional Fees ⁽¹⁶⁾	\$600 to \$2,500	As Incurred	As Agreed	Third Parties
Insurance ⁽¹⁷⁾	\$4,500 <u>7,500</u> to \$9,000 <u>10,000</u>	As Incurred	As Agreed	Third Parties
Initial Marketing & Promotion ⁽¹⁸⁾	\$7,500 to \$11,000	As Incurred	As Agreed	Third Parties
Local Advertising & Promotion ⁽¹⁹⁾	\$9,000	As Incurred	As Agreed	Third Parties
Training Expenses ⁽²⁰⁾	\$7,500 to \$14,000	As Incurred	As Agreed	Third Parties
Additional Funds/Working Capital (3 Months) ^(21 & 22)	\$45,905 <u>50,000</u> to \$95,110 <u>115,000</u>	As Incurred	As Agreed	Third Parties
TOTALS	\$196,906 <u>214,300</u> to \$582,127 <u>627,400</u>			

All fees and payments are non-refundable unless otherwise noted or allowed by third-party vendor. We do not offer direct or indirect financing to you for any part of the initial investment.

NOTE 1: You must pay to us an Initial Franchise Fee based upon the number of Territories you purchase. The Initial Franchise Fee ranges from \$49,000 for 1 territory up to \$210,000 for 6 territories. You may also qualify for a Special Discount (15% for qualified veterans new to our system or 25% if you are one of our employees/affiliates). The Initial Franchise Fee is described in greater detail in Item 5 of this Franchise Disclosure Document.

[If you qualify for our conversion program, you may receive a 5% discount per \\$200,000 in gross receipts earned by the Existing Business from providing mitigation and reconstruction services, up to a maximum 50% discount off the Initial Franchise Fee.](#)

NOTE 2: This estimate is for a Lease Deposit based on a deposit of 1 month rent for a 1,000 to 2,000 square foot warehouse. This estimate also includes a Utility Deposit ranging from \$0 to \$400. The low-end of the Utility Deposit assumes that you have a credit history with the Utility Company.

NOTE 3: You will need a 1,000 to 2,000 square foot warehouse/office/shop for your Business which must be located in your approved Territory. This estimate assumes you will lease the property for your Business and is based upon 3 months of rent payments (not

including the lease deposits described above in Note 2). The estimate may change depending on factors such as size, condition, and geography/location of the leased premises. If you choose to purchase real property and construct your own building, you will incur higher costs and your initial investment may be substantially higher than described in the above chart.

NOTE 4: This estimate is based on 3 months of utility costs, which can vary based on the property and location, and may include electric, water, gas and/or high speed internet.

NOTE 5: This estimate assumes that your Landlord is providing a location that will require minimal alterations. The high-end of the estimate assumes that renovations are required. The costs will vary depending on the condition of the building and the amount of construction work and renovations that are needed/required.

NOTE 6: You will need to install interior and exterior signage which strictly conform to the appearance, uniform standards, and specifications designated by us. This estimate includes at the low-end a decal for the door or window of your warehouse/office space, and a small sign for the building at the high-end. This estimate also includes signage and customization for your vehicles.

NOTE 7: You will need to purchase or lease a large commercial van. The low-end of our estimate assumes (a) large commercial van with a purchase price of approximately \$55,000 financed or leased with 20% down and 3 monthly payments of about \$700 each; and (b) a small commercial van purchase of approximately \$26,000 with 20% down and 3 monthly payments of \$500 each. The high-end of our estimate assumes an outright purchase of a large and a small commercial van for a larger territory.

[Conversion Franchises may continue to use their Existing Business's vehicles, if the vehicles otherwise meet our standards and specifications. To the extent the Existing Business's vehicles do not comply with our standards and specifications, Conversion Franchises must acquire at least one vehicle meeting our standards and specifications. 50% of all vehicles must be rebranded within 30 days after a Conversion Franchise signs the Franchise Agreement, and the remainder must be rebranded within 12 months after a Conversion Franchise signs the Franchise Agreement.](#)

NOTE 8: You will need to purchase the Opening Equipment, Tools, Inventory & Supplies Package from our supplier, Aramsco. There are two initial packages which you are required to purchase depending on the number of territories you acquire initially. The low end assumes you are purchasing 1-2 territories and the high end assumes you are purchasing 3-6 territories.

[Conversion Franchises can continue to use equipment which is not branded with our logos but otherwise meets our standards and specifications until the earlier of: \(a\) 5 years after the original manufactured date; or \(b\) 3 years from the date of their Franchise Agreement. To the extent Conversion Franchises do not have equipment meeting our standards and specifications, they must purchase all required equipment within 30 days of signing a Franchise Agreement.](#)

NOTE 9: This estimate includes the necessary desks, chairs, filing cabinets, conference table and chairs, smart phone, and miscellaneous supplies that you will need for your Business.

- NOTE 10: The low-end of our estimate assumes hardware consisting of a desktop or laptop computer and multi-function printer. The high-end of our estimate assumes 2 desktop or laptop computers, router and 2 multi-function printers. This estimate includes Xactimate, Smartsheet, Bill.com, [Clean Claims Software](#) QuickBooks Desktop and Microsoft Office which may be purchased from any source.
- NOTE 11: The low-end of our estimate assumes that you do not use a payroll service, such as ADP or Paychex.
- NOTE 12: The low-end of our estimate assumes that you do not use an answering service, until you are required to do so.
- NOTE 13: Uniforms includes initial supply of uniforms that adhere to our standards. The low-end of our estimate assumes 1 technician and 1 manager; the high-end of our estimate assumes 2 technicians and 1 manager and a field marketer.
- NOTE 14: The required business licenses and permits will vary from location-to-location and state-to-state, but may include a Mold License, and a Home Improvement Contractor and Pesticide Applicator License.
- NOTE 15: You are required to participate in the IICRC and other approved trade association.
- NOTE 16: This estimate includes fees for attorneys, accountants, etc., which will be paid by you, if appropriate, to establish your Business, maintain payroll, and keep necessary books and records. It is suggested that you use an attorney to negotiate the terms of your lease if you do not own your Business premises.
- NOTE 17: This estimate is a monthly insurance premium for the first 3 months.
- NOTE 18: You must spend a minimum of \$7,500 on an Opening Promotional/Campaign, during the time period we specify. The Opening Promotion/Campaign is discussed in greater detail in Item 11 of this Franchise Disclosure Document. This includes purchase of an Initial Marketing Materials Package from our supplier, JAKS Printing and Apparel, ~~in the amount of \$3,791.~~ After purchasing the Initial Marketing Materials package, you may purchase additional marketing related materials from any source.
- NOTE 19: You must spend the greater of \$3,000 or 2% of Collected Revenue on local marketing, promotion and advertising. The minimum assumes 3 months of \$3,000 per month. This is discussed in greater detail in Item 11 of this Franchise Disclosure Document.
- NOTE 20: This estimate includes training and certification costs from IICRC, WRT, FSRT and AMRT, as well as all travel and living costs associated with any required initial training.
- NOTE 21: These amounts are minimum recommended levels to cover operating expenses, including employee salaries, for 6 months. The low end represents hiring a marketer and technician and no owner compensation for 6 months. The high end represents a larger territory purchase and represents hiring a marketer, 2 technicians and an admin for 6 months.
- NOTE 22: In compiling these estimates, we relied on our affiliate's experience in operating a Business. You should review these estimates carefully with an accountant or other

business advisor before making any decision to buy a franchise.

[EXPRESS HOME OUTLET / Single Territory)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ⁽¹⁾	\$49,000	Lump Sum	Upon effective date of Franchise Agreement ⁽¹⁾	Us
Deposits (Lease & Utility) ⁽²⁾	\$0	As Incurred	As Agreed	Third Parties
Rent (3 months) ⁽²⁾	\$0	As Incurred	As Agreed	Third Parties
Monthly Utility Costs (3 months) ⁽²⁾	\$0	As Incurred	As Agreed	Third Parties
Leasehold Improvements ⁽²⁾	\$1,500	As Incurred	As Agreed	Third Parties
Signage ⁽³⁾	\$3,500	As Incurred	As Agreed	Third Parties
Vehicles ⁽⁴⁾	\$13,700 <u>20,000</u>	As Incurred	As Agreed	Third Parties
Opening Equipment, Tools, Inventory & Supplies Package ⁽⁵⁾	\$38,501 <u>42,500</u>	As Incurred	As Agreed	Third Parties
Office Furniture, Equipment & Supplies ⁽⁶⁾	\$0	As Incurred	As Agreed	Third Parties
Computer Hardware & Software ⁽⁷⁾	\$4,000	As Incurred	As Agreed	Third Parties
Payroll Service Fee (3 Months) ⁽⁸⁾	\$0	As Incurred	As Agreed	Third Parties
Answering Service Fee (3 Months) ⁽⁹⁾	\$0	As Incurred	As Agreed	Third Parties
Uniforms ⁽¹⁰⁾	\$75	As Incurred	As Agreed	Third Parties
Business Licenses & Permits ⁽¹¹⁾	\$1,000	As Incurred	As Agreed	Third Parties
Association Fees ⁽¹²⁾	\$400	As Incurred	As Agreed	Third Parties
Legal, Accounting & Professional Fees ⁽¹³⁾	\$600	As Incurred	As Agreed	Third Parties
Insurance ⁽¹⁴⁾	\$4,500 <u>7,500</u>	As Incurred	As Agreed	Third Parties
Initial Marketing & Promotion ⁽¹⁵⁾	\$7,500	As Incurred	As Agreed	Third Parties
Local Advertising & Promotion ⁽¹⁶⁾	\$9,000	As Incurred	As Agreed	Third Parties
Training Expenses ⁽¹⁷⁾	\$4,000	As Incurred	As Agreed	Third Parties
Additional Funds/Working Capital (3 Months) ^(18 & 19)	\$17,500 <u>20,000</u>	As Incurred	As Agreed	Third Parties
TOTALS	\$154,776<u>170,575</u>			

All fees and payments are non-refundable unless otherwise noted or allowed by third-party vendor. We do

not offer direct or indirect financing to you for any part of the initial investment.

- NOTE 1: You must pay to us an Initial Franchise Fee based on an Express Program located in your current home or garage. The Initial Franchise Fee is \$49,000 for a single (1) territory. You may also qualify for a Special Discount (15% for qualified veterans new to our system or 25% if you are one of our employees/affiliates). The Initial Franchise Fee is described in greater detail in Item 5 of this Franchise Disclosure Document.
- NOTE 2: For the Express program, you would be working from your current home or garage with minimal out of pocket expenses. This is for building in some shelving in the garage to house equipment.
- NOTE 3: For the Express program, you would be working from your current home or garage with no out of pocket cost, you will incur the fee to customize your vehicle with UWRG graphics.
- NOTE 4: For the Express program, you would be using your own van.
- NOTE 5: You will need to purchase the Opening Equipment, Tools, Inventory & Supplies Package from our supplier, Aramsco. ~~The initial package which you are required to purchase for a single (1) territory acquired cost is \$35,335.~~ After purchasing the Opening Equipment, Tools, Inventory & Supplies Package, you may purchase additional equipment, tools, supplies and inventory from any source, including our small tools package required for each production vehicle and is estimated to cost \$1,860.
- NOTE 6: For the Express program, you would be using your existing furniture and miscellaneous supplies.
- NOTE 7: The estimate assumes hardware consisting of a desktop or laptop computer and multi-function printer. This estimate includes Xactimate, Smartsheet, Bill.com, [Clean Claims Software](#) QuickBooks Desktop and Microsoft Office which may be purchased from any source.
- NOTE 8: The estimate assumes that you do not use a payroll service, such as ADP or Paychex.
- NOTE 9: The estimate assumes that you do not use an answering service, until you are required to do so.
- NOTE 10: For the Express program, you would have a minimal of some t-shirts/polos for one person.
- NOTE 11: The required business licenses and permits will vary from location-to-location and state-to-state, but may include a Mold License, and a Home Improvement Contractor and Pesticide Applicator License.
- NOTE 12: You are required to participate in the IICRC and other approved trade association.
- NOTE 13: For the Express program, you would handle your affairs directly.
- NOTE 14: This estimate is a monthly insurance premium for the first 3 months.

- NOTE 15: You must spend a minimum of \$7,500 on an Opening Promotional/Campaign, during the time period we specify. The Opening Promotion/Campaign is discussed in greater detail in Item 11 of this Franchise Disclosure Document. This includes the purchase of an Initial Marketing Materials Package from our supplier, JAKS Printing and Apparel, ~~in the amount of \$3,791.~~ After purchasing the Initial Marketing Materials package, you may purchase additional marketing related materials from any source.
- NOTE 16: You must spend the greater of \$3,000 or 2% of Collected Revenue on local marketing, promotion and advertising. The minimum assumes 3 months of \$3,000 per month. This is discussed in greater detail in Item 11 of this Franchise Disclosure Document.
- NOTE 17: This estimate includes training and certification costs from IICRC, WRT, FSRT and AMRT, as well as all travel and living costs associated with any required initial training.
- NOTE 18: These amounts are minimum recommended levels to cover operating expenses, including employee salaries, for 6 months. This model represents that the only employee hired is a field marketer and the owner is not taking any compensation from the business. You may require additional working capital if your sales are low or if your fixed costs are high.
- NOTE 19: In compiling these estimates, we relied on our affiliate's experience in operating a Business. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You agree to develop and operate your UWRG Business in accordance with our standards and specifications. Our standards and specifications may regulate, among other things (a) a description of the authorized goods and services that you may offer at your UWRG Business; (b) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe for your UWRG Business; (c) mandatory reporting and insurance requirements; (d) mandatory and suggested specifications for your UWRG Business; and (e) authorized products and services to be offered by your UWRG Business and a list of any designated or Approved Suppliers for these goods or services. Our standards and specifications may impose minimum requirements for quality, use, cost, delivery, performance, design and appearance. We will notify you in our Manual or other communications of our standards and specifications and/or names of Approved Suppliers.

We estimate that required purchases according to our standards and specifications represent approximately 76% of your total purchases in establishing your UWRG Business, and approximately 72% of your overall purchases in operating the Business.

Required Purchases from Us

You are not currently required to purchase any products or services from us or our affiliate. However, for group purchasing, quality control or other benefits, we and our affiliates reserve the right to be the sole or one of the Approved Suppliers for any products or services utilized in the operation of UWRG Businesses. We will earn a mark-up on Materials we sell to you. We are working on providing and licensing software and providing technology services but do not yet do so. During ~~2022~~2023, we and our affiliates did not receive any income from the sale of products or services to franchisees, but we reserve the right to do so in the future.

Required and Approved Suppliers

You must purchase or lease all equipment, products, supplies and materials for your UWRG Business to perform Restoration/Remediation Services (the “Materials”) and they must meet our System Standards from us or an Approved Supplier. The required Materials and other items are specified in the Manual. You may only use the Materials specified in our Manual and you must purchase the Materials from us or our affiliates or suppliers that we designated or approved (which may include, or be limited exclusively to, us or our affiliate) (an “Approved Supplier”). In our sole discretion, we may concentrate purchases with one or more Approved Suppliers, to obtain lower prices, advertising support and/or other services, or for any other reason we deem appropriate. In such instances, we may limit the number of suppliers with whom you deal, designate sources that you will use, and refuse any request by you for another Approved Supplier of any applicable product or service. You agree to follow all of our policies and procedures for participation in or termination of any preferred vendor programs that we establish. We may receive rebates or other financial consideration from suppliers in consideration for our procurement and other services based upon franchisee purchases. If we do so, we have no obligation to pass these amounts on to you or to use them for your benefit.

Method of Approving Suppliers

If you want to use a new Supplier, Material or Service that we have not yet approved, or from ~~Sources~~[sources](#) other than the Approved Suppliers we have designated, you must submit to us a written report detailing the proposed new Supplier, Material or Service along with evidence of conformity within the System standards, and a \$750 Supplier Approval Fee. We will, within 90 days from receipt of the request, notify you in writing of our approval or disapproval of the proposed new Supplier, Material or Service. We reserve the right, in our sole discretion, to (i) deny approval of any additional Materials or Services, (ii) limit the number or scope or your use of the additional Materials or your ability to sell or provide additional Services and/or (iii) condition approval of the additional Materials on the Approved Suppliers being the supplier of the additional Materials. You must pay to us a fee equal to our actual costs incurred in evaluating the supplier or Material within 10 days of your receipt of our notification of approval or disapproval, to cover our costs and expenses in connection with our review of the additional Materials and the source of such Materials, plus any out-of-pocket costs we incur (e.g., travel, shipping, etc.).

We estimate that required purchases *from Approved Suppliers* represents 30% - 35% of your total purchases in establishing your UWRG Business, and 20% - 30% of your overall purchases in operating the Business.

There are no suppliers in which any of our officers own an interest.

Rebates

We negotiate with suppliers and manufacturers to receive rebates on certain items that you must purchase. Not every supplier pays rebates to us. We receive rebates from certain approved suppliers relating to franchisee purchases of the following products: 8% of the initial equipment package, and 3% for all additional purchases in aggregate from Aramsco. In the fiscal year ending December 31, ~~2022~~[2023](#), we received rebates in the amount of ~~\$22,382.88~~[\\$40,368.67](#).

Motor Vehicles

To operate your UWRG Business, you must lease or purchase, at your own expense, motor vehicles not older than 5 years at the time of purchase. All motor vehicles that you utilize in your UWRG Business

must meet our System Standards, be equipped, and meet our specifications for equipment, layout, appearance, décor and model. Some of the vehicles utilized by UWRG Businesses must be wrapped, and otherwise decorated in accordance with our System Standards which will include utilizing logos and designs that we specify or approve. We may require you to obtain equipment, wrapping and other decorative services for your motor vehicles from Approved Suppliers. You must also upgrade, maintain and replace your motor vehicles in accordance with the System Standards that we specify in the Manual, including appearance, logos, wraps, colors, and signage.

Conversion Franchises may continue to use their Existing Business's vehicles, if the vehicles otherwise meet our standards and specifications. To the extent the Existing Business's vehicles do not comply with our standards and specifications, Conversion Franchises must acquire at least one vehicle meeting our standards and specifications. 50% of all vehicles must be rebranded within 30 days after a Conversion Franchise signs the Franchise Agreement, and the remainder must be rebranded within 12 months after a Conversion Franchise signs the Franchise Agreement.

Computer Hardware and Software

You must, at your own expense, purchase, lease, acquire, license, and use in developing and operating your UWRG Business, a computer system consisting of the computer services, components, equipment, computer hardware, telecommunications equipment or services, and the software used in connection with the billing, bookkeeping, administration, collections, and other back room services, data research and other operating or communications software that we designate, specify, and approve for use by your UWRG Businesses (collectively, the "Software") and in the manner we designate (collectively, the "Computer System"). We may require you to obtain specified computer and communications hardware, equipment, components or Software and services and may modify specifications for and components of the Computer System. We may develop Software and require you to use it, pay us a license fee, and sign a standard Software License Agreement. See Item 11 of this Franchise Disclosure Document for more specific details regarding computer hardware and software requirements and specifications.

Insurance

You agree to obtain and maintain, at your own expense, such insurance coverage that we require and to meet the other insurance-related obligations in the Franchise Agreement. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must: (a) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents; (b) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise; (c) name us as an additional insured and not contain an "insured vs. insured" exclusion; (d) contain a waiver of the insurance company's right of subrogation against us; (e) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured; (f) provide that the insurance company will provide us with at least 30 days' prior written notice of termination, expiration, cancellation or material modification of any policy; (g) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent; and (h) contain such other terms and conditions as we require.

You agree to send us copies of all insurance policies. Our current insurance policy requirements include:

- (a) comprehensive general liability insurance:

- \$2,000,000 general aggregate
 - \$1,000,000 per occurrence
 - ~~\$100,000 damage to rented premises per occurrence~~
 - \$1,000,000 personal and adv. injury
 - \$5,000 ~~for~~ medical expenses (any one person)
 - \$2,000,000 product - comp/op aggregate
 - \$1,000,000 pollution liability-
 - \$1,000,000 professional liability
 - \$1,000,000 damage to premises rented to you
- (b) Automobile/van coverage (\$1,000,000 with liability, bodily injury and property damage);
- (c) Worker’s Compensation Insurance (minimum amount required by applicable law);
- (d) Umbrella liability coverage \$1,000,000 each occurrence and \$1,000,000 aggregate;

Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your UWRG Business required to obtain or maintain the insurance. You must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf.

Purchasing Cooperative

We do not currently have any purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future.

Negotiated Prices

We intend to negotiate relationships with suppliers to enable our franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us).

Material Benefits

We do not provide you with any material benefits for using designated or Approved Suppliers.

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 3.2 and 6.2	Items 7 & 11
b. Pre-opening purchases/leases	Sections 7.4, 7.5, and 8.1	Items 5, 7, 8 & 11
c. Site development and other pre-opening requirements	Sections 5 and 10.1	Items 6, 7 & 11

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
d. Initial and ongoing training	Section 5	Items 6 & 11
e. Opening	Sections 10.1 and 11.1	Item 11
f. Fees	Sections 4, 5, 7.4, 11.1, 11.6, 11.7, 15.3(g), and 16.5	Items 5 & 6
g. Compliance with standards and policies/ Operating Manual	Sections 7, 10 and 14.1	Item 11
h. Trademarks and proprietary information	Sections 9 and 17	Items 13 & 14
i. Restrictions on products/services offered	Sections 3 and 7	Item 16
j. Warranty and customer service requirements	Not Applicable	Not applicable
k. Territorial development and sales quotas	Section 3	Item 12
l. Ongoing product/service purchases	Sections 7.4	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 7.3, 10.3, 15.3, and 16.2	Item 11
n. Insurance	Section 10.9	Items 6 & 7
o. Advertising	Section 11	Items 6, 7 & 11
p. Indemnification	Section 13.1	Item 6
q. Owner's participation/ management/staffing	Sections 2.3, 10.8 and 12	Items 11 & 15
r. Records and reports	Section 14.3	Item 6
s. Inspections and audits	Sections 14.1 and 14.2	Items 6 & 11
t. Transfer	Section 15	Item 17
u. Renewal	Section 16	Item 17
v. Post-termination obligations	Sections 17.4, 17.5, 17.6, 17.7, 18.3, 18.4 and 18.5	Item 17
w. Non-competition covenants	Section 17.5	Item 17
x. Dispute resolution	Section 24	Item 17
y. Guarantee	Section 22(e)	Item 15

ITEM 10. FINANCING

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

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

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

Pre-Opening Obligations: Before you open we will:

1. Grant to you a “protected” territory consisting of geographic areas comprised by zip codes to operate your UWRG Business (referred to as the “Territory”). The territory is subject to the “Open Areas”, “Multi- Market Accounts”, “Cross-Territory Policy”, and “Rights We Reserve” provisions stated in Sections 3.3 thru 3.6 of the Franchise Agreement. A map of your designated territory will be attached as Exhibit A to your Franchise Agreement (FA, §§3.1, 3.3-3.6).

2. Approve the location of your Office/Shop/Warehouse for your UWRG Business in writing which must be located within your approved Territory (including UWRG Express Program location based in your home or garage). While we must approve the location of your Office, you are solely responsible for selecting its location and securing the lease or other means of the right to occupy it. We do not provide site selection, site development or construction assistance. However, we may suggest certain designs and space usage strategies for your Office (FA, §§3.2, 6.2).

3. Provide you with access to one copy of our Manual which will help you establish your UWRG Business (FA, 7.1).

4. Provide you with written specifications for the equipment, fixtures, signage, goods and services you agree to purchase to establish your UWRG Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these items. (FA, §§7.4, 10.3).

5. Provide an Initial Training Program for you, your designated manager, and 1 technician (up to 4 persons) at no additional fee, as detailed more fully in this Item 11 (FA, §5.1).

6. We may but are not required to, assist you in planning and ordering your initial inventories and making an initial set of sales calls with you to potential customers or insurers (FA, §5.3).

7. Provide you with instructions for an Opening Campaign consisting of a variety of public relations, marketing and advertising initiatives, intended to publicize the opening of your UWRG Business (FA, §11.1).

8. We reserve the right to approve pricing and/or designate minimum and/or maximum prices you may charge, to the extent permitted by applicable law. (FA, §7.2).

Time to Open Your Business

We anticipate that the typical length of time between the effective date of the Franchise Agreement and opening the UWRG Business franchise will be: (a) 75 days if you have an approved location [when you execute the franchise agreement](#); ~~or~~ (b) 120 days if you do not have an approved location [when you execute the franchise agreement or](#) (c) 60 days if you qualify as a [Conversion Franchise](#). You must open your UWRG Business within this prescribed time period, or we may terminate the ~~Franchise Agreement~~[franchise agreement](#). Some of the factors that may affect this time are whether you operate from your home or from an office, financing, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and complying with local laws and regulations (FA, §10.1).

You will not open your UWRG Business before: (1) successful completion to our satisfaction of the Initial Training Program and all other required training including from third parties (IICRC, Xactimate, OSHA) [\(unless you are a Conversion Franchise\)](#); (2) you purchase all required insurance and provide us, at our option, with copies of such policies or evidence of coverage; (3) you obtain all

required licenses, certifications, permits and other governmental approvals; (4) you have acquired your vehicle(s) which we have Approved; (5) you have conducted your Opening Promotion; and (6) we have provided you with written authorization to open (FA, §§10.1). Conversion Franchises must complete the Initial Training Program and all other required training within six (6) months of signing the Franchise Agreement.

Post-Opening Obligations: During the operation of your UWRG Business, we will:

1. Continue to provide you with access to one copy of the Manual (online or via other electronic format), and to assist you in operating your UWRG Business (FA, §§7.1, 7.2).
2. Give you ongoing guidance and assistance with the System Standards, marketing and sale of the Restoration/Remediation Services, coordinating the activities of all UWRG Businesses, establishing and conducting employee training programs; development and implementation of local advertising and promotional programs, furnishing information dealing with trends in Restoration/Remediation Services, and any changes to the foregoing, as we deem appropriate (FA, §7.2).
3. Provide to you and your personnel On-Site Start-Up Training at your location for up to 5 days within the first 90 days of operation of your UWRG Business at the times and on the dates we specify, as detailed more fully in this Item 11 (FA, §5.3).

In addition, during the operation of your UWRG Business, we may, but will not be obligated to:

1. Provide you or your manager, at no additional cost, with “additional, periodic, or refresher” training programs in our discretion. You however will be responsible for all expenses and costs that your trainees incur, including wages, travel and living expenses (FA, §5.4).
2. ~~Provide~~ As we deem appropriate, provide you with “additional guidance and assistance” at any location we designate in your Territory at our then current per diem rate (currently \$400) per day per person, plus travel, meals and lodging expenses incurred by the Trainer(s) (FA, §5.5).
3. Provide Manager Training, if we determine that it is necessary ~~to~~, for which we may charge you our then current Initial Training Fee (currently \$350) per person per day. You will also be required to pay for the manager’s travel, living, and lodging expense while attending the training (FA, §5.1).

Initial Training Program

We will provide to you, your designated Manager, and 1 Technician (up to 4 persons) with our Initial Training Program, at no additional cost, for a period of up to 3 weeks, which you must attend and complete to our satisfaction within 60 days from the effective date of your Franchise Agreement or within six months from the effective date of your Franchise Agreement if you are a Conversion Franchise. We will also provide an Initial Training Program for 1 Office Administrator and 1 salesperson, for a period of up to 5 days. You are responsible for all travel, meals and lodging expenses for you, your manager, technicians, office administrator, and salesperson incurred in connection with the training. Successful completion by you, your manager, and technician is a condition to the opening of your UWRG Business and if we determine that you, your manager, and 1 technician are unable to complete the Initial Training to our satisfaction, we have the right to terminate your Franchise Agreement. The Initial Training is

provided at our corporate headquarters (currently Ormond Beach, FL), or at any other location that we designate. The Initial Training Program will include training on the following: (i) the marketing and sale of the Restoration/Remediation Services; (ii) the techniques, methods and procedures for providing the Restoration/Remediation Services; (iii) the operation of a UWRG Business, and (iv) methods and techniques for you to use in training your personnel. We will supply you, at no additional cost, with the instructional materials used in the Initial Training Program which primarily consists of our Manual, handouts, lectures, and materials to assist you with your efforts to market and sell Restoration/Remediation Services (FA, §§5.1, 10.1). We reserve the right to convert any portion of training to virtual training, in our discretion. Currently, we offer the Initial Training Program on an as-needed basis, and it consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	*Hours of On-the-Job Training	Location
The Job Process	2	2	UWRG Corporate Headquarters, Ormond Beach, FL
Call Taking	1	1	UWRG Corporate Headquarters, Ormond Beach, FL
Job Documents/Insurance	3	3	UWRG Corporate Headquarters, Ormond Beach, FL
Xactimate	2	2	UWRG Corporate Headquarters, Ormond Beach, FL
PSA Account & QuickBooks	4	2	UWRG Corporate Headquarters, Ormond Beach, FL
Claims Processing	1	1	UWRG Corporate Headquarters, Ormond Beach, FL
Online Marketing	4	0	UWRG Corporate Headquarters, Ormond Beach, FL
Fleet Management	1	1	UWRG Corporate Headquarters, Ormond Beach, FL
Field Operations	3	2	UWRG Corporate Headquarters, Ormond Beach, FL
Proforma	4	2	UWRG Corporate Headquarters, Ormond Beach, FL
Local Marketing	2	4	UWRG Corporate Headquarters, Ormond Beach, FL
Warehouse Procedures	2	1	UWRG Corporate Headquarters, Ormond Beach, FL
Operations – Hands on Job	9	19	UWRG Corporate Headquarters, Ormond Beach, FL
Wrap-Up and Final Assessment	2	0	UWRG Corporate Headquarters, Ormond Beach, FL

*“On-the-job” training hours may be converted to “classroom” training hours if we determine that in person training is not advisable due to health and safety reasons or otherwise in our discretion. In that case, remote training will be conducted.

The time periods allocated to the subjects listed above are approximations, and the time actually invested by you and your personnel may vary based on the experience and performance of those persons being trained.

Our training is currently conducted by the following trainers, which may change from time-to-time:

Name	Title	Years with UWRG	Total Years in Field	Current Location
Meghan Daniel	Franchise Support Specialist	6	7	Ormond Beach, FL
Tiffany Wagner <u>Jaci Erale-Baughn</u>	Director of Field <u>Franchise</u> Marketing	2 <u>1</u>	8 <u>5</u>	Ormond Beach, FL
Turner Kuell	Director of Digital Marketing	2	8	Ormond Beach, FL
Bob Moore	VP of Franchise Operations <u>President</u>	4	30	Ormond Beach, FL
Chrissy Gregory	Director <u>VP</u> of Operations	3	9	Ormond Beach, FL

Mark Burger	Field Franchise Marketing Manager	11	11	Ormond Beach, FL
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Certification Training

Prior to attending the Initial Training Program, you and each trainee must complete to our satisfaction the following training, certifications, and/or memberships which are provided by third parties, unless ~~indicated~~otherwise provided by us (FA, §§5.1, 5.2):

Training, Certifications or Memberships	Who Must Complete			
	Owner/Operator	Office Administrator	Operations Manager	Technician
Read our Manual	Yes	Yes	Yes	Yes
PSA Software Training	Yes	Yes	Yes	Yes
IICRC WRT Certification	Yes	No	Yes	Yes
IICRC AMRT Certification	Yes	No	Yes	No
IICRC FRST Certification	Yes	No	No	No
Occupational Health and Safety Standards	Yes	No	No	No
QuickBooks Training	Yes	Yes	No	No
Xactimate Training	Yes	No	Yes	No

We currently require that all technicians be scheduled to obtain IICRC WRT (Water Damage Restoration Technician) certification within 90 days of employment. If a technician does not obtain such certification, their employment with you may only continue as a technician’s helper. You will be responsible for all travel, meals and lodging and certification expenses which you and your Trainees incur in connection with Certification Training (FA, §§5.1, 5.2).

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

On-Site Start-up Training

In addition to the Initial Training, we will furnish to you and your personnel, start-up assistance at your location (“On-Site Start-Up Training”) at no additional fee. On-Site Start-Up Training will last up to 5 days and will be furnished by a representative that we designate within the first 90 days of operation of your UWRG Business at the times and on the dates that we specify. During On-Site Start-Up Training, we will review the status of your equipment, inventory and marketing and operational procedures, assist you with your direct marketing efforts and assist you with your procedures for providing the Restoration/Remediation Services. We may also assist you in planning and ordering your initial inventories from Approved Suppliers and making an initial set of sales calls with you to potential customers or insurers (FA, §5.3).

Additional Periodic and Refresher Training

In order to maintain the uniformity and high standard of goods and services provided by UWRG Business franchisees, we may provide, at no additional cost, “Additional, Periodic or Refresher” Training courses and/or programs (“Additional Training”) for you, or if you are a Business Entity, your manager. You will be responsible for all expenses and costs that your trainees incur, including wages, travel and living expenses (FA, §5.4).

Additional Guidance and Assistance

We may provide you additional guidance and assistance (“Additional Assistance”) at any location we designate within your Territory. If we do provide you Additional Assistance, you agree to pay us our then-current per diem rate (currently, \$400) per person that we provide, plus travel, meals and lodging expenses incurred by the Trainer(s). If Additional Assistance requires you to travel to a location outside of your Territory, or if the trainer is training other UWRG Businesses at the same time as your UWRG Business, you must pay to us any fees for training outside of your Territory or joint training. These training fees must be paid 10 days after the date of invoice and are fully earned and non-refundable (FA, §5.5).

Manager Training

If we determine that you are either not capable of, or have not provided, manager training that meets our satisfaction, we may elect to perform such training ourselves. If we do so, we may charge you a Management Training Fee (currently \$350 per person per day) to attend training similar to our Initial Training Program. You will also be responsible for any expenses incurred by the Manager undergoing training, including transportation, lodging and living costs while attending the training (FA, §5.1).

We do not require your employees to attend our training programs other than as stated above for Initial Training (FA, §5.5).

Operating Manual

We will grant you access (which may be electronic), to our Manual, consisting of such materials (including, as applicable, digital, internet-based, audio recordings, videos, computer Software and written materials) that we generally furnish to franchisees for use in operating a UWRG Business. The Manuals contain the System Standards and information relating to your other obligations under your Franchise Agreement and related agreements. We may make the Manuals accessible to you on-line or via other forms of electronic format, like using the Internet or on Intranet or CD-ROM (instead of loaning a copy of it to you). The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manual for changes to it. If we make the Manual accessible to you in read-only format and/or on-line (or electronic format), we will not send to you printed copies of any changes to it. However, any form of the Manual accessible to you on-line is our proprietary information and will be deemed Confidential Information. You must maintain the Manual as confidential and maintain the information in the Manual as secret and confidential. In the event of a dispute relating to the contents of any printed copy of the Manual, the master copy of the Manual we maintain at our principal office will be controlling. However, in the event we utilize an on-line Manual, the most recent on-line Manual will control any disputes between the on-line version and printed copies of the Manual. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manual, except the [sample](#) evaluation and time sheet forms. You must keep the Manual in a secure location. You must not: (i) permit any part of the Manual to be copied, transmitted, “posted” or downloaded; (ii) disclose it or any

of its contents to anyone not having a need to know its contents for purposes of operating your UWRG Business; and/or (iii) remove it from your business office without our permission.

The table of contents is attached as Exhibit C, and as of the date of this disclosure document has 7 Sections (A-G) and a total of 532 pages.

~~We will grant you access (which may be electronic), to our Manual, consisting of such materials (including, as applicable, digital, internet based, audio recordings, videos, computer Software and written materials) that we generally furnish to franchisees for use in operating a UWRG Business. The Manuals contain the System Standards and information relating to your other obligations under your Franchise Agreement and related agreements. We may make the Manuals accessible to you on line or via other forms of electronic format, like using the Internet or on Intranet or CD-ROM (instead of loaning a copy of it to you). The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on line version (or electronic format) of the Manual for changes to it. If we make the Manual accessible to you in read only format and/or on line (or electronic format), we will not send to you printed copies of any changes to it. However, any form of the Manual accessible to you on line is our proprietary information and will be deemed Confidential Information. You must maintain the Manual as confidential and maintain the information in the Manual as secret and confidential. In the event of a dispute relating to the contents of any printed copy of the Manual, the master copy of the Manual we maintain at our principal office will be controlling. However, in the event we utilize an on line Manual, the most recent on line Manual will control any disputes between the on line version and printed copies of the Manual. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manual, except the evaluation and time sheet forms. You must keep the Manual in a secure location. You must not: (i) permit any part of the Manual to be copied, transmitted, "posted" or downloaded; (ii) disclose it or any of its contents to anyone not having a need to know its contents for purposes of operating your UWRG Business.~~

Site Development

You must operate out of an Office/Warehouse space in an industrial area or by our Express Program from current home or garage at a location that we have approved (FA, §§3.1, 3.2). The site must be within your Territory and meet applicable zoning requirements (FA, §§2.1, 6.2). We will review information that you provide to us relating to the site of your business and provide you input on the location within 7 days. Although we reserve the right to approve or disapprove the location of your business, you are solely responsible for selecting the site location and securing the lease or other means of the right to occupy it (FA, §§3.2, 6.2). Once you have selected your location, we will provide input on how to design and best construct or renovate it to operate your UWRG Business. However, you will be solely responsible for its development, construction and renovation (FA, §6.2). You must commence operations of your UWRG Business within: (a) 75 days of the effective date of your Franchise Agreement if you have an approved location on the effective date of your Franchise Agreement; or (b) 120 days of the effective date of your Franchise Agreement if you do not have an approved location on the effective date of your Franchise Agreement. We may terminate your Franchise Agreement if we cannot agree on a site (FA, §10.1).

A UWRG Business Office and Warehouse location is expected to range in size from 1,000 to 2,000 square feet. A UWRG Express Program location is from your current home or garage.

Motor Vehicles

You must lease, purchase, decorate, and equip motor vehicles that meet our specifications and standards. You recognize that we may require you to periodically update the appearance, wraps, colors, signage, decorations, and logos utilized on the vehicles (FA, §7.5).

Computer Hardware and Software

You must, at your own expense and within 60 days after you receive notice from us, acquire, purchase or lease and license for use in developing and operating your UWRG Business, the Computer System and Software that we designate and approve, consisting of computer services, components, equipment, computer hardware, telecommunications equipment or services, and the software used in connection with the billing, bookkeeping, administration, collections, and other back room services, data research and other operating or communications software (collectively, the “Software”), that we periodically specify and in the manner we designate (collectively, the “Computer System”). We may modify specifications for any components of the Computer System. You agree to incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications), operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the UWRG Business and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in UWRG Businesses that we or they own and operate (FA, §§8.1, 10.5).

We estimate that the cost of the Computer System will be approximately \$6,800 to \$10,265, depending on the size of your UWRG Business and the number of personnel. The Computer System must be capable of connecting with our Computer System, performing the functions we designate for the UWRG Business, permitting us to review the results of your UWRG Business’ operations, and engaging in any e-commerce activities that we designate or approve. We must have independent access to your Computer System [and may share information obtained with System franchisees or other third parties](#). You must grant us on-line access through the method we specify on all Computer Systems and Software Programs we require you to use, and you must provide us with access codes and any other information we need to access your Computer System. We have the right to charge you a reasonable Systems Fee for modifications of and enhancements made to any proprietary software that we license to you, and other maintenance and support services that we or our affiliates furnish to you, related to the Computer System. We may communicate with you by whatever means we designate, including specifically by e-mail and you must sign whatever documents and forms we may require in order to do so. You also will require your employees to sign such forms that we designate to enable us to communicate with them by e-mail (FA, §8.1).

To operate efficiently, each computer must be connected to the Internet via a high-speed Internet connection (e.g., digital subscriber, cable, ISDN, or T-1 Internet) with e-mail capabilities. A high-speed wireless network is recommended, but not currently required. In addition, you must purchase at least one high quality “all-in-one” laser printer/copier/scanner with network capabilities. We reserve the right to control all telephone numbers and e-mail addresses used in the operation of your UWRG Business (FA, §§8.1, 8.2, 11.8).

We may develop Software and require you to use it and pay us a license fee. You must sign the standard Software License Agreement we use for franchisees at that time. For the Computer Software Systems that we develop and utilize, and that you are required to use, we will provide you with access through the internet or otherwise. (FA, §§4.5, 8.1).

You must use our licensed Software Systems to assist in tracking proposals for the Restoration/Remediation Services, sales and certain reporting requirements. You are required to pay us a Technology Fee that helps to cover the cost of website development, hosting costs, email, web tracking numbers as well as other technology related services to operate your business. The Technology Fee is currently collected on the 23rd of every month (FA, §§4.4, 8.1).

Currently, we require you to use the following software:

- (a) Xactimate Software: Pricing software used by most insurance companies to calculate claim payments. It is required to use to help the billing process towards the insurance company;
- (b) Clean Claim Software: Claims administration software;
- (c) ~~(b)~~ QuickBooks Online Plus: Software that helps small businesses track, organize and manage their finances;
- (d) ~~(e)~~ Bill.com: Software for receiving, approving and paying bills online, including Royalties; and
- (e) ~~(d)~~ “PSA” Professional Services Automation Software: Restoration Job Management Software for project management, work order requests and contractor estimating.

Neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your Computer System. You agree to maintain the computer hardware in good working order at your own expense. During the term of your Franchise Agreement, you agree if requested to upgrade or update your computer hardware and/or software to conform to our then-current specifications. There is no contractual limit on the frequency or cost of this obligation. We estimate that the cost to upgrade or update your computer hardware and/or software will range from \$1,000 - \$2,000 per year. You are also responsible for priority cabling and all networking services related to the Computer System. Except as described above, there currently are no optional or required support contracts. We reserve the right to change the software or technology that you agree to use or add new software or technology at any time (FA, §§7.3, 8.1).

We may require you to collect and maintain on the Computer System certain information to satisfy regulatory and processing requirements, and you will provide such information as we may request from the data so collected and maintained. We have the right to control all use of URL's, domain names, websites, addresses, metatags, links, key words, e-mail addresses, social media accounts or platforms, and any other means of electronic identification or origin (“e-names”). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, social media, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chatrooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, “e-commerce”). You must follow all of our policies and procedures for the use and regulation of e-commerce and share all social media access codes with us so we can check on brand advertising, customer satisfaction and related purposes. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks, the Copyrights or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. You must not create your own website. We currently will monitor and maintain it as part of the Technology Fee. We may require that you provide information to us via e-commerce. We may require you to coordinate your e-commerce activities with us and other UWRG Businesses. We may require you to obtain the services of and pay the then current fees for ISP and ASP services if we do not provide these services. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System, the Marks or the Copyrights, including any customer data, click-stream data, cookies, user data, hits and the like:

such information is deemed by us to be and constitutes our Confidential Information (FA, §8.2, ~~Exhibit Attachment D~~).

Advertising and Marketing

Opening Promotion/Campaign

You will be required to expend a minimum of \$7,500 on an Opening Campaign during the time period we specify. The Opening Campaign will be conducted in accordance with our instructions (as contained in the Manual or otherwise), and will consist of a variety of public relations, marketing and advertising initiatives, intended to publicize the opening of your UWRG Business. The amounts expended by you on the Opening Campaign will not be credited against any other obligations cited in your Franchise Agreement. No later than the last day of each calendar month in which part of the Opening Campaign falls, you will provide us with a written report of all activities undertaken as part of your Opening Campaign (including an accounting for all expenditures and a description of all public relations and marketing activities). We reserve the right, in our sole discretion, to implement the Opening Campaign on your behalf and require you to pay the amounts to conduct it directly to us (FA, §11.1).

You also will be required to purchase an Initial Marketing Materials Package from our supplier, JAKS Printing and Apparel ~~in the amount of \$3,791~~. After purchasing the Initial Marketing Materials package, you may purchase additional marketing related materials from any source.

Establishment of Brand Development Fund

Recognizing the value of advertising and marketing to the goodwill and public image of UWRG Businesses, we have established a system-wide marketing fund (the “Brand Development”) for such advertising, marketing and public relations programs and materials we deem necessary or appropriate. We reserve the right to defer or reduce Brand Development Contributions of a UWRG Business franchisee and, upon 30 days’ prior written notice to you, to reduce or suspend contributions to and operations of the Brand Development for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Brand Development. If the Brand Development is terminated, all unspent monies on the date of termination will be distributed to our Franchisees in proportion to their respective contributions to the Brand Development during the preceding 12-month period. We and our affiliates will contribute to the Brand Development on the same basis as franchise owners for any UWRG Business we or they own and operate (FA, §11.2).

- I. *Use of Brand Development Funds*. We or our designee will direct all programs financed by the Brand Development, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. The media coverage may be local, regional or national. The advertising materials may be prepared by us or our agent. The Brand Development may be used to pay the costs of preparing and producing video, e-commerce, audio and written advertising materials; developing and servicing corporate accounts; evaluating new products or services; research and development of marketing materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing e-commerce rights, direct mail and other media advertising and employing advertising, promotion and marketing agencies; and supporting public relations, market research, establishing, developing, maintaining, servicing or hosting Websites or other e-commerce programs or presences in virtual worlds, and other advertising, promotion and marketing activities (including Google and words for franchisees). The Brand Development periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to

you at our direct cost of producing them, plus any related shipping, handling and storage charges. We are not required to spend any amount on advertising in your Territory. None of the funds will be used solicit new franchise sales (FA, §11.3).

- II. Accounting for the Fund. The Brand Development will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Brand Development and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Brand Development. We may spend, on behalf of the Brand Development, in any fiscal year an amount greater or less than the aggregate contribution of all UWRG Businesses to the Brand Development in that year, and the Brand Development may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Development will be used to pay advertising costs before other assets of the Brand Development are expended. In the event we set-up a brand awareness fund in which you are required to contribute, we will cause to be prepared a financial reconciliation of the fund on an annual basis, which will not be audited by a third party. The cost of such reconciliation will be borne by the fund. We will provide you with a copy of the reconciliation of the fund upon your written request. We have the right to cause the Brand Development to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement (FA, §11.4).
- III. Brand Development Limitations. You acknowledge that the Brand Development will be intended to maximize recognition of the System, the Marks, the Copyrights and UWRG Businesses. Although we will endeavor to utilize the Brand Development to develop advertising and marketing materials and programs and to place advertising that will benefit all UWRG Businesses, we undertake no obligation to ensure that expenditures by the Brand Development in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development by UWRG Businesses operating in that geographic area or that any UWRG Business will benefit directly or in proportion to its contribution to the Brand Development from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the Brand Development (FA, §11.5).

We did not charge any Brand Fund Contributions in the year ending December 31, ~~2022~~2023, and nothing was spent for Brand Development.

Local Advertising and Promotion

Each month you must spend the greater of \$3,000 per month or 2% of your Collected Revenue on local marketing, promotion and advertising, not including payments to the Brand Development nor expenses for telephone directory advertisements. You agree that any advertising, promotion and marketing you conduct will (i) be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe, and (ii) conform to such standards and requirements as we may specify to conform to regulatory requirements. Samples of all advertising, promotional and marketing materials which we have not prepared or previously

approved, must be submitted to us for approval before you use them. If you do not receive written disapproval within 30 days after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved (FA, §11.6).

While not a franchise requirement, we strongly recommend you hire a full-time, in the field marketer. Consistent marketing to referral sources is key to building a successful UWRG business. Many franchisees try to do the marketing, in addition to their other duties but we have found that the day-to-day responsibilities of running the business tend to interfere and the marketing duties get pushed aside and are not done consistently.

Co-op Participation and Contributions.

If an association of UWRG Businesses is established in a geographic area in which your UWRG Business is located (the “Co-op”), you must join and actively participate in it. You also must contribute to the Co-op such amounts as are determined by it, not to exceed 1% of your Collected Revenue, unless the Co-op votes for a higher amount. Your local advertising requirement will be reduced by the amount that you contribute to any Co-op. We will not set the amount of those contributions. The Co-op will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the Co-op must be approved by us. All advertising utilized by the Co-op must not be used unless and until we have reviewed and approved it. The Co-op will use our mandated accounting system and also pay us any accounting system fee we may designate in the Manuals. We also have the right to participate in any meetings of the Co-op and its members. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you (FA, §11.7).

There are currently no advertising cooperatives.

Telephone Directory Advertising

At your expense, you must obtain your telephone number and list and advertise your UWRG Business in the principal regular (white pages telephone directory) and the classified (yellow pages) telephone directories (if any) distributed in your metropolitan area, in such directory categories as we specify, utilizing our standard forms of listing and classified directory advertisements. This expenditure is separate from and does not count towards your required minimum local advertising and promotion expenditures. You must place your classified directory advertisements and listings together with other UWRG Businesses operating within the distribution area of the directories. If a joint listing is obtained, the cost of the advertisements and listings will be apportioned among all UWRG Businesses placed together. The listings must only display the telephone numbers we specify. You must sign and deliver to us our Conditional Assignment of Telephone Numbers, Listings and Addresses in the form ~~attached as Exhibit “I.”~~ we prescribe (FA, §11.8, ~~Exhibit I~~ Attachment H).

Advisory Council

We may form a council of franchisees to advise us on business, marketing and operational matters. If we do so, you agree to participate in the council related activities and meetings. If the council determines to raise funds by means of assessing dues, then you agree to timely pay those dues to the council. If such dues are assessed by the council, we will also pay a proportionate amount for our membership in the program. However, you will be responsible for your own expenses associated with participating at the meetings (FA, §11.10).

We do not currently have a formal franchisee advisory council or association.

Customer Feedback Program/System

We may establish a system-wide Customer Feedback Program for the purpose of collecting and integrating third-party customer information. We will use the customer feedback system to monitor the quality of the services provided by you and other Franchisees and assessing your compliance with system-wide marketing promotions. If we implement a customer feedback system, then you must pay the cost of undertaking it in your Territory. We may either pay the customer feedback system provider ourselves and seek reimbursement from you as another payment due to us, or we may require you to contract with the vendor directly and pay it directly for its services. We will not provide any markup if we pay the vendor directly on your behalf. If we institute the program, we will assess the charge in such amount as we communicate in our Manual, or otherwise (FA, §11.9).

Call Center

We may develop or utilize a call center (the “Call Center”) to answer all calls placed to a toll-free telephone number established for the System. If we develop a Call Center and require you to use it, you will be required to pay us a fee (the “Call Center Fee”) of up to \$300 per month. We reserve the right to increase this fee by no more than 5% each year. The Call Center Fee will be due to us on the first Payment Day of each month (FA, §4.6).

ITEM 12. TERRITORY

Territory

We will grant to you a protected territory to operate your UWRG Business referred to as the “Territory.” 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.

During the term of your Franchise Agreement, we will neither grant anyone else the right to, nor ourselves, operate a UWRG Business by marketing, promoting, providing or performing Restoration/Remediation Services within your assigned geographic area for operating (the “Territory”), except in compliance with our Multi-Market Accounts Program and our Cross-Territory Policy. Continuation of this exclusivity does not depend upon your achieving a certain sales volume, market penetration or similar contingencies. In return, you must not market, sell, promote, provide or perform Restoration/Remediation Services outside of your Territory without our prior written consent, except in an Open Area (subject to limitation) or in compliance with our Cross-Territory Policy. One “Territory” is a geographic area that contains a population of approximately 250,000, people and comprises an area encompassing one or more complete zip codes. If zip codes change, we may change, add, or remove zip codes from your Territory as we deem appropriate to maintain what we reasonably believe is a comparable service area.

Any and all offices for your UWRG Business (including UWRG Express Program outlet) must be located within your Territory and must be pre-approved by us. However, we are not required to provide any assistance to you in the selection of an office location. You may not relocate or open additional offices for your UWRG Business without our prior written approval, which we will not unreasonably withhold.

~~We do not offer options, rights of first refusal or similar rights to acquire additional franchises.~~

As part of the process of renewing the Franchise Agreement, we reserve the right to re-evaluate the then-existing Territory according to certain demographics and our then-current standards. A re-evaluation of

the Territory may result in the renewal Territory being smaller or larger than the original Territory.

Subject to our policies regarding Open Areas and our Cross-Territory Policy, you may not solicit or accept orders from consumers outside your Territory, including in other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing.

Open Areas

With our prior written consent, you may perform (but not market, promote or advertise) Restoration/Remediation Services in any geographic area that we have not awarded or designated to another UWRG Business or [that is](#) reserved for us (“Open Areas”). You acknowledge that we may grant territorial rights to anyone in any geographic area other than your Territory with no obligation or compensation to you whatsoever. We may do so at any time (without any compensation to you) so that your operations outside of your Territory (e.g., in Open Areas) are at your own risk. If we award or designate any Open Area to any other UWRG Business, or to us, that geographic area will no longer be an Open Area and you must immediately cease conducting any part of your UWRG Business activities in that former Open Area. We will notify you via facsimile or e-mail if the Open Area is no longer available for you, identifying the Franchisee or specifying whether we are reserving it for us or our affiliates.

Multi-Market Account Program

We anticipate devoting resources to developing a multi-market or regional accounts program for the benefit of both our affiliated businesses and those operated by other UWRG Businesses (the “Multi-Market Accounts Program”). A “Multi-Market Account” is a client that we designate for participation in the Multi-Market Accounts Program that operates under common ownership or control, under the same trademarks or service marks through independent franchises or some other association, at multiple locations, or who we otherwise consider as a client or potential client in multiple geographic areas. The locations of some of the Multi-Market Accounts may be in your Territory.

We, or our designee, may solicit current or potential clients located in your Territory, whether or not you currently market or sell Restoration/Remediation Services to them, to develop them as Multi-Market Accounts without violating any of your territorial rights. We may perform, market and sell Restoration/Remediation Services to such Multi-Market Accounts in your Territory.

You must use your commercially reasonable best efforts to perform, market and sell the Restoration/Remediation Services for your UWRG Business that we may designate to Multi-Market Accounts located in your Territory on the terms and conditions we specify. These terms may vary for each Multi-Market Account depending on the circumstances. We may require that you coordinate your efforts with other UWRG franchisees.

At your option, you may decide not to perform, market and sell the Restoration/Remediation Services to one or more of the Multi-Market Accounts in your Territory. You recognize that some Multi-Market Accounts, for whatever reason, may decide that they do not want to do business with you. If that happens, we will cooperate with you to the fullest extent practicable to resolve the Multi-Market Account’s concerns. However, if after we exercise what we believe to be reasonable efforts to rectify the problem, the Multi-Market Account continues to refuse to do business with you, then you agree that we or any other UWRG Business we designate may perform, market and sell the Restoration/Remediation Services to that Multi-Market Account in your Territory.

For purposes of coordinating efforts and results of Multi-Market Account programs, you must timely provide us with copies of all reports, forms and notices relating to the marketing and sale of

Restoration/Remediation Services to Multi-Market Accounts that we may specify. You also must coordinate with us any solicitations you conduct that may have potential for development as Multi-Market Accounts.

We will establish the terms and conditions, including pricing, for Multi-Market Accounts. You must honor those terms and conditions in providing Restoration/Remediation Services to them. In addition, Multi-Market Accounts may prefer that we handle the billing and collection for all Restoration/Remediation Services performed for them. In that case, we will perform the billing and collection on those Multi-Market Accounts and, before remitting payment to you, apply any amounts that you owe to us (including any Royalties, Brand Development Contributions or other amounts due us relating to such Multi-Market Account transactions), and offset any other amounts due us. We will provide you with an explanation accounting for any reductions from the payments due you resulting from a Multi-Market Account.

~~The~~ You are not entitled to any automatic option, right of first refusal or any similar right to acquire additional franchises within the Territory or contiguous territories, but we reserve the right to offer franchisees such rights, in our discretion. Further, the sale of additional territories to you may be restricted based on your achieving certain metrics in your existing territory. Our current performance standards to be eligible to purchase additional territories is as follows:

Territories	Total Revenue
1	\$ 390,000.00
2	\$ 520,000.00
3	\$ 650,000.00
4	\$ 780,000.00
5	\$ 910,000.00
6	\$ 1,040,000.00
7	\$ 1,040,000.00
8	\$ 1,170,000.00
9	\$ 1,300,000.00
10	\$ 1,820,000.00
11	\$ 1,820,000.00
12	\$ 1,820,000.00
13	\$ 1,820,000.00
14	\$ 1,820,000.00
15	\$ 3,250,000.00
16	\$ 3,250,000.00
17	\$ 3,250,000.00
18	\$ 3,250,000.00
19	\$ 3,250,000.00
20	\$ 3,250,000.00

Cross-Territory Policy

We may adopt a Cross-Territory Policy which governs your marketing and sale of Restoration/Remediation Services within another franchisee's territory. If and when adopted, it will either be part of the Manual or a separate addition to the Manual. You: (i) will abide by the Cross-Territory Policy as adopted by us; and (ii) acknowledge that we may change, replace and modify the Cross-Territory Policy to reflect market conditions and other factors. Nevertheless, you must focus the predominant amount of your marketing activities within your Territory.

Reserved Rights

We (and our affiliates) retain the rights to do any or all of the following, in our sole discretion:

- (a) perform, market, promote, sell and provide through affiliate owned businesses or through independent contractors, any Restoration/Remediation Services or similar products or services authorized for UWRG Businesses in any location, but not using the Marks;
- (b) perform, market, promote, sell and provide any Restoration/Remediation Services in the Territory using the Marks for Multi-Market Accounts or in accordance with the Cross-Territory Policy;
- (c) perform, market, promote, distribute and sell through wholesale and retail channels products for others to use to perform services that are the same or similar to Restoration/Remediation Services, for themselves or others, whether or not using the Marks anywhere;
- (d) operate and grant to others the right to operate UWRG Businesses outside the Territory on such terms and conditions as we deem appropriate;
- (e) operate and grant franchises to others to operate businesses, wherever located, specializing in the marketing and sale of products or services other than Restoration/Remediation Services, including the marketing and sale of products or services whether or not using the Marks, and pursuant to such terms and conditions as we deem appropriate;
- (f) market, promote, advertise, schedule and take orders for quotations, estimates or to schedule Restoration/Remediation Services to be performed anywhere via the internet, call service centers or social media;
- (g) operate call center services on behalf of ourselves and all franchisees, if we determine to do so, which would include communications with customers in your Territory and booking appointments, jobs and projects;
- (h) market, promote and advertise Restoration/Remediation Services whether or not using the marks or copyrights anywhere; and
- (i) engage in any activity that we are not otherwise expressly prohibited from engaging in and/or that is not exclusively granted to you pursuant to your franchise agreement (anything not expressly granted by us to you is reserved by us).

ITEM 13. TRADEMARKS

The Franchise Agreement grants you the right to operate a UWRG Business under the trademark and service mark “United Water Restoration® Group,” and related trademarks, service marks, logos and commercial symbols, and to use any future Marks we authorize. You agree to use the Marks in strict accordance with the Franchise Agreement and the Manuals.

The status of the registration of the following Marks on the Principal Register of the United States Patent and Trademark Office (the “USPTO”) by UWRG is as follows:

Mark	Mark Type	Registration No.	Registration Date	Register
	Service Mark-Word & Design	4819856	September 22, 2015	Principal
UNITED WATER RESTORATION GROUP	Service Mark-Word	4760020	June 23, 2015	Principal

All required affidavits and renewals pertaining to the above Marks have been filed. We have the right to use and license the use of the Marks to franchisees under a License Agreement with UWRG. The License Agreement provides that UWRG has the right to specify, inspect, and oversee the quality standards of our services and products to assure the protection, enhancement, and goodwill of the Marks. The License Agreement is of perpetual duration and will remain in effect unless terminated by us or UWRG. If we breach the License Agreement, or if the License Agreement is otherwise terminated, you may lose your rights to use the Marks. We know of no other superior prior rights or infringing uses.

You agree to follow our rules when using the Marks and not use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Marks in connection with the sale of any product or service that is not previously authorized by us in writing.

We reserve the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that substitution will be beneficial to the System. If we do, you agree if requested to discontinue or modify your use of any Mark or use one or more additional or substitute Marks, at your expense. You agree to comply with our directions within the time period prescribed in our notice. We will not be obligated to reimburse you for any expenses or loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

You agree to notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You agree to not directly or indirectly contest our or our Parent’s right to the Marks. We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark and in compliance with your franchise agreement, resulting from claims by third parties that your use of the Marks infringes their trademark, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with

the terms of your franchise agreement

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks. All required affidavits have been filed.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manuals, we do claim a copyright to the Manuals. During the term of your Franchise Agreement, you are allowed to use our proprietary information relating to the development, marketing and operation of a UWRG Businesses, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manuals.

You agree to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manuals. You agree to promptly tell us when you learn about unauthorized use of our proprietary information. [You are liable for the actions of your employees to whom you provide access to our proprietary information, all of whom must sign a confidentiality agreement in the form we prescribe.](#) We are not obligated to act but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of copyrights, in compliance with your franchise agreement, resulting from claims by third parties that your use of the Copyrights infringes their copyright rights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of your franchise agreement. There are no infringements that are known by us at this time.

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

We have granted the franchise to you on the assurance that it will be managed by an active owner/operator. Accordingly, you or your principal owner must be actively involved in the management of all aspects of your UWRG Business, or [it must be managed](#) by a manager that we have approved and who has successfully completed our training program to our satisfaction. Although you may delegate some of your duties under this Agreement to your subordinate managers or employees, you remain fully responsible for your and their performance. We do strongly recommend you hire a full-time, in the field marketer.

You must use your best efforts to ensure your personnel do not cause a breach of this Agreement.

If you are a business entity (e.g., corporation, partnership or limited liability company), each of your owners that are active in the UWRG Business at any time during the Term, and any owner that has a beneficial ownership interest of 10% or more in you, [and all spouses](#), must personally guarantee your obligations under the Franchise Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement. This includes both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. See [Exhibit "G Franchise Agreement Attachment "C"](#) for our current form "Guaranty."

You also agree to complete and deliver to us a "Principal Owner's Statement" in the form attached ~~as~~

~~Exhibit~~ to the Franchise Agreement as Attachment “~~H~~B,” which describes all of your owners and their interests in you.

We have the right to require you to obtain and deliver to us covenants against the use and disclosure of any confidential information from your owners, managers and any other employees or agents who have received or will have access to our training or confidential information. All of the required covenants must be in a form satisfactory to us. See ~~Exhibit “J~~ Franchise Agreement Attachment “D” for our current form “Confidentiality Agreement.”

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You agree we have the right to approve all goods and services that you sell at or through your UWRG Business. You agree to offer all goods and services that we require. You may not sell any goods or services that we have disapproved. You must not engage in ~~repair and rebuilding services after a restoration/remediation event including drywall, fixture, and flooring installation, painting, and other common services associated with remodeling~~ (“Reconstruction Services”) without our prior written approval. Asbestos & Lead Abatement are not approved services. If we authorize you to perform Reconstruction Services, you must comply with all applicable laws and regulations. We have the unrestricted right to change the goods and/or services that you have agreed to sell as part of your UWRG Business, at any time in our sole discretion, and you will comply with any such change. We may also restrict you (and your affiliates) from engaging in businesses and/or offering and selling (directly or indirectly) products or services that we determine are not appropriate for a UWRG Business. If you would like to add services to your UWRG Business, requests must be put in writing and approved ahead of offering said services.

All products and services you use, offer or sell at your UWRG Business will conform to our standards and specifications. These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You also must comply with all applicable laws and regulations and secure all governmental approvals for the operation of your UWRG Business.

We may periodically modify System Standards, and any such modifications may obligate you to invest additional capital in your UWRG Business and/or incur higher operating costs. Such modifications will not alter your fundamental status and rights under your franchise agreement. You must comply with all modifications to System Standards within the time period we specify. You must repair, replace or refurbish your equipment, vehicles or trailers to meet our System Standards. In addition to your obligation to maintain all vehicles and equipment to meet our System Standards, you must make any upgrades and replacements of any equipment, computer hardware or software specifications as we require. We may also periodically require you to renovate the trade dress used on your vehicles, marketing materials, or at your business office. These updates may require you to implement new color schemes, signage, marketing materials or other visual elements. You must adapt to all of these upgrade requirements within 120 days of our notice to you to do so.

All advertising, promotion and marketing will (i) be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe, and (ii) conform to such standards and requirements as we may specify to conform to regulatory requirements. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them.

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

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.2	Term is 10 years. (Exhibit A (2.2))
b. Renewal or extension of the term	Section 16.1	If you are in good standing, upon expiration of your original Franchise Agreement, you will have the right to acquire a renewal franchise for 2 additional 10-year periods on the terms and conditions of our then-current franchise agreement. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement.
c. Requirements for you to renew or extend	Section 16	You and your owners are in compliance with all agreements; you provide us with written notice at least 180 days prior to expiration of the term of your existing Franchise Agreement; you and your owners sign our then-current form Franchise Agreement and any related documents; you and your owners sign a General Release; you and your owners satisfactory complete any new training and refresher programs that we may require; you pay to us a Renewal Franchise Fee of \$5,000 ; you remodel or upgrade your UWRG Business to comply with our then-current standards and specifications; and, maintain possession of your UWRG Business under your lease. If you renew, you may be required to enter into an agreement with materially different terms and conditions than the original agreement.
d. Termination by you	18.7	You may terminate the Franchise Agreement if you are in compliance, and we materially breach the Franchise Agreement and fail to cure the breach within 90 days of receiving your written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach (subject to state law).
e. Termination by us without cause	None	Not Applicable
f. Termination by us with cause	Sections 4.12, 5.1, 18.1 and 18.2	We <u>Subject to Sections (g) and (h) below, we</u> may terminate this Agreement effective 30 days after notice to you if you have materially breached this Agreement, or if the breach cannot reasonably be cured within such 30-day period, you do not commence within such 30-day period reasonable good faith efforts to do so and continue them until cure is accomplished. We can terminate immediately upon notice to you for other defaults.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. "Cause" defined - curable defaults	Sections 18.1 and 18.2	5 days after written notice to cure failure to make payments of any amounts due to us, our affiliates or your suppliers or vendors. 30 days to cure failure to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, except as otherwise provided in Section (h) below .

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined - non-curable defaults	Section 18.2	<p>If you (or any of your owners): (a) make any material misrepresentation or omission to us in relation to our continuing business relationship; (b) are convicted by a trial court of, plead no contest or enter into a consent decree in connection with, any felony or other crime or offense that is likely to adversely affect your reputation, our reputation or otherwise involving any breach of trust or fraud; (c) engage in any dishonest or unethical conduct which may adversely affect the reputation of your UWRG Business or another UWRG Business or the goodwill associated with the Marks; (d) if a court of proper jurisdiction declares invalid or unenforceable any part of this Agreement relating to either (i) the payment of fees or royalties or (ii) the preservation of the Marks; (e) make any unauthorized direct or indirect assignment of this Agreement; (f) fail to obtain or maintain any licenses, permits, certifications or registrations you are required to have in order to operate your UWRG Business in the jurisdictions in which you operate, or such licenses, permits, certifications or registrations are suspended or revoked for any reason; (g) fail to make payments of any amounts due to us, our affiliates or your suppliers or vendors and do not correct such failure within 5 days after written notice of such failure is delivered to you; (h) fail on 2 or more separate occasions within any period of 12 consecutive months or on 3 occasions during the Term to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; (i) surrender, assign or transfer ownership or control of the operation of your UWRG Business in violation of the terms of this Agreement; (j) make any unauthorized use, duplication or disclosure of any Confidential Information; (k) file a voluntary or involuntary petition in bankruptcy or have a petition in bankruptcy filed against you or you otherwise make an assignment for the benefit of creditors or experience any act of insolvency or enter into any proceedings for the benefit of creditors; (l) fail to commence operations of your UWRG Business within the time limits otherwise required by this Agreement; (m) use our Marks in an unauthorized manner; (n) breach any non-competition covenants hereunder; (o) receive 3 or more written notices to cure pursuant in any 12 month period, whether involving the same matter of non-compliance or different matters; or (p) abandon the Franchised Business.</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Your obligations on termination/non-renewal	Sections 18.3 and 18.4	Obligations include complete de-identification, cease use of intellectual property, return of Manuals and all branded materials, cease use of and return software, assignment of vendor or supplier contracts, assignment of telephone numbers and directory listings, and payment of amounts due (also see “r” below).
j. Assignment of contract by us	Section 15.1	No restriction on our right to assign.
k. “Transfer” by you – defined	Section 15.2	Includes voluntary or involuntary, direct or indirect <u>sale</u> , assignment, sale, gift <u>conveyance, pledge, mortgage</u> or other disposition <u>encumbrance</u> of any interest in you <u>the</u> Franchise Agreement, you or your <u>the</u> UWRG Business <u>or you, including any ownership restructuring of You or of any owners of You.</u>
l. Our approval of transfer by you	Sections 15.2 and 15.3	We have the right to approve all other transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 15.3	Transferee must be individuals of good character, meet our qualifications, successfully complete training (or commit to do so), enter into a new Franchise Agreement for the remainder of the term, and agrees to upgrade the UWRG Business to our then-current standards and specifications. You must be in compliance with your Franchise Agreement, pay us the Transfer Fee, sign a General Release, sign a Subordination Agreement, and sign a Non-Competition Agreement. We notify you that we do not intend to exercise our right of first refusal.
n. Our right of first refusal to acquire your business	Section 15.8	We have the right to match any bona fide, arms-length offer for your UWRG Business.
o. Our option to purchase your business	None	None
p. Your death or disability	Sections 15.5 & 15.6	Franchise must be assigned by estate to an assignee in compliance with conditions for other transfers not less than 1 month but not more than 6 months from the date of death or disability. A qualified manager must be appointed within 15 days of death or disability. We may designate a manager to operate the Business prior to transfer.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 17.5 (a) and (c)	No involvement in competing business (i) anywhere; (ii) within the Territory; (iii) within any geographic territory that we have assigned to any one of our other UWRG Businesses, employees, or Franchisees, or in which we directly operate, market or sell; (iv) via the internet or other form of e-commerce, wherever located; or (v) within 25 miles of any geographic area that we have awarded to any other UWRG Business. You must also comply with non-solicitation and non-disclosure covenants.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.5 (b) and (c)	No involvement for 2 years in competing business (i) within your Territory; (ii) within any geographic territory that we have assigned to any one of our other UWRG Businesses, employees, or Franchisees, or in which we directly operate, market or sell; or (iii) within 25 miles of any geographic area that we have awarded to any other UWRG Business as of the date of termination or expiration of your franchise agreement. You must also comply with non-solicitation and non-disclosure covenants.
s. Modification of the Agreement	Sections 7 and 22.12	Requires written agreement signed by both parties (except for unilateral changes to Manuals or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration/merger clause	Section 22.12	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to State and Federal laws). Any representations or promises made outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 23	Except for certain claims, all disputes must be mediated at a mutually agreeable location, or at our headquarters. If the dispute is not resolved within 45 days, the dispute must be arbitrated at the office of the American Arbitration Association closest to our headquarters currently in Ormond Beach, Florida (subject to applicable State law).
v. Choice of forum	Section 22.7	All litigation must take place in the county where we maintain our principal place of business (currently, Volusia County, Florida) at the time the dispute arises (subject to applicable State law).
w. Choice of law	Section 22.6	Florida law (subject to applicable State law).

Please refer to any disclosure addenda and contractual amendments appended to this disclosure document or the Franchise Agreement for additional terms that may be required under applicable state law. Please note, however, that if you would not otherwise be covered under those state laws by their own terms, then you will not be covered merely because we have given you an addendum or rider that describes the provisions of those state laws.

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the information and the information is included in the disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual

records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

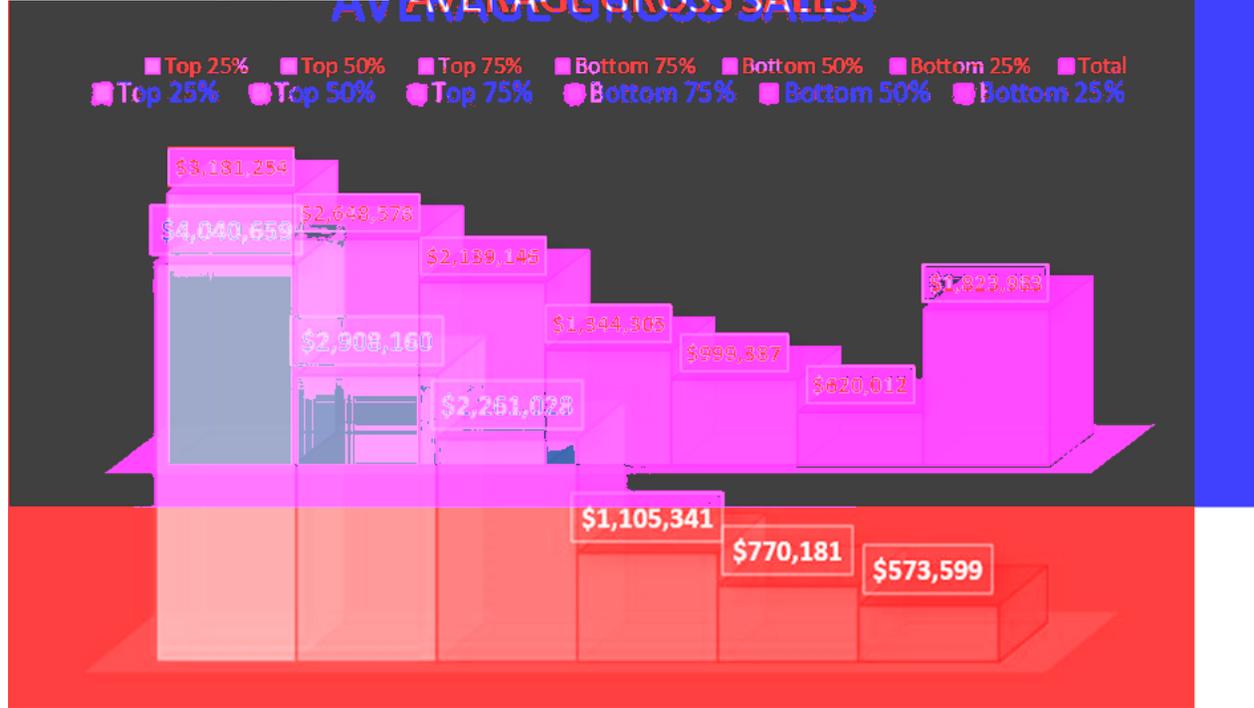
We compiled the Gross Sales (which are unaudited figures) from the company owned UWRG Businesses which offer substantially the same services to the public as the type of UWRG Business we franchise. The UWRG Businesses have access to many of the same services as those we offer to new franchisees. ~~We share personnel and certain other assets and resources with the company owned UWRG Businesses.~~ There are no material financial and operation characteristics of the company-owned outlets that are reasonably anticipated to differ materially from future operational franchise outlets.

The following figures are based on historical results of Gross Sales from our company-owned UWRG Businesses for the calendar year ended December 31, ~~2022~~2023, that were open the full 12 months, which accounted for ~~12~~10 out of ~~12~~10 units.

Location	Number of Territories	Gross Sales	Jobs	AVG Job Size	Median Job Size
1	1.9	\$7,534,685	588	\$12,814	\$10,689
2	12.4	\$2,392,486	780	\$3,067	\$2,985
3	18.4	\$2,194,807	584	\$3,758	\$2,969
4	13.8	\$2,137,352	759	\$2,816	\$2,520
5	2.8	\$1,887,895	485	\$3,893	\$2,674
6	6.8	\$1,301,737	368	\$3,537	\$2,288
7	4.0	\$1,023,325	324	\$3,158	\$2,400
8	4.4	\$996,212	238	\$4,186	\$3,097
9	3.7	\$880,750	231	\$3,813	\$3,164
10	2.5	\$802,646	229	\$3,505	\$2,800
11	3.1	\$486,249	170	\$2,860	\$2,061
12	2.7	\$431,901	138	\$3,130	\$2,441

~~There are no material financial and operation characteristics of the company-owned outlets that are reasonably anticipated to differ materially from future operational franchise outlets.~~

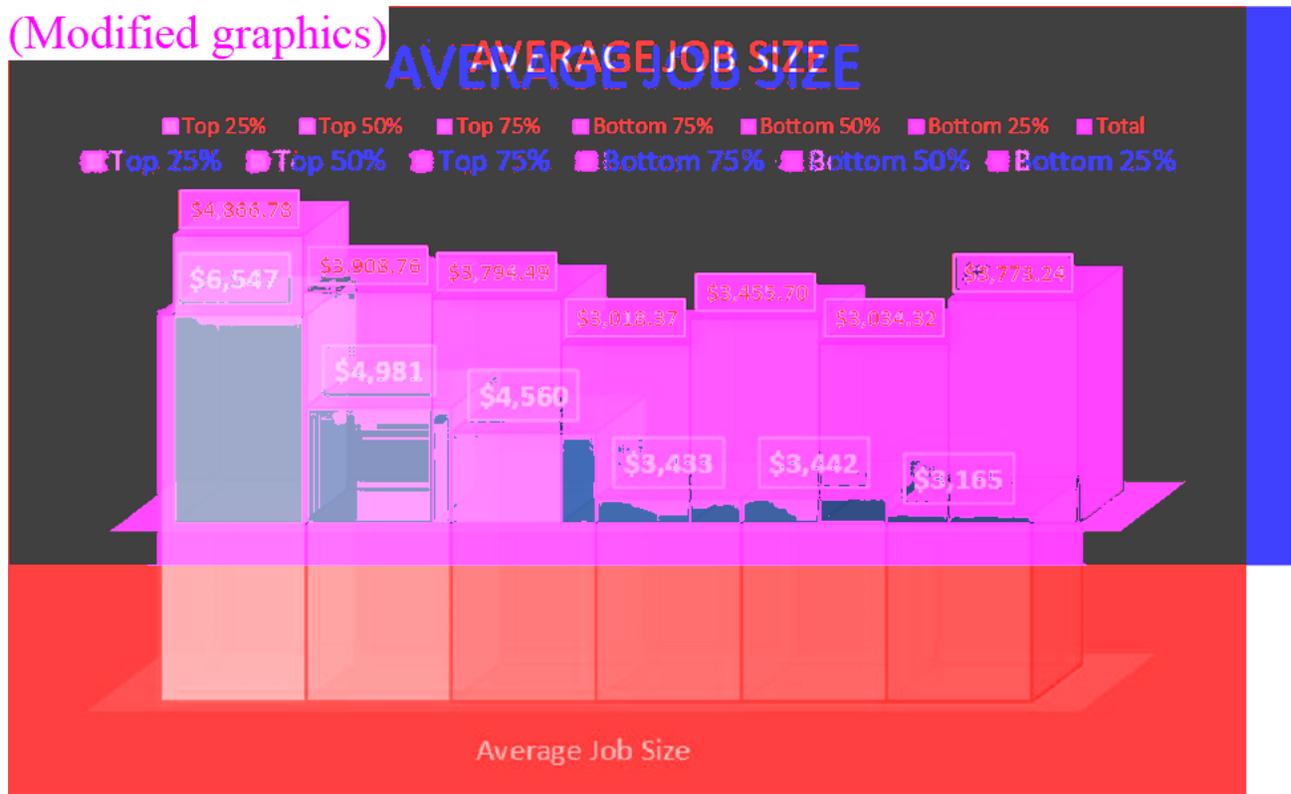
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Corporate Quartile	Number of Operators in Group	Average Gross Sales	Locations that Exceed the Average	% of Locations that Exceed the Average	Highest Highest	Lowest Lowest	Median Median	Average Job Revenue	Median Job Revenue	Median Job Size
Top 25%	3	\$3,181,254	1	33%	\$5,095,084.73	\$2,058,376.69	\$2,390,300.43	\$4,860.78	\$3,409.81	409.81
Top 50%	5	\$2,648,578	1	20%	\$5,095,084.73	\$1,796,375.29	\$2,058,376.69	\$3,908.76	\$2,983.15	983.15
Top 75%	3	\$2,040,659	2	67%	\$7,954,684.54	\$3,370,480.80	\$4,558,002.48	\$3,794.49	\$6,547.19	547.32
Bottom 75%	6	\$1,344,305	5	83%	\$2,058,376.69	\$396,780.79	\$1,568,419.83	\$3,018.37	\$3,091.59	309.85
Bottom 50%	9	\$999,387	2	22%	\$7,954,684.54	\$1,301,736.83	\$2,156,680.00	\$3,455.70	\$4,981.33	990.85
Bottom 25%	3	\$620,012	2	67%	\$1,628,848.78	\$396,780.79	\$733,376.14	\$3,455.70	\$4,560.33	562.06
Bottom 75%	9	\$1,105,341	3	33%	\$7,137,352.20	\$431,901.43	\$996,212.00	\$3,034.32	\$3,199.85	304.84
Total	10	\$1,825,983	4	40%	\$5,095,084.73	\$996,780.79	\$1,707,612.04	\$3,773.24	\$3,304.84	304.84
Bottom 50%	6	\$770,181	4	67%	\$1,023,325.25	\$431,901.43	\$841,698.00	\$3,442.00	\$2,660.82	266.82
Bottom 25%	3	\$573,599	1	33%	\$802,646.14	\$431,901.43	\$486,249.00	\$3,165.00	\$2,434.15	243.15

(Modified graphics)



Average Gross Sales Per Job

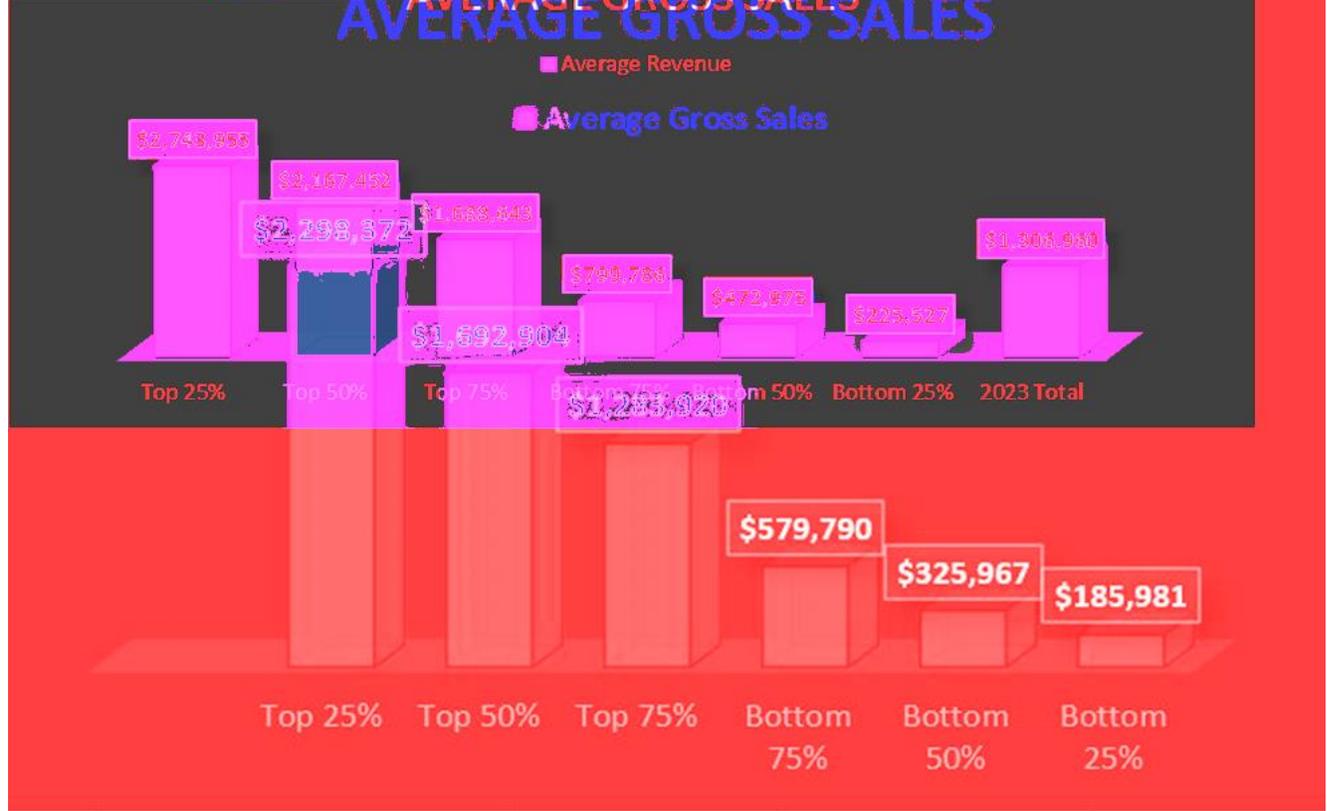
Number of Locations	Average Gross Sales Per Job	Locations that Exceeded Average	% of Locations that Exceeded the Average	Highest	Lowest	Median
10	\$ 4,509.61	+2	820%	\$ 12,814.09	\$ 3,129.72	\$ 3,521.17
	\$ 3,773.24			\$ 8,938.75	\$ 2,317.90	\$ 3,304.84

The following figures are based on historical results of Gross Sales from franchisee UWRG Businesses in Canada and the United States for the calendar year ended December 31, 2022/2023, that were open the full 12 months, which accounted for 2023 out of 2430 units (47 units did not operate the entire calendar year and were therefore excluded):

Franchisee	Number of Territories	Gross Sales	JOBS	AVG-Size	Median Size
1	10.5	\$3,195,596	303	\$10,547	\$8,138
2	7.8	\$2,704,528	567	\$4,770	\$3,642
3	9.0	\$2,302,920	313	\$3,673	\$3,810
4	6.5	\$1,673,237	305	\$5,486	\$6,587

5	5.0	\$1,615,578	321	\$5,033	\$7,200
6	2.2	\$1,485,830	269	\$5,524	\$5,787
7	2.5	\$1,323,419	147	\$9,003	\$5,468
8	6.1	\$1,251,848	260	\$4,815	\$5,876
9	5.5	\$693,979	126	\$5,508	\$5,845
10	3.1	\$682,106	218	\$3,129	\$2,500
11	2.1	\$659,382	128	\$5,151	\$3,436
12	1.2	\$457,999	70	\$6,543	\$3,620
13	1.0	\$416,131	62	\$6,712	\$5,593
14	2.9	\$404,463	63	\$6,420	\$5,309
15	1.0	\$391,790	81	\$4,837	\$5,493
16	4.9	\$356,057	149	\$2,390	\$2,400
17	1.2	\$256,747	73	\$3,517	\$3,235
18	3.4	\$218,644	23	\$9,506	\$5,200
19	1.1	\$66,573	13	\$5,121	\$5,666
20	1.1	\$31,885	4	\$7,971	\$6,948

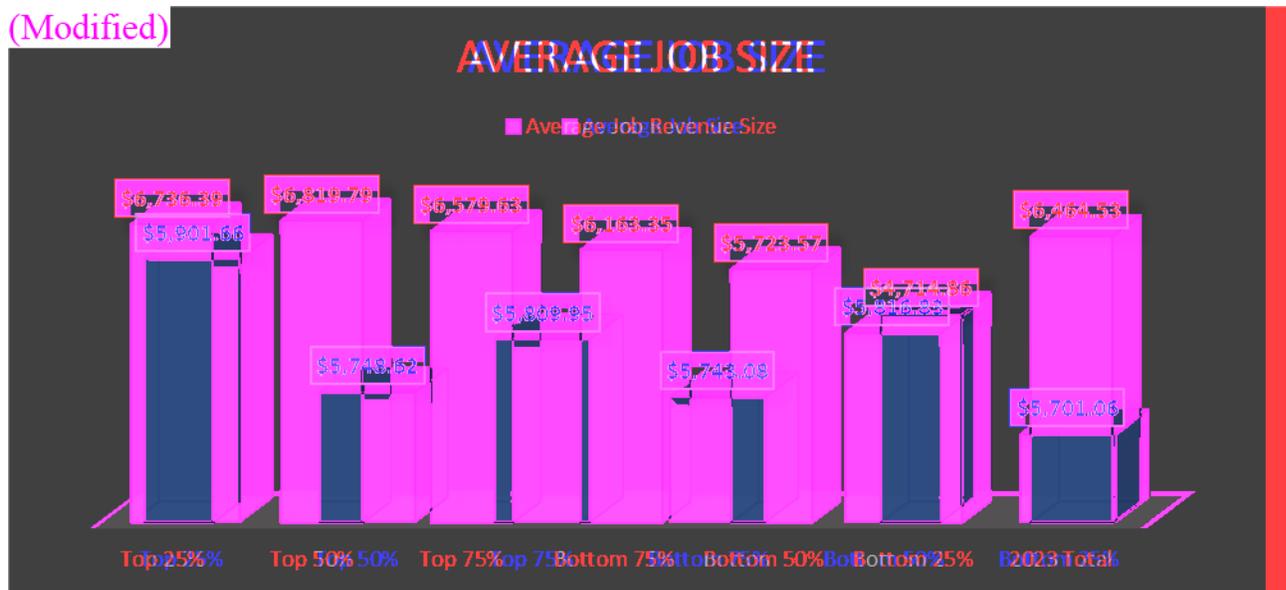
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(Modified)

2023 Franchise Quartile	Number of Operators in Group	Number of Territories in Group	Average Revenue	Locations that Exceed the Average	Locations that Exceed the Average	% of Franchises that Exceed the Average	Highest	High-Low	Low	Median	Average Job Revenue Site	Median Job Revenue Site	Median Size
Top 25%	6	5	\$2,748,956	2	3	33%	\$3,689,549.57	\$1,989,811.33	\$1,015,385.90	\$1,015,385.90	\$6,276.19	\$6,070.16	\$5,875.8
Top 50%	11	10	\$2,167,452	5	3	45%	\$3,689,549.57	\$1,063,855.97	\$612,003.51	\$1,251,848.14	\$5,019.09	\$5,743.86	\$5,485.7
Top 75%	17	15	\$1,688,643	7	7	41%	\$3,689,549.57	\$412,312.94	\$1,481,995.19	\$1,251,848.10	\$8,379.83	\$5,809.95	\$5,220.6
Bottom 75%	17	15	\$1,688,643	7	7	41%	\$3,689,549.57	\$412,312.94	\$1,481,995.19	\$1,251,848.10	\$8,379.83	\$5,809.95	\$5,220.6
Bottom 50%	17	10	\$799,786	9	6	53%	\$1,846,966.56	\$61,273.19	\$847,384.99	\$416,150.68	\$6,163.33	\$5,114.17	\$4,825.3
Bottom 25%	11	5	\$472,975	4	3	36%	\$991,347.75	\$61,273.19	\$384,227.65	\$208,727.62	\$5,723.57	\$5,701.16	\$4,690.2
2023 Total	23	86	\$1,306,960	10		43%	\$3,689,549.57	\$61,273.19	\$1,015,385.90	\$6,464.53	\$6,114.17		

(Modified)



Average Gross Sales Per Job						
Number of Locations	Average Gross Sales Per Job	Locations that Exceeded Average	% of Locations that Exceeded the Average	Highest	Lowest	Median
2023	\$5,776.46	79	35.39%	\$10,546.52	\$2,389.64	\$5,318.72
	\$6,464.53			\$13,177.32	\$3,009.58	\$6,114.17

Definitions

Gross Sales, as used herein, means the total sales invoiced during the year, minus credit memos, (not the amount collected).

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

The figures we present are based on the cash basis of accounting and conform to generally accepted accounting principles. The statements are the product of the accounting software program and system we utilize for our operations.

The sales of UWRG Businesses do not appear to be affected by seasonality. The Collected Revenue shown does not include the any expenses that you will also incur in operating your UWRG Business, as well as royalties, brand development contributions and other fees due us.

Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable request.

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 Zoltan Kurucz, in writing at: 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174, by telephone at: (386) 492-6904, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Summary Outlet
For Years Ending ~~2020, 2021~~ and, 2022 and 2023

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2020	13	17	+4
<u>Franchised</u>	2021	17	20	+3
	2022	20	24	+4
Company-Owned⁽¹⁾	2020 <u>2023</u>	11 <u>24</u>	12 <u>32</u>	0 <u>+8</u>
<u>Company-Owned⁽¹⁾</u>	2021	11	12	+1
	2022	12	12	0
Total Outlets	2020 <u>2023</u>	24 <u>12</u>	28 <u>12</u>	+4 <u>0</u>
<u>Total Outlets</u>	2021	28	32	+4
	2022	32	36	+4
	<u>2023</u>	<u>36</u>	<u>44</u>	<u>+12</u>

⁽¹⁾ These outlets are owned by our affiliate.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other Than the Franchisor)
For Years Ending ~~2020, 2021~~ and, 2022 and 2023

STATE	YEAR	NUMBER OF TRANSFERS
All States	2020	0
<u>All States</u>	2021	0
	2022	0
Total	2020 <u>2023</u>	0 <u>0</u>
<u>Total</u>	2021	0
	2022	0
	<u>2023</u>	<u>0</u>

Table No. 3
Status of Franchised Outlets
For Years Ending ~~2020, 2021 and~~ 2022 and 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
California	2020	0	0	0	0	0	0	0
<u>California</u>	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Colorado	2020 202	0 1	0 0	0	0	0	0	1
	<u>3</u>							
<u>Colorado</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Connecticut	2020 202	1	0 1	0	0	0	0	1 2
	<u>3</u>							
<u>Connecticut</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020 202	2 1	0	0	0	0	0	2 1
	<u>3</u>							
<u>Florida</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Georgia	2020 202	1 2	0 1	0	0	0	0	1 3
	<u>3</u>							
<u>Georgia</u>	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Louisiana	2020 202	0 2	0	0	0	0	0	0 2
	<u>3</u>							
<u>Louisiana</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Maryland	2020 202	0 1	0	0	0	0	0	0 1
	<u>3</u>							
<u>Maryland</u>	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020 202	0 1	0 1	0	0	0	0	0 2
	<u>3</u>							
<u>Michigan</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Minnesota	2020 202	0 1	0 0	0	0	0	0	1
	<u>3</u>							
<u>Minnesota</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020 202	0 1	0 0	0	0	0	0	1
	<u>3</u>							
<u>New Jersey</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020 202	1	0	0	0	0	0	1
	<u>3</u>							
<u>New York</u>	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
North	2022	1	0	0	0	0	0	1
	2020 2023	1	0 1	0	0	0	0	1 2
CarolinaNorth Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
OregonOhio	2020 2023	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Oregon	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020 2023	2 1	0	0	0	0	1 0	1
Tennessee	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020 2023	4 1	0	0	0	0	0	4 1
Texas	2021	4	0	0	0	0	1	3
	2022	3	1	0	0	0	0	4
Virginia	2020 2023	0 4	1 2	0	0	0	0	1 6
	2021	1	1	0	0	0	0	2
Virginia	2022	2	0	0	0	0	0	2
	2020 2023	1 2	1	0	0	0	0	2 3
Canada Canada	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Totals	2020 2023	13 2	5 0	0	0	0	1 0	17 2
Totals	2021	17	4	0	0	0	1	20
	2022	20	4	0	0	0	0	24
	2023	24	8	0	0	0	0	32

Table No. 4
Status of Company-Owned Outlets ⁽¹⁾
For Years Ending ~~2020, 2021 and, 2022 and 2023~~

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2020	1 0	0	0	0	0	1 0
Florida	2021	10	1	0	0	0	11
	2022	11	0	0	0	0	11
Nebraska	2020 2023	1 1	0	0	0	0	1 1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Nebraska	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020 <u>2023</u>	11 <u>12</u>	0	0	0	0	11 <u>12</u>
Totals	2021	11	1	0	0	0	12
	2022	12	0	0	0	0	12
	2023	12	0	0	0	0	12

(1) These outlets are owned by our affiliate.

Table No. 5
Projected Openings as of December 31, ~~2022~~2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year (2022 2024)	Projected New Company-Owned Outlets in the Next Fiscal Year (2022 2024)
Alabama	<u>0</u>	<u>1</u>	<u>0</u>
Arizona	<u>0</u>	<u>1</u>	<u>0</u>
California	<u>0</u>	<u>1</u>	<u>0</u>
Florida	0	2 <u>1</u>	0
Maryland Georgia	10	1	0
New York Indiana	10	1	0
Pennsylvania Minnesota	0	1	0
North Carolina	<u>0</u>	<u>1</u>	<u>0</u>
Pennsylvania	<u>1</u>	<u>1</u>	<u>0</u>
Texas	0	2 <u>1</u>	0
Total	21 21	7 7 <u>10</u>	0

The name, address and telephone number of each current franchisee as of the date of this disclosure document, is listed below:

CURRENT FRANCHISEES					
State	City	Name	Street Address	Zip Code	Telephone Number
Toronto, Ontario, Canada	Vaughan	Zsolt Janocsik	55 Wings Road	L4L6B4	(844) 279-0900
Alberta, Canada	Calgary	Munesh Naicher	4186-3961 52 nd Ave NE	T3J0J7	(403) 475-2178
California	Ontario	Alex & Rabih Habda	2125 S. Hellman Ave., Unit G	91761	909-850-7501
Colorado	Colorado Springs	Johnathan Mooney	2852 Janittell Road	80906	(719) 418-2271
Colorado	Colorado Springs	Javier Calxtro	9235 N Union Blvd, Suite 150-193	80920	(719)-757-0421
Connecticut	Stamford	Rob Perry	41 Sundance Dr.	06807	(475) 747-4512

CURRENT FRANCHISEES

State	City	Name	Street Address	Zip Code	Telephone Number
Florida	Clearwater	James Fleming & Justin Trantum	3734 131 st . Avenue	33762	(727) 202-1226
Florida	Melbourne	Joseph Ziolkowski	715 North Drive, Suite B	32934	(352)-278-7821
Florida	Port St. Lucie	Peter Ralli	879 SW South Macedo Blvd.	34986	(772) 360-4600
Georgia	Atlanta	Dennis Lagasse	3772 Pleasantdale Rd.	30340	(404) 935-5670
Georgia	McDonough	Austin & Emily Hart	235 Country Side Drive	30252	(470) 552-4232
Louisiana	New Orleans	Chad Breaux	2640 Delaware Ave, Unit A	70062	(504) 381-0600
Maryland	Beltsville	Tayo Oshadiya	11241 Somerset Avenue	20705	(240) 249-8500
Maryland	Reisterstown	Indira Moreno & Marvin Ponce	12360 Owings Mills Blvd	21136	(443)-578-2293
Michigan	Brownstown	Ron Sekhon	26640 Carly Drive	48174	(734) 897-0203
Minnesota	St. Paul	Sammy Alamari	7300 Hudson Blvd #150	55128	(651) 359-2022
New Jersey	Paramus	Diego & Wagner Monge	164 Florence Avenue	07056	(201) 686-7319
New York	Islandia	Phil DePaul	74 Bridge Dr.	11749	(917) 468-2776
New York	Poughkeepsie	Latoya Banfield & Joseph Passalaqua	7 Shady Tree Lane	12603	(845)-444-5383
North Carolina	Charlotte	Cindy High Rob Fischmann	2905 Westinghouse Blvd., Ste. 800	28273	(704) 228-8888
Ohio	Dayton	Jesse Rubio & Paul Chatrath	1415 Business Center Court	45410	(937)-813-1313
Oregon	Hillsboro	Alex Guerra & Fatima Landa	2074 NE Aloclek Drive Suite 412	97124	971-803-1711
Tennessee	Memphis	Gehrett Enterprises, Inc., Richard Gehrett	3892 South Perkins Cutoff	38118	(901) 410-4466
Texas	Arlington	Vincent Thomas, Lajos Nagy, Endre Banfi & Zoltan Kurucz	1008 W Harris Rd, Suite 100	76001	(210)-960-2173
Texas	Buda	Alexander Cade Enterprises, Inc. Tracy Hammock	1955 FM 2001, Suite 500	78610	(512) 813-0501
Texas	Houston	32832 Bernard Enterprises, LLC Jason Bernard	18901 Kuykendahl Road, Sutie F	77379	(713) 401-2190
Texas	Magnolia	Kathryn Brown & Scott Simpson	33011 Tamina Rd., Ste. A	77354	(281) 297-8500

CURRENT FRANCHISEES					
State	City	Name	Street Address	Zip Code	Telephone Number
Texas	McKinney	Craig McCandless	7300 State Highway 121, #300	75070	(469)-486-3442
Texas	Missouri City	Rodney Washington	13313 Redfish Lane, Suite 104	77477	(281) 761-2022
Virginia	Ashburn	Melvin Enderes & Alberto Guardado	21690 Red Rum Drive, Suite 182	20147	(703) 688-3788
Virginia	Fredericksburg	Daniel Mihoc & Robert Dayfield	600 Interstate Business Park, Suite B	22405	(540)-403-0333
Virginia	Sterling	Aurelian Ababei	45195 Maries Road	20166	(703) 596-9868

The name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of any franchisee who, in our most recent full fiscal year: (a) had an outlet terminated, cancelled, or not renewed; (b) otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, as applicable; or (c) who has not communicated with us within 10 weeks of the issuance date of this disclosure document, is listed below:

State	Zip Code	Name	Telephone Number
		None	

The following is a list of franchisees and their addresses and telephone numbers for those that have signed a Franchise Agreement but have not yet opened.

FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPENED			
City, State, Zip Code	Name	Address	Telephone Number
Reisterstown, — Maryland, 21136 Doylestown, PA 18901	Indira Moreno & Marvin Ponce Gervasse Talbot	12360 Owings Mills Blvd 33 Union Street	443-267-5788 513-229-3957
Poughkeepsie, NY 12603	Latoya Banfield & Joseph Passalacqua	7 Shady Tree Lane	845-444-5383

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

~~We are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.~~

Confidentiality Agreements

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

[Some franchisees have signed confidentiality provisions with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You](#)

[may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.](#)

Trademark-Specific Franchisee Organization

There are no ~~(i) trademark specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (ii)~~ independent franchisee organizations that have asked to be included in this disclosure document. [We have created a Franchisee Advisory Board. The Chairperson is Phil DePaul; 917-468-2776.](#)

ITEM 21. FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit “B” are our Audited Fiscal Year-End Financial Statements for [2023, 2022, and 2021](#) ~~and 2020~~ [and our unaudited financials as of March 31, 2024.](#)

ITEM 22. CONTRACTS

The following contracts, agreements, ~~and other required exhibits~~ are attached as Exhibits to the Disclosure Document (or the Franchise Agreement attached to this disclosure document):

Exhibit “A”	United Water Restoration Group Franchise Agreement
Exhibit “C”	United Water Restoration Group Operating Manual Table of Contents
	<u>Attachment A - Maps</u>
	<u>Attachment B - Owner’s Statement</u>
	<u>Attachment C - Guaranty</u>
	<u>Attachment D - Confidentiality Agreement</u>
	<u>Attachment E - Disclosure Questionnaire</u>
Exhibit “	<u>Attachment F” - General Release</u>
	<u>Attachment G - Promissory Note</u>
Exhibit “G”	Guaranty
Exhibit “H”	Principal Owner’s Statement
Exhibit “I”	Conditional Assignment of <u>Attachment H - Telephone Numbers</u> Number
and Listings and Internet Addresses	<u>Assignment</u>
	<u>Attachment I - Conversion Addendum</u>
Exhibit “J”	Confidentiality Agreement
Exhibit “K”	Secured Negotiable Promissory Note and Guaranty of Promissory Note
Exhibit “L”	Franchise Compliance Certificate
Exhibit “ ME ”	Receipts <u>State Addenda</u>

ITEM 23. RECEIPTS

Attached to this disclosure document ~~as Exhibit “M”~~ are copies of a detachable receipt. Please sign and date both acknowledging receipt of this disclosure document and return one of them to us for our files.

Exhibit A

FRANCHISE AGREEMENT

**United Franchise
Holdings, LLC**

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EXHIBIT A

UNITED WATER RESTORATION® GROUP

FRANCHISE AGREEMENT

AGREEMENT DATE

FRANCHISE OWNER

FRANCHISE NUMBER

ADDRESS OF FRANCHISE:

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- A. Map of Territory
- B. Owner's Statement
- C. Guaranty
- D. Confidentiality Agreement
- E. Disclosure Questionnaire
- F. Form of General Release
- G. Promissory Note
- H. Telephone Numbers and Listings Assignment
- I. Conversion Addendum

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UNITED WATER RESTORATION® GROUP
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into by and between **UNITED FRANCHISE HOLDINGS, LLC** whose principal place of business is located at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174 (“**we**”, “**us**” or “**our**”) and _____, a _____ corporation/limited liability company/partnership, having its principal place of business at _____ (“**you**” or “**your**”) on the date this Agreement is executed by us below (the “**Effective Date**”).

1. INTRODUCTION

1.1 **The System.** We are granting franchises (each a “**UWRG Business**” or “**Business**”) to qualified and capable candidates to operate a full-service restoration company that provides quality service in an expedient manner specializing in restoration, remediation and emergency services including drying, cleaning, decontamination, board-up, demolition, loss mitigation, mold remediation and other emergency services for residential and commercial buildings, structures, and contents (the “**Restoration/Remediation Services**”) to commercial and residential customers using our System. We and our affiliates have developed or licensed distinctive formats, methods, policies, procedures, standards, specifications, information, sales and training techniques, business relationships, Marks and Copyrights to operate a UWRG Business, all of which we may change, alter, amend, further improve, discontinue, develop or otherwise modify (collectively, the “**System**”).

We use, promote and license, or may own, use, promote or license certain trademarks, service marks (including United Water Restoration® Group with design), logos, designs, artwork, e-names and other commercial symbols in the operation of UWRG Businesses (collectively, the “**Marks**”). UWRG Businesses also utilize, in a manner we designate or approve, certain materials and other ideas and information presented or reduced in or to tangible form that we designate, approve, or provide (e.g., writings, sound, compositions, pictures, drawings, artwork, websites, designs and the like), which we have sought or may seek copyright protection in or to (the “**Copyrights**”). We may in the future register, develop, enhance or modify certain aspects of the System or the Marks or the Copyrights, and we may create, use and license additional, replacement or substitute copyrights, trademarks, service marks, logos, designs, artwork, e-names and other commercial symbols in conjunction with the operation of UWRG Businesses, which we may include as part of the Marks or Copyrights. References to the System include the use of the Marks and Copyrights unless the context otherwise requires.

You want to acquire the right to operate a UWRG Business, using the System to perform, market and sell the Restoration/Remediation Services to commercial and residential customers. We grant to persons who meet our qualifications and are willing to undertake the investment and effort, the right to own and operate a UWRG Business using the System (“**Franchisees**”).

The business you conduct as a UWRG Business is referred to as “your” or the “**UWRG Business.**” You recognize our legitimate business interest in preserving our customer base and associated goodwill, as well as our relationships with other UWRG Businesses, suppliers, agents, designees or affiliates. This Agreement contains the terms and conditions of your performance as one of our UWRG Businesses and our obligations to you.

1.2 **Acknowledgments.** This Agreement is being presented to you because you expressed the desire to own and operate a UWRG Business and own and operate your UWRG Business. You understand that the terms of this Agreement are reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all UWRG Businesses, and to protect and preserve the goodwill of the Marks, the Copyrights and the System. In signing this Agreement, you acknowledge the importance of operating your UWRG Business in strict conformity with our standards; and

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[United Water 2024 Franchise Agreement](#)

2. GRANT AND TERM

2.1 **Grant.** We grant to you a franchise (the “**Franchise**”) during the Term, to own and operate a UWRG Business using the System solely within the Territory in accordance with our System Standards to: (i) perform, market and sell the Restoration/Remediation Services to commercial and residential customers in the Territory; and (ii) perform, market and sell the Restoration/Remediation Services to Multi-Market Accounts that we designate. You must not engage in repair and rebuilding services after a restoration/remediation event including drywall, fixture, and flooring installation, painting, and other common services associated with remodeling (“**Reconstruction Services**”) without our prior written approval. If we authorize you to perform Reconstruction Services you must comply with all applicable laws and regulations. Reconstruction Services provided to customers to whom you have in the past, or are, providing Restoration/Remediation Services must be done through your UWRG Business. To the extent you provide Reconstruction Services to non-UWRG customers, it must be done via a separate entity, and we shall have the right, at least annually, to audit the books and records of said separate entity to ensure compliance.

2.2 **Term.** The term of the Franchise begins on the Effective Date and ends on its 10th anniversary (the “**Term**”), unless sooner terminated pursuant to this Agreement. The word “**Term**” means the initial time period and any renewal or extension of that time period, unless the context is otherwise.

2.3 **Full Term Performance.** You agree to perform your obligations under this Agreement faithfully and honestly, and to continuously exert your best efforts to promote and enhance your UWRG Business and the System, for the full Term of this Agreement. You are required to be personally responsible for the development and success of your UWRG Business. Accordingly, the UWRG Business must be managed and supervised on a day-to-day basis by you or another person we have approved, both of whom must have satisfactorily completed our initial training. Furthermore, you agree not to engage in any other business or activity that may conflict with your obligations under this Agreement. You must not offer any other line of business or services, including performing, marketing or selling other services the same or similar to Restoration/Remediation Services, without our prior written consent. You may use the Marks, the Copyrights and the System only for purposes of operating as a UWRG Business for the sale of the Restoration/Remediation Services, in accordance with this Agreement and our System Standards.

3. TERRITORIAL RIGHTS AND RESTRICTIONS

3.1 **Exclusivity / Restrictions.** Subject to Sections 3.3 through 3.6 below, we grant to you a protected territory to operate your UWRG Business referred to as the “Territory.” The “**Territory**” of your UWRG Business consists of the geographic area comprised of the following zip codes:

A map of the Territory is attached as [Exhibit Attachment “A”](#) but the description herein supersedes any conflict with the map. One Territory will contain approximately 250,000 persons (a “**Territory**”). During the Term, as long as you are in compliance with this Agreement, we will neither grant anyone else the right to, nor ourselves, operate a UWRG Business by marketing, promoting, providing or performing Restoration/Remediation Services within the Territory, except in compliance with our Multi-Market Accounts Program and our Cross-Territory Policy. In return, you must not market, sell, promote, provide or perform Restoration/Remediation Services outside of the Territory without our prior written consent, except in an Open Area or in compliance with our Cross-Territory Policy. ~~Hy~~[You do not have any automatic right to purchase additional territories. Additionally,](#)

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in the event you wish to purchase additional Territories, it will be subject to you achieving metrics in your existing territories in accordance with our then current performance standards.

3.2 **Location.** Any and all offices for your UWRG Business (including UWRG Express Program outlet) must be located within the Territory and such location must be pre-approved by us. However, we are not obligated to provide any assistance to you in your selection of an office location. You will not be permitted to relocate your office or open additional offices within the Territory without our prior written approval.

3.3 **Open Areas.** With our prior written consent, you may perform (but not market, promote or advertise) Restoration/Remediation Services in any geographic area that we have not awarded or designated to another UWRG Business or reserved for us (“**Open Areas**”). You acknowledge that we may grant territorial rights to anyone in any geographic area other than your Territory, with no obligation or compensation to you whatsoever. We may do so at any time (without any compensation to you) so that your operations outside of your Territory (e.g., in Open Areas) are at your own risk. If we award or designate any Open Area to any other UWRG Business, or to us, that geographic area will no longer be an Open Area and you must immediately cease conducting any part of your UWRG Business activities in that former Open Area. We will notify you via facsimile or e-mail if the Open Area is no longer available for you, identifying the Franchisee or specifying whether we are reserving it for us or our affiliates.

3.4 **Multi-Market Accounts.** We anticipate devoting resources to developing a multi-market or regional accounts program for the benefit of both our affiliated businesses and those operated by other UWRG Businesses (the “**Multi-Market Accounts Program**”). A “**Multi-Market Account**” is a client that we designate for participation in the Multi-Market Accounts Program that operate under common ownership or control, under the same trademarks or service marks through independent franchises or some other association, at multiple locations, or who we otherwise consider as a client or potential client in multiple geographic areas. The locations of some of the Multi-Market Accounts may be in your Territory. Regardless of any contrary provision of this Agreement, you and we agree as follows:

(a) **Territorial Rights:** You agree that we or our designee may solicit current or potential clients located in your Territory, whether or not you currently market or sell Restoration/Remediation Services to them, to develop them as Multi-Market Accounts. We or our designee may do so without violating any of your territorial rights as described in this Agreement. We may market and sell Restoration/Remediation Services to such Multi-Market Accounts in your Territory.

(b) **Best Efforts:** You must use your commercially reasonable best efforts to market and sell the Restoration/Remediation Services for your UWRG Business that we may designate to Multi-Market Accounts located in your Territory on the terms and conditions we specify. These terms may vary for each Multi-Market Account depending on the circumstances. We may require that you coordinate your efforts with other UWRG Businesses with respect to a Multi-Market Account.

(c) **Alternative Restoration/Remediation Services:** At your option, you may decide not to market and sell the Restoration/Remediation Services to one or more of the Multi-Market Accounts in your Territory. You recognize that some Multi-Market Accounts, for whatever reason, may decide that they do not want to do business with you. If that happens, we will cooperate with you to the fullest extent practicable to resolve the Multi-Market Account’s concerns. However, if after we exercise what we believe to be reasonable efforts to rectify the problem, the Multi-Market Account continues to refuse to do business with you, then you agree that we or any other UWRG Business we designate may market and sell the Restoration/Remediation Services to that Multi-Market Account in your Territory.

(d) **Reports and Forms:** For purposes of coordinating efforts and results of Multi-Market Account programs, you must timely provide us with copies of all reports, forms and notices relating to

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the marketing and sale of Restoration/Remediation Services to Multi-Market Accounts that we may specify. You also agree to coordinate with us any solicitations you conduct that may have potential for development as Multi-Market Accounts.

(e) Terms and Conditions: We will establish the terms and conditions, including pricing, for Multi-Market Accounts. You must honor those terms and conditions in providing Restoration/Remediation Services to them. In addition, Multi-Market Accounts may prefer that we handle the billing and collection for all Restoration/Remediation Services performed for them. In that case, we will perform the billing and collection on those Multi-Market Accounts and, before remitting payment to you, apply any amounts that you owe to us (including any Royalties, Brand Development Fund Contributions or other amounts due us relating to such Multi-Market Account transactions), and offset any other amounts due us. We will provide you with an explanation accounting for any reductions from the payments due you resulting from a Multi-Market Account.

3.5 Cross-Territory Policy. We have adopted a Cross-Territory Policy which governs your marketing and sale of Restoration/Remediation Services within another franchisee's territory. You: (i) will abide by the Cross-Territory Policy as adopted by us; and (ii) acknowledge that we may change, replace and modify the Cross-Territory Policy to reflect market conditions and other factors. Nevertheless, you must focus the predominant amount of your marketing activities within the Territory.

3.6 Rights We Reserve. Except as described in Section 3.1 above, we retain the right, on behalf of ourselves and our affiliates, in our discretion and without granting any rights to you, to:

(a) perform, market, promote, sell and provide through affiliate owned businesses or through independent contractors, any Restoration/Remediation Services or similar products or services authorized for UWRG Businesses in any location, but not using the Marks;

(b) perform, market, promote, sell and provide any Restoration/Remediation Services in the Territory using the Marks for Multi-Market Accounts or in accordance with the Cross-Territory Policy;

(c) perform, market, promote, distribute and sell through wholesale and retail channels products for others to use to perform services that are the same or similar to Restoration/Remediation Services, for themselves or others, whether or not using the Marks anywhere;

(d) operate and grant to others the right to operate UWRG Businesses outside the Territory on such terms and conditions as we deem appropriate;

(e) operate and grant franchises to others to operate businesses, wherever located, specializing in the marketing and sale of products or services other than Restoration/Remediation Services, including the marketing and sale of products or services whether or not using the Marks, and pursuant to such terms and conditions as we deem appropriate;

(f) market, promote, advertise, schedule and take orders for quotations, estimates or to schedule Restoration/Remediation Services to be performed anywhere via the internet, call service centers or social media;

(g) operate call center services on behalf of ourselves and all Franchisees, if we determine to do so, which would include communications with customers in your Territory and booking appointments, jobs and projects;

(h) market, promote and advertise Restoration/Remediation Services whether or not using the Marks or Copyrights anywhere; and

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(i) engage in any activity that we are not otherwise expressly prohibited from engaging in by the terms and conditions of this Agreement and/or that is not exclusively granted to you pursuant to Section 3.1 of this Agreement (anything not expressly granted by us to you is reserved by us).

4. FEES AND COMPENSATION

4.1 **Franchise Fee.** You must pay an Initial Franchise Fee (the “Franchise Fee”) when you sign this Agreement. The Franchise Fee is fully earned by us and non-refundable when paid. In return for your payment of the Franchise Fee to us, we grant the Franchise to you and provide the Initial Training. The number of Territories you are purchasing and your Initial Franchise Fee are as follows:

No. of Territories (approximately 250,000 population per territory)	Initial	Initial Franchise Fee	Initials
1	____/____	\$ 49,000	____/____
2	____/____	\$ 86,500	____/____
3	____/____	\$122,000	____/____
4	____/____	\$156,000	____/____
5	____/____	\$188,000	____/____
6	____/____	\$210,000	____/____

Franchise fees are based on territories of approximately 250,000 population and are drawn up by zip codes. The final franchisee fee is pro-rated based on the above rates based on the final population count of the proposed territory. You may qualify for a discount on the Base Franchise Fee, but no more than one discount will apply. If you meet the qualifications for a discount, then you and we will initial the appropriate discount mentioned below:

(a) You are an honorably discharged veteran with a DD Form 214 who is new to our system and have a majority ownership in the franchised business (15% discount on Base Franchise Fee). Your total Franchise Fee is \$ _____) Initials: ____/____.

(b) You are one of our employees or affiliates (25% discount on Base Franchise Fee). Your total Franchise Fee is \$ _____) Initials: ____/____.

(c) You have been employed by one of our franchisees for a minimum of eighteen (18) months (25% discount on Base Franchise Fee). Your total Franchise Fee is \$ _____) Initials: _____/____.

4.2 **Royalty.** You agree to pay us royalty fees each week equal to 6% (for Restoration/Remediation Services) and 2% (for Reconstruction Services) of Collected Revenue (“Royalties”). You must pay the Royalties to us on or before each Tuesday of each week (the “Payment Day”) along with a report of your Collected Revenue on the forms and in the manner we specify. Nevertheless, you must pay the following minimum annual royalty (the “Minimum Royalty”) each calendar year (based on Collected Revenue from Restoration/Remediation Services only):

Calendar Year	Minimum Royalty
Year 1	\$10,000
Year 2	\$22,000
Year 3	\$25,000
Year 4	\$28,000
Year 5 and thereafter	\$30,000

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Your Year 1 Minimum Royalty will be prorated based on the months your Business is in operation. Thereafter, the Minimum Royalty will be calculated on your Collected Revenue from January 1st through December 31st. If the Royalties you paid for any calendar year are less than the Minimum Royalty, you must pay us the shortfall within 30 days after you receive notice from us of the amount due.

4.3 **Brand Development Fund Contributions.** You will contribute to the Brand Development Fund such amounts as we designate (“**Brand Development Fund Contributions**”). The amount will be the greater of \$450 per month or the percentage of your Collected Revenue we set, but the percentage we set will not be greater than 2%. We will set the amount, effective on 90 days’ notice to you. You must pay the Brand Development Fund Contributions in such manner and at such times as you pay the Royalties.

4.4 **Technology Fee.** You must use our licensed software systems to assist in tracking proposals for the Restoration/Remediation Services, sales and certain reporting requirements. You are required to pay us our then-current License Fee (the “**Technology Fee**”) for the use of such software systems and other web-based platforms and digital services that we designate. Our current Technology Fee is \$250 per month. We will not increase it by more than 5% per year. The Technology fee is due to us on the 24th day of each month.

4.5 **Call Center Fee.** We may develop or utilize a call center (the “**Call Center**”) to answer all calls placed to a toll-free telephone number established for the System. If we develop a Call Center and require you to use it, you will be required to pay us a fee (the “**Call Center Fee**”) of up to \$300 per month. We reserve the right to increase this fee by no more than 5% each year. The Call Center Fee will be due to us on the first Payment Day of each month.

4.6 **Non-Compliance Fee.** You agree to pay us our then-current Non-Compliance Fee for each incident where you are not in compliance with this Agreement.

4.7 **Administrative Fee.** You agree to pay us our then-current Administrative Fee for each request that we process for modifications to this Agreement or related documents or that are necessary due to your actions or for us to review requests for our consent.

4.8 **Collected Revenue.** The term “**Collected Revenue**” means all revenue you collect that was derived from operating your UWRG Business which includes all the revenues received from marketing and selling the Restoration/Remediation Services and Reconstruction Services, whether in the form of cash, credit or otherwise and whether or not payment is received at the time of sale or any amounts prove uncollectible. This includes any referral fees from work passed to other companies related to the restoration work your UWRG Business performed. Collected Revenue does not include any sales tax or other taxes collected by the UWRG Business and paid to the appropriate taxing authority.

4.9 **Electronic Funds Transfer .** We may require you to pay any amounts due us, including the Royalties, Brand Development Fund Contributions, and any Technology Fees or Call Center Fees, to us by electronic funds transfer (including ACH) on the due date. You must comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method.

4.10 **Interest on Late Payments.** All amounts due to us, including without limitation, Royalties, Brand Development Fund Contributions, Technology Fees, Call Center Fees and Training Fees, will bear interest after their due date at an annual rate of 18% or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due, nor commit to extend credit to, or otherwise finance your operation of, the UWRG Business. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

4.11 **Insufficient Funds.** In the event any check you tender to us for payment is returned or there

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are insufficient funds in such account, or any electronic funds transfer from your account is denied for insufficient funds or any charge to your credit card is declined in connection with any payment to us, you must pay to us our then-current fee for returned checks or insufficient funds, which currently is \$100 per occurrence. The fee is due immediately on any dishonored checks or notice of rejection or denial for any electronic funds transfer or credit card transactions. If you have 3 or more occurrences of insufficient funds within any 12-month period, we have the right to terminate this Agreement.

4.12 Payment Offsets. We may set-off from any amounts that we may owe you any amount you owe us or our affiliates, for any reason whatsoever, including without limitation, Royalties, Brand Development Fund Contributions, Technology Fees, Call Center Fees, late payment interest, amounts you owe to us or our affiliates for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates. In particular, we may retain (or direct to our affiliates) any amounts that we have received from your account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amounts purportedly due to you from us.

4.13 Certain Taxes. If the state or local taxing authorities in your Territory impose any taxes on any payments that you owe to us (like a sales or service tax), then you must comply with all tax reporting and pay to us an adjusted amount to cover any such taxes, so that the net amount paid to us is not reduced by such taxes. This gross-up provision for state or local taxes applies only to taxes imposed directly on the Royalties or other amounts due to us. This provision does not apply to any taxes separately imposed on us, like income taxes.

5. TRAINING

5.1 Initial Training. Prior to opening your UWRG Business, we will furnish to you, your designated managers (“**Manager(s)**”), and 1 technician (up to 4 persons) the initial training program (the “**Initial Training**”) we hold for our franchise owners at no additional fee or other charge. You will be responsible for all travel, meals and lodging expenses which you, your Managers and technicians incur in connection with Initial Training. You (or if you are a Business Entity, your Manager), and 1 technician must attend and satisfactorily complete our Initial Training. Successful completion of the Initial Training by you (or if you are a Business Entity, your Manager) and 1 technician, is a condition to the opening of your UWRG Business to the public. Otherwise, attendance by your employees is optional. This training does not address terms or conditions of employment which are your sole responsibility. If we determine that you (or if you are a Business Entity, your Manager) and 1 technician are unable to complete Initial Training to our satisfaction, we have the right to terminate this Agreement. If the approved Manager leaves your employment, you must obtain a replacement Manager that completes our Initial Training to our satisfaction. If we determine that you are not able to satisfactorily perform training for your Manager, then we may do so and charge you our then-current initial training fee per person per day to do so. You will also be required to pay for the Manager’s travel, living and lodging expenses while attending our Initial Training. The Initial Training is provided at our headquarters or other location we designate for up to 5 weeks, which includes our Initial Training Program, the Xactimate course and exam, OSHA course and any necessary WRT and AMRT certification. The Initial Training will include training concerning: (i) the marketing and sale of the Restoration/Remediation Services; (ii) the techniques, methods and procedures for providing the Restoration/Remediation Services; (iii) the operation of a UWRG Business; and (iv) methods and techniques for you to use when you train your personnel. We will supply you with materials to assist you with your efforts to market and sell the Restoration/Remediation Services. In addition, you and your staff will be required to: (a) complete training on certain software (currently Xactimate® software) to operate your UWRG Business; and (b) before attending Initial Training at our designated location satisfactorily complete: (1) WRT and AMRT Certification; (2) the Xactimate course and pass the examination; (3) and pass the OSHA 30-hour course; and (4) reading and study of the Manuals. We reserve the right to convert any portion of training to virtual training.

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5.2 **Certification Training.** In addition to the Initial Training, you and your technicians (collectively, the “**Trainees**”) must complete certified training in such areas we require, at no additional fee or other charge from us but you are responsible for any charges that may be imposed by certification services. You and your Trainees must attend and satisfactorily complete our Certification Training. Successful completion of the Certification Training by you and your Trainees is a condition to the opening of your Business to the public. We currently require all technicians to obtain IICRC WRT (Water Damage Restoration Technician) certification within 90 days of employment. If a technician does not obtain such certification, their employment with you may only continue as a technician’s helper. We currently require an Operating Manager to show an aptitude to manage staff, have an effective sales close rate and obtain IICRC WRT, AMRT (Water Damage Restoration Technician) and FSRT (Fire and Smoke Restoration Technician) certifications. You will be responsible for all travel, meals and lodging and certification expenses which you and your Trainees incur in connection with Certification Training.

5.3 **On-Site Start-Up Training.** In addition to the Initial Training, we will furnish to you and your personnel start-up assistance at your location (“**On-Site Start-Up Training**”) at no additional fee. On-Site Start-Up Training will last up to 5 days, and will be furnished by a representative that we designate within the first 90 days of operation of your UWRG Business, at the times and on the dates that we specify. During On-Site Start-Up Training, we will review the status of your equipment, inventory and marketing and operational procedures, assist you with your direct marketing efforts and assist you with your procedures for providing the Restoration/Remediation Services. We may also assist you in planning and ordering your initial inventories from Approved Suppliers and making an initial set of sales calls with you to potential customers or insurers.

5.4 **Additional or Periodic Training.** We may require you (or if you are a Business Entity, your Manager) to attend additional, periodic or refresher training courses (“**Additional Training**”). You are responsible for all of your and your personnel’s wages, travel, living and miscellaneous expenses incurred in connection with such Additional Training.

5.5 **Additional Assistance.** If we provide you additional assistance (“**Additional Assistance**”) at any location in your Territory, you will pay to us our then current per diem rate (currently, \$400) per day per person we provide, plus travel, meals and lodging for them, plus any travel, meals and lodging expenses incurred by the trainer(s). If Additional Assistance requires you to travel to a location outside of your Territory, or if the trainer is training other UWRG Businesses at the same time as your UWRG Business, you must pay to us any fees for training outside of your Territory or joint training. Any such fees must be paid 10 days after the date of the invoice and are fully earned and non-refundable when paid. However, you are solely responsible for training all of your employees and ensuring they are fully trained to perform their duties. We do not require your employees to attend our training programs other than as stated above for Initial Training.

6. BUSINESS EXPENSES AND LOCATION

6.1 **Expenses.** You must pay all of your own Business expenses in connection with the operation of your UWRG Business pursuant to this Agreement, including without limitation, marketing expenses. You are responsible for paying for any supplies or any other business materials that you need or that we designate for use by UWRG Businesses, and we are not responsible for reimbursing you for any of such items.

6.2 **Office.** Your business office, shop and/or warehouse (collectively, “**Office**”) must be located in your Territory (including UWRG Express Program outlet based in your home or garage). You must not relocate your Office or open additional business locations without our prior written approval. While we must approve the location of your Office, you are solely responsible for selecting its location and securing the lease or other means of the right to occupy it. We do not provide site selection, site development or construction assistance. However, we may suggest certain designs and space usage strategies for your Office.

7. MANUALS AND GUIDANCE

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7.1 **Operations Manuals.** We will grant you access (which may be electronic), during the term of this Agreement, to our manuals (the “**Manuals**”), consisting of such materials (including, as applicable, digital, internet-based, audio recordings, videos, computer Software and written materials) that we generally furnish to franchisees for use in operating a UWRG Business. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules (“**System Standards**”) that we prescribe for the operation of a UWRG Business and information relating to your other obligations under this Agreement and related agreements. We may make the Manuals accessible to you on-line or via other forms of electronic format like, using the internet or on intranet or CD-ROM (instead of loaning one (1) copy of it to you). To the extent any of the System Standards, or other resources in the Manuals, address personnel or employment matters, those are not mandatory but are merely recommendations, suggestions or guidelines. System Standards do not include any mandatory requirements on your employees’ wages, working conditions, hours, staffing levels, shift timing or other terms of employment; but may specify uniforms and appearance to meet brand standards. You agree to follow the standards, specifications and operating procedures we establish periodically for the United Water Restoration® Group System that are described in the Manuals. You also must comply with all updates and amendments to the United Water Restoration® Group System as described in newsletters or notices we distribute, including via Computer System or other media we select). The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manuals for changes to them. If we make the Manuals accessible to you in read-only format and/or on-line (or electronic format), we will not send to you printed copies of any changes to them. However, any form of the Manuals accessible to you on-line is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. You agree to keep your printed copy of the Manuals (if any) current and in a secure location. In the event of a dispute relating to the contents of any printed copy of the Manuals, the master copy of the Manuals we maintain at our principal office will be controlling. However, in the event we utilize on-line Manuals, the most recent on-line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals, except ~~the~~any sample evaluation and time sheet forms. You must keep the Manuals in a secure location.

You must not:

- (a) permit any part of the Manual to be copied, transmitted, “posted” or downloaded;
- (b) disclose it or any of its contents to anyone not having a need to know its contents for purposes of operating your UWRG Business; and/or
- (c) remove it from your business office without our permission.

7.2 **Guidance and Assistance.** During the Term, we will furnish you guidance and assistance with respect to the System Standards. This guidance and assistance will be furnished in the form of the Manuals, bulletins, written reports and recommendations, other written or electronic materials, telephone consultations, electronic mail, training programs, meetings, conferences and/or personal consultations at our offices, your offices or at a mutually convenient place. As we determine necessary from time-to- time, our guidance and assistance may relate to:

- (a) the marketing and sale of the Restoration/Remediation Services and the use of System Standards;
- (b) coordinating the activities of all UWRG Businesses;
- (c) establishing and conducting employee training programs;

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- (d) development and implementation of local advertising and promotional programs;
- (e) furnishing information dealing with trends in Restoration/Remediation Services; and
- (f) setting maximum or minimum pricing;
- (g) changes in any of the above that may occur.

7.3 Modification of System Standards. We may periodically modify System Standards, and any such modifications may obligate you to invest additional capital in your UWRG Business and/or incur higher operating costs; provided, however, that such modifications will not alter your fundamental status and rights under this Agreement. You are obligated to comply with all modifications to System Standards within the time period we specify. You must repair, replace or refurbish your equipment, vehicles or trailers to meet our System Standards. In addition to your obligation to maintain all vehicles and equipment to meet our System Standards, you must make any upgrades and replacements of any equipment, computer hardware or software specifications as we require. We may also periodically require you to renovate the trade dress used on your vehicles, marketing materials, or at your business office. These updates may require you to implement new color schemes, signage, marketing materials or other visual elements. You must adapt to all of these upgrade requirements within 120 days of our notice to you to do so.

7.4 Sourcing. You may only use the equipment, products, supplies and materials to perform Restoration/Remediation Services (the “**Materials**”) that meet our System Standards. You must maintain an inventory of Materials and yourself provide labor or employ service staff sufficient for the daily operation of your UWRG Business. You may only use the Materials specified in our Manual and must purchase the Materials from us or our affiliates or suppliers that we designate (the “**Approved Suppliers**”).

(a) Purchases from Us. We may be the only supplier for certain of the Materials and you must buy them only from us. We will earn a mark-up on any Materials we sell to you. We may suspend sales of these Materials to you any time you are in violation of this Agreement.

(b) Approved Suppliers. We may negotiate group or volume purchasing arrangements with Approved Suppliers and you must participate in the arrangements. We will be entitled to all rebates, bonuses and promotional benefits associated with those programs. Other than the Materials you must buy from us, if you desire to use additional Materials that we have not approved or from sources other than the Approved Suppliers we designate (other than us) or provide any additional services, you must submit to us a written request to approve the additional Materials, suppliers or services, together with such evidence of conformity with the System Standards as we may require. We will, within 90 days after receipt of such request, notify you in writing of our approval or disapproval of the additional Materials and the alternate source of such Materials, or the additional services. We reserve the right, in our sole discretion, to (i) deny approval of any additional Materials, suppliers or services, (ii) limit the number or scope or your use of the additional Materials or your ability to sell or provide additional services and/or (iii) condition approval of the additional Materials on the Approved Suppliers being the supplier of the additional Materials. You must pay to us our then-current fee (the “Supplier Review Fee”) for evaluating the Material, supplier or service at the time you request for approval.

(c) Approved Service Providers. You must also only use approved suppliers for certain services that you will need to operate your UWRG Business. For these service providers, we will not be required to evaluate replacements or substitutes due to their integration within our System. We may change approved suppliers for these services at any. You must timely pay the fees and charge imposed by such approved suppliers.

7.5 Motor Vehicles. To operate your UWRG Business, you will need to lease or purchase motor vehicles. All motor vehicles that you utilize in your UWRG Business must meet our System Standards and must

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be equipped and must meet our specifications for equipment, layout, appearance, décor and model. The vehicles utilized by UWRG Businesses must be wrapped, and otherwise decorated in accordance with our System Standards which will include utilizing logos and designs that we specify or approve. We may require you to obtain equipment, wrapping and other decorative services for your motor vehicles from suppliers that we designate. You must also upgrade, maintain and replace your motor vehicles periodically in accordance with the System Standards that we specify in the Manuals and otherwise, including appearance, logos, wraps, colors and signage.

8. SYSTEM TECHNOLOGIES

8.1 Computer System. You must acquire, license and use in developing and operating your UWRG Business a computer system consisting of the computer services, components, equipment, computer hardware, telecommunications equipment or services, and the software used in connection with the billing, bookkeeping, administration, collections, and other back room services, data research and other operating or communications software we designate or approve for use by UWRG Businesses (collectively, the “**Software**”) that we periodically specify in the manner we designate (collectively, the “**Computer System**”). We may require you to obtain specified computer and communications hardware, equipment, components or Software and services and may modify specifications for and components of the Computer System. We may develop Software and require you to use it. You must sign the standard Software license we use for Franchisees at that time. We may require you to collect and maintain on the Computer System certain information to satisfy regulatory and processing requirements, and you will provide such information as we may request from the data so collected and maintained. Our modifications and specifications for components, equipment, services and operating or communications of the Computer System may require you to incur costs to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or software and to obtain service and support for the Computer System during the Term. You agree to incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications), operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the UWRG Business and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in UWRG Businesses that we or they own and operate. Within 60 days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with our Computer System, performing the functions we designate for the UWRG Business, permitting us to review the results of your UWRG Business’ operations, and engaging in any e-commerce activities that we designate or approve. We will have access to the Computer System and you will provide us with access codes and other information we need to do so. We [have the right to share information we obtain with System franchisees or other third parties.](#) We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. You agree that we may communicate with you by whatever means we designate, including specifically by e-mail. You also agree to sign whatever documents and forms we may require in order to do so. You also will require any of your employees to sign such forms we designate to enable us to communicate with them by e-mail as well.

8.2 Websites. We have the right to control all use of URL’s, domain names, websites, addresses, metatags, links, key words, e-mail addresses, social media accounts or platforms, and any other means of electronic identification or origin (“**e-names**”). We also have the right to designate, approve, control or limit all aspects of your use of the internet, intranet, World Wide Web, social media, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chatrooms, e-mail, linking, framing, on-line

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[United Water 2024 Franchise Agreement](#)

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purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, “**e-commerce**”). You must follow all of our policies and procedures for the use and regulation of e-commerce and share all social media access codes with us so we can check on brand advertising, customer satisfaction and related purposes. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks, the Copyrights or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. You must not create your own website. We may require that you provide information to us via e-commerce. We may require you to coordinate your e-commerce activities with us and other UWRG Businesses. We may require you to obtain the services of and pay the then current fees for ISP and ASP services if we do not provide these services. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System, the Marks or the Copyrights, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes our Confidential Information.

9. MARKS AND COPYRIGHTS

9.1 Ownership and Goodwill. You recognize that various materials we give you may be subject to copyrights we own or license from others. Your right to use the Marks and the Copyrights is derived solely from this Agreement and is limited to the operation of your UWRG Business pursuant to and in compliance with this Agreement and all applicable standards and operating procedures we prescribe during the Term. If you make any unauthorized use of any of the Marks or the Copyrights, it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks or the Copyrights. Your use of the Marks or the Copyrights and any goodwill established by your use, will inure to our benefit exclusively. You acknowledge that you do not own the Marks or Copyrights. This Agreement does not confer any goodwill or other interests in the Marks or the Copyrights on you (other than the right to operate your UWRG Business in compliance with this Agreement).

9.2 Additional Marks. All provisions of this Agreement which apply to the Marks or the Copyrights will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, trade dress, logos and other copyrights we may authorize and license you to use during the Term.

9.3 Limitations on Use. You must use the Marks we designate as the sole trade identification of your UWRG Business, except that you must also identify yourself as an independent owner in the form we prescribe. You must not: (a) use any Mark or Copyright as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (b) use any Mark or Copyright or any commercial symbol similar to any Mark in connection with the performance or sale of any unauthorized services or products, or in any other manner we have not expressly authorized in writing; (c) employ any of the Marks or the Copyrights in any manner that we have determined may result in our liability for any indebtedness or obligation of yours. You will display the Marks or the Copyrights in the manner we prescribe at your UWRG Business and in connection with advertising and marketing materials, along with any notices of copyright, trademark and service mark ownership registrations that we specify. You will also have to obtain any fictitious name, assumed name or “doing business as” registrations that may be required under applicable law.

9.4 Infringements and Claims. You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark or Copyright, or claim by any person of any rights in any Mark or Copyright or similar copyright, trade name, trademark or service mark of which you become aware. You must not communicate with anyone except us and our attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take whatever action we deem appropriate. We have the sole right to control exclusively any U.S. Patent and Trademark Office, U.S. Copyright Office, litigation or other

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proceeding or any other litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark or Copyright. You must sign any documents, give any assistance, and do any acts that our attorneys believe are necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks or the Copyrights or otherwise to protect and maintain our interests in the Marks or the Copyrights. You may not, at any time, contest the validity or ownership of any of the Marks or the Copyrights, or assist any other person in contesting the validity or ownership of any of the Marks or the Copyrights.

9.5 Discontinuance of Use. If it becomes advisable at any time in our sole judgment for your UWRG Business to modify or discontinue the use of any of the Marks or the Copyrights or for your UWRG Business to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions to modify or otherwise discontinue the use of such Mark or Copyright, or use one or more additional or substitute trademarks or service marks, within a reasonable time after our notice to you. Our sole liability and obligation to you for such modification or discontinuance will be to provide you with, or reimburse you for, replacement of stationery, forms, business cards, signage and the like, utilizing the substitute Marks.

9.6 Indemnification. We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright, pursuant to it and in compliance with this Agreement, resulting from claims by third parties that your use of the Marks or the Copyrights infringes their trademark or copyright rights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this agreement. We will not indemnify you against the consequences of your use of the Marks or the Copyrights except in accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within 10 days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

9.7 Consent. You acknowledge and agree that we may grant franchises to others to operate UWRG Businesses using the Marks or the Copyrights, in accordance with this Agreement. You agree that, whenever we may request, you will give your written consent to such use of the Marks and the Copyrights by such Franchisees.

9.8 Creation of Copyrights. If you commission any Copyrights for any use in connection with the operation of your UWRG Business, you will be responsible for requiring the artist and any other person who may claim copyrights, moral rights, privacy rights, publicity rights or any other intellectual property rights in or to that Copyright (including any aspect of the content or composition of it), to assign to us all rights, title and interest in and to the Copyrights. To the extent such assignment is not possible or obtainable, you must require that such persons failing to grant to us such assignment grant to us an unconditional, royalty free, world-wide, multi-site, multi user, irrevocable, freely assignable license to use, license, modify, reproduce, make commercial use of, and make derivative works from or of, the Copyrights and all attributes of and to it. You agree to, prior to commissioning, utilizing, purchasing or licensing any Copyright, require all persons who claim intellectual property, privacy, publicity or moral rights in or to the Copyrights (other than us) sign such assignments or licenses as we may designate. Between you and us, you agree that we will be deemed to own all aspects of the physical embodiment of the Copyrights. We own all designs and photographs and all associated copyrights used in connection with your bids or proposals for Restoration/Remediation Services.

10. DUTIES AND RESPONSIBILITIES

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10.1 Opening of the Business. You must commence operations of your UWRG Business within: (a) 75 days of the Effective Date if you have an approved location on the Effective Date; or (b) 120 days of the Effective Date if you do not have an approved location on the Effective Date (collectively, the “**Commencement Date**”). Your failure to commence operations of your UWRG Business within such time period is grounds for termination of this Agreement. You will not open your UWRG Business before: (1) successful completion to our satisfaction of the Initial Training Program and all other required training including from third parties (IICRC, Xactimate, OSHA); (2) you purchase all required insurance and provide us, at our option, with copies of such policies or evidence of coverage; (3) you obtain all required licenses, certifications, permits and other governmental approvals; (4) you have acquired your vehicle(s) which we have Approved; (5) you have conducted your Opening Promotion; and (6) we have provided you with written authorization to open.

10.2 The Restoration/Remediation Services. You agree to follow all of our policies and procedures we may develop in the Manuals with respect to the Restoration/Remediation Services you provide. You must follow our System Standards when providing the Restoration/Remediation Services. You must perform and sell all Restoration/Remediation Services that we authorize for UWRG Businesses. You must not engage in any wholesale distribution or sale of the Restoration/Remediation Services and must perform, market, promote and sell them only for the benefit of retail customers (although third party payors like insurance companies may be involved and pay for them). You must not engage in any sales of Restoration/Remediation Services on a wholesale basis. You must not engage in Reconstruction Services without our prior written approval. We also may restrict you (and your affiliates) for engaging in businesses and/or offering and selling (directly or indirectly) products or services that we determine are not appropriate for a UWRG Business.

10.3 Compliance with System Standards. You acknowledge and agree that your operation and maintenance of the Franchised Business in accordance with System Standards are essential to preserve the goodwill of the Marks and all the UWRG Businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Franchised Business in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. System Standards may regulate any one or more of the following with respect to the Franchised Business:

- (a) design, layout and appearance; periodic maintenance and remodeling; replacement of obsolete or worn-out fixtures, furnishings, equipment and signs, designs, wraps, finishes, color or paints; periodic painting; and use of interior and exterior signs, emblems, lettering and logos;
- (b) quantities, types, models and brands of required Products and Services, fixtures, furnishings, equipment, signs, materials and supplies used in establishing and operating the Franchised Business;
- (c) required inventory and inventory levels;
- (d) designated or approved suppliers of fixtures, furnishings, equipment, Products and Services and other items we require for the operation of your Franchised Business;
- (e) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, that you obtain from us, our affiliates or unaffiliated suppliers;
- (f) sales, marketing, advertising and promotional programs and materials that are required or approved for use by your Franchised Business;
- (g) use or non-use and display or non-display of the Marks and Copyrights;
- (h) matters relating to managing your UWRG Business, and dress and appearance of employees (all other matters pertaining to employment are suggestions or recommendations only);

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- (i) days and hours of operation of the Franchised Business;
- (j) acceptance of credit cards, coupons, frequent customer programs, and payment systems and check verification services;
- (k) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;
- (l) complying with applicable laws; obtaining required licenses and permits; obtaining and maintaining all required certifications; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Franchised Business;
- (m) mandatory and/or suggested memberships in trade and/or industry associations or organizations;
- (n) regulation of such other aspects of the operation and maintenance of the Franchised Business that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and the UWRG Businesses; and
- (o) use of vehicle wraps and similar mobile advertising.

You agree that System Standards prescribed in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth. All references to this Agreement include all System Standards as periodically modified. If you would like to add services to your UWRG Business, requests must be put in writing and approved ahead of offering said services.

10.4 Sales Methods. You must follow our System Standards when marketing and selling the Restoration/Remediation Services. You must not make any misrepresentations to prospective customers regarding or concerning us or our business. Accordingly, in marketing and selling the Restoration/Remediation Services, you will not disseminate any information, or represent to prospective customers or others, any information that conflicts with any of the materials we provide you to assist in the sale of the Restoration/Remediation Services.

10.5 Record Keeping. In order for us to monitor your performance, you must keep and maintain full and accurate records of (i) your meetings with referral sources, customers and prospects; (ii) all Restoration/Remediation Services sold and Materials used; (iii) all locations where you have sold and provided the Restoration/Remediation Services; and (iv) any other information we may require. The records must include whatever information we consider necessary (and will include information relating to meetings, follow-up calls, etc.). We will also require you to complete and transmit to us reports detailing your activities in the form and at the times we require. You must also utilize the accounting methods that we determine, and utilize the accounting services and software we specify. You must utilize our uniform chart of accounts in your bookkeeping and to create your financial statements. If you do not provide us with timely and accurate financial statements utilizing our approved forms, methods and procedures, we may require that you utilize a vendor that we have approved to provide the accounting and bookkeeping services for you.

10.6 Access to Facilities. You must give us access to your Offices for meetings with referral

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sources, customers and Multi-Market Accounts for meetings with us. We may schedule mandatory meetings for you at reasonable times after reasonable coordination efforts. You must follow the policies and procedures we periodically establish for operating procedures, record keeping and reporting and other matters.

10.7 Marketing Support. We will provide you with certain marketing materials including literature concerning the Restoration/Remediation Services, manuals, brochures and related information that we have designed or otherwise acquired to assist you in the marketing and sale of the Restoration/Remediation Services. Upon termination or expiration of this Agreement, you must: (i) return all marketing materials, manuals, brochures and related information that we have furnished to you or that bear our trade names; and (ii) not retain copies of these materials in any form whatsoever.

10.8 Management. We have granted the franchise to you on the assurance that it will be managed by an active owner/operator. Accordingly, you or your principal owner must be actively involved in the management of all aspects of your UWRG Business, or by a Manager that we have approved. Although you may delegate some of your duties under this Agreement to your subordinate managers or employees, you remain fully responsible for your and their performance. You must ensure your personnel do not cause a breach of this Agreement.

10.9 Insurance

(a) **Insurance and Coverage Requirements.** You will obtain and maintain the types of insurance coverage required to be carried for the UWRG Business, in the amounts and on the terms and conditions in accordance with our System Standards as we may specify in our Manual or otherwise in writing to you. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of 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 and circumstances. Our System Standards may regulate: the standards for underwriters of policies providing required insurance coverage; our protection and rights under such insurance policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the UWRG Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

(b) **Insurance Policy Terms.** All insurance policies must:

(i) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;

(ii) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;

(iii) name us as an additional insured and not contain an “insured vs. insured” exclusion;

(iv) contain a waiver of the insurance company’s right of subrogation against us;

(v) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(vi) provide that the insurance company will provide us with at least 30 days’ prior written notice of termination, expiration, cancellation or material modification of any policy;

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(vii) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent; and

(viii) contain such other terms and conditions as we require.

(c) Evidence of Coverage. Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your UWRG Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in this Agreement.

10.10 Compliance with Laws and Good Business Practices. You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the UWRG Business. You will operate the UWRG Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, privacy, worker's compensation insurance, unemployment insurance, construction permitting, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the System, the Marks, the Copyrights and other UWRG Businesses.

10.11 Personnel. You are solely responsible for hiring, training and supervising your personnel and must hire sufficient personnel to fully staff your UWRG Business to operate in accordance with System Standards. All personnel must meet every requirement imposed by applicable federal, state and local law. All persons you employ that have access to any of the Confidential Information must sign a confidentiality agreement that will not otherwise contain any terms or conditions of employment, in a form satisfactory to us. You are liable to us for any unauthorized disclosure of such information by any of your owners, directors, employees, representatives or agents.

11. ADVERTISING AND PROMOTION

11.1 Opening Promotion. You will be required to expend a minimum of \$7,500 on an opening campaign during the time period we specify. The opening campaign will be conducted in accordance with our instructions (as contained in the Manual or otherwise), and will consist of a variety of public relations, marketing and advertising initiatives, intended to publicize the opening of your UWRG Business. The amounts expended by you on the opening campaign will not be credited against any other obligations pursuant to this Agreement. No later than the last day of each calendar month in which part of the opening campaign falls, you will provide us with a written report of all activities undertaken as part of the opening campaign (including an accounting for all expenditures and a description of all public relations and marketing activities). We reserve the right, in our sole discretion, to implement the opening campaign on your behalf and require you to pay the amounts to conduct it directly to us.

11.2 Establishment of Brand Development Fund. Recognizing the value of advertising and

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marketing to the goodwill and public image of UWRG Businesses, we reserve the right to establish a system-wide marketing fund (the “**Brand Development Fund**”) for such advertising, marketing and public relations programs and materials we deem necessary or appropriate. We reserve the right to defer or reduce Brand Development Fund Contributions of a UWRG Business Franchisee and, upon 30 days’ prior written notice to you, to reduce or suspend contributions to and operations of the Brand Development Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Brand Development Fund. If the Brand Development Fund is terminated, all unspent monies on the date of termination will be distributed to our Franchisees in proportion to their respective contributions to the Brand Development Fund during the preceding 12-month period. We and our affiliates will contribute to the Brand Development Fund on the same basis as franchise owners for any UWRG Business we or they own and operate.

11.3 Use of the Funds. We or our designee will direct all programs financed by the Brand Development Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Brand Development Fund may be used to pay the costs of preparing and producing video, e-commerce, audio and written advertising materials; developing and servicing corporate accounts; evaluating new products or services; research and development of marketing materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing e-commerce rights, direct mail and other media advertising and employing advertising, promotion and marketing agencies; and supporting public relations, market research, establishing, developing, maintaining, servicing or hosting Websites or other e-commerce programs and presences in virtual worlds, and other advertising, promotion and marketing activities. The Brand Development Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

11.4 Accounting for the Fund. The Brand Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Brand Development Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Brand Development Fund. We may spend, on behalf of the Brand Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all UWRG Businesses to the Brand Development Fund in that year, and the Brand Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Development Fund will be used to pay advertising costs before other assets of the Brand Development Fund are expended. In the event that we set up a brand awareness fund in which you are required to contribute, we will cause to be prepared a financial reconciliation of the fund on an annual basis, which will not be audited. The cost of such reconciliation will be borne by the fund. We will provide you with a copy of the reconciliation of the fund upon your written request. We have the right to cause the Brand Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

11.5 Brand Development Fund Limitations. You acknowledge that the Brand Development Fund will be intended to maximize recognition of the System, the Marks, the Copyrights and UWRG Businesses. Although we will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all UWRG Businesses, we undertake no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by UWRG Businesses operating in that geographic area or that any UWRG Business will benefit directly or in proportion to its contribution to the Brand Development Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the Brand Development Fund.

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11.6 Local Advertising and Promotion. Each month you must spend the greater of \$3,000 or 2% of your Collected Revenue on local marketing, promotion and advertising, not including payments to the Brand Development Fund nor expenses for telephone directory advertisements. You agree that any advertising, promotion and marketing you conduct will (i) be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe and (ii) conform to such standards and requirements as we may specify to conform to regulatory requirements. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within 30 days after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved.

11.7 Co-op Participation and Contributions. If an association of UWRG Businesses is established in a geographic area in which your UWRG Business is located (the “**Co-op**”), you must join and actively participate in it. You also must contribute to the Co-op such amounts as are determined by it, not to exceed 1% of your Collected Revenue unless the Co-op votes for a higher amount. Your local advertising requirement will be reduced by the amount that you contribute to any Co-op. We will not set the amount of those contributions. The Co-op will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the Co-op must be approved by us. All advertising utilized by the Co-op must not be used unless and until we have reviewed and approved it. The Co-op will use our mandated accounting system and also pay us any accounting system fee we may designate in the Manuals. We also have the right to participate in any meetings of the Co-op and its members. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you.

11.8 Telephone Directory Advertisements. At your expense, you must obtain your telephone number and list and advertise your UWRG Business in the principal regular (white pages telephone directory) and the classified (yellow pages) telephone directories (if any) distributed in your metropolitan area, in such directory categories as we specify, utilizing our standard forms of listing and classified directory advertisements. This expenditure is separate from and does not count towards your required minimum local advertising and promotion expenditures. You must place your classified directory advertisements and listings together with other UWRG Businesses operating within the distribution area of the directories. If a joint listing is obtained, the cost of the advertisements and listings will be apportioned among all UWRG Businesses placed together. The listings must only display the telephone numbers we specify. You must sign and deliver to us our Conditional Assignment of Telephone Numbers, Listings and Addresses ~~in the~~ currently acceptable form of which is attached ~~as an exhibit to our Franchise Disclosure Document~~ to this Agreement.

11.9 Customer Feedback System. At any time, we may establish a system-wide customer feedback program for the purpose of collecting and integrating third-party customer information. We will use the customer feedback system to monitor the quality of the services provided by you and other Franchisees and assessing your compliance with system-wide marketing promotions. If we implement a customer feedback system, then you must pay the cost of undertaking it in your Territory. We may either pay the customer feedback system provider ourselves and seek reimbursement from you as another payment due to us, or we may require you to contract with the vendor directly and pay it directly for its services. We will not provide any markup if we pay the vendor directly on your behalf. If we institute the program, we will assess the charge in such amount as we communicate in our Manual, or otherwise.

11.10 Advisory Council. We may form a council of franchisees to advise us on business, marketing and operational matters. If we do so, you agree to participate in the council related activities and meetings. If the council determines to raise funds by means of assessing dues, then you agree to timely pay those dues to the council. If such dues are assessed by the council, we will also pay a proportionate amount for our membership

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in the program. However, you will be responsible for your own expenses associated with participating at the meetings.

12. Relationship of the Parties

12.1 Independent Contractors. We do not have a fiduciary relationship with you. You and we are independent contractors. Neither you nor we are general or special agents, joint venturers, partners or employees of the other for any purpose whatsoever. Since you are an independent contractor, you will not be entitled to workers' compensation, unemployment compensation, or any other statutory or regulatory benefit or right predicated on an employer-employee relationship. We have no obligation to carry workers' compensation coverage or pay unemployment compensation taxes or withhold any amounts from payment to you for federal income taxes or for federal social security taxes, unless otherwise required by applicable laws and regulations. You will file all federal income tax forms required of an independent contractor. We have no obligation to provide you with any employment and fringe benefits that we may provide to our employees, such as health insurance, for example. The foregoing also applies to any relationship we have with your agents or employees. You are solely responsible for the terms and conditions of employment for all of your employees and the terms of compensation for any of your independent contractors that perform services on behalf of your UWRG Business. We are not your employer and are not a joint or other employer of any of your employees or independent contractors.

12.2 Taxes. We will have no liability for any sales, use, surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your UWRG Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to any purchases from us). Payment of all such taxes is your responsibility.

13. Indemnification

13.1 By You. You agree to indemnify, defend and hold harmless us, our affiliates, parents, predecessors, and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") against and to reimburse any one or more of the Indemnified Parties for all fines, suits, proceedings, claims, demands, liabilities, injuries, damages, expenses, obligations or actions of any kind (including costs and reasonable attorneys' fees) described in this Section, any and all taxes described in this Agreement (including any income tax or excise tax which we are required to pay due to your activities in any state) and any and all claims and liabilities directly or indirectly arising out of the UWRG Businesses' ownership or operation (even if our negligence is alleged) or your breach of this Agreement, and for any claims made by any of your employees. For purposes of this indemnification, "costs" includes all obligations, damages (actual, consequential or otherwise) reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We shall have the right to control all litigation and defend and/or settle any claim against us or other Indemnified Parties affecting our interests, in any manner we deem appropriate. We may also retain our own counsel to represent us or other Indemnified Parties and you shall either advance or reimburse the costs, at our discretion. Our exercise of this control over the litigation shall not affect our rights to indemnification under this Section. You may not consent to the entry of judgment with respect to, or otherwise settle, an indemnified claim without the prior written consent of the applicable Indemnified Parties. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

13.2 Contribution. Without limiting any rights or obligations to indemnify and defend, if for any

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reason the you are found by a court of competent jurisdiction to be liable or otherwise responsible and that indemnification will not be permitted, you will contribute to such amount in the proportion of revenues you receive from the operation of your UWRG Business.

13.3 **Survival.** All indemnification obligations described in this Agreement will continue in full force and effect after the expiration or termination of this Agreement.

13.4 **Defense Costs.** All indemnification obligations include the reimbursement of attorneys' fees and associated costs of defending against the claims.

14. INSPECTIONS, AUDITS AND REPORTS

14.1 **Our Right to Inspect the UWRG Business.** To determine whether you and your UWRG Business are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

- (a) inspect your UWRG Business;
- (b) observe, photograph and videotape the operations of the UWRG Business for such consecutive or intermittent periods as we deem necessary;
- (c) remove samples of any products, supplies or Materials that you are using for testing and analysis;
- (d) interview personnel and customers of your UWRG Business; and
- (e) inspect and copy any books, records and documents relating to your operation of the UWRG Business.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You must promptly respond to requests for information and records from us, and immediately correct or repair any unsatisfactory conditions we specify.

14.2 **Our Right to Audit.** We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and the UWRG Business' business, bookkeeping and accounting records, sales and income tax records and returns and other records. We also reserve the right to audit the books and records of any separate reconstruction business you operate, at least once annually. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information provided to us or maintained by you is not accurate by a factor understating the amount due us by 2% or more, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must immediately pay us any shortfall in the amounts you owe us, including late fees and interest. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

14.3 **Reports.** You agree to furnish to us on such forms, formats and using the methods that we

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prescribe:

- (a) within 10 days after the end of each calendar month, a profit and loss statement for your UWRG Business for the immediately preceding calendar month;
- (b) no later than April 15th of each year, annual profit and loss and source and use of funds statements and a balance sheet for your UWRG Business as of the end of the immediately preceding fiscal year, prepared on a calendar-year basis; and
- (c) In addition, you must furnish to us copies of all federal and state tax returns required to be filed by your UWRG Business no later than 10 days after their due date. We may, upon notice to you, designate other periods for reporting any information you must report to us.

In connection with all financial reports due to us, you must submit them to us utilizing our standard chart of accounts utilizing the accounting methods we determine appropriate. In doing so, you must utilize the accounting software that we specify (currently, QuickBooks accounting software). You may prepare the reports and records yourself, or hire a third party to do so, but the third party must follow our formats and accounting systems. We may require you to use a designated accounting service if we determine that you are not providing the statements and reports to us either accurately or on a timely basis.

15. TRANSFER

15.1 **By Us.** This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests.

15.2 **By You.** ~~You understand and acknowledge that the rights and duties created by~~ Your rights under this Agreement are personal ~~to you (or, and if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in you~~ an individual, you shall not change, sell, transfer, assign or encumber your percentage of ownership interest in this Agreement or the UWRG Business ~~may be transferred, without our prior written approval~~ consent. Any unauthorized transfer ~~without such approval constitutes a~~ by you shall constitute a material breach of ~~this~~ the Agreement and ~~is void and of no effect. As used in this Agreement, the term "transfer" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in:~~ (a) this Agreement; (b) you; or (c) the UWRG Business; shall be voidable by us. If you are an entity, Section 15.4 shall govern.

~~An assignment, sale, gift or other disposition (thus a transfer) includes the following events:~~

- ~~(a) transfer of ownership of capital stock or a partnership interest;~~
- ~~(b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;~~
- ~~(c) any issuance or sale of your stock or any security convertible to your stock;~~
- ~~(d) transfer of an interest in you, this Agreement or the UWRG Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;~~
- ~~(e) transfer of an interest in you, this Agreement or the UWRG Business, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or~~

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~~(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the UWRG Business or your transfer, surrender or loss of possession, control or management of the UWRG Business.~~

15.3 Conditions for Approval of Transfer. If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for UWRG Businesses Franchisees. A transfer of ownership, possession or control of the UWRG Business may be made only in conjunction with a transfer of this Agreement. ~~If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all~~All of the following conditions must be met prior to or concurrently with the effective date of the transfer:

- (a) the transferee has sufficient business experience, aptitude and financial resources to operate the UWRG Business;
- (b) you have paid all amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;
- (c) the transferee (or its owners) have agreed to complete any training we may require, including our standard training program, at their expense;
- (d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;
- (e) the transferee has entered into our then-current form of Franchise Agreement for a term ending on the expiration date of this Agreement and requiring no initial franchise fee, at our option;
- (f) the transferee agrees to upgrade the UWRG Business to conform to our then-current standards and specifications;
- (g) you or the transferee pay us a transfer fee equal to \$25,000 (if transferring one territory) or \$40,000 (if transferring multiple territories) to defray expenses we incur in connection with the transfer, including the costs of training the transferee (or its owners) and other personnel. If the proposed transfer is to one of our franchisees, the transfer fee will be equal to \$10,000. If the transfer is made to a family member that has been actively involved in the business for at least 2 years, the transfer fee will be equal to \$2,000;
- (h) you (and your transferring owners) have signed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;
- (i) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the UWRG Business;
- (j) if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the UWRG Business are subordinate to the transferee's obligation to pay to us amounts due us and otherwise to comply with this

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Agreement;

(k) you and your transferring owners (and your and your owners' spouses) have signed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement; and

(l) you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other UWRG Businesses you own and operate) identify yourself or themselves or any business as a current or former, or as one of our licensees or Franchisees, use any Mark, any colorable imitation of any of the Marks or Copyrights, or other indicia of a UWRG 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.

15.4 Transfer to a Business Entity. ~~If you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the UWRG Business and, if applicable, other UWRG Businesses so long as you own, control and have the right to vote 100% or more of its issued and outstanding ownership interests (like stock or partnership interests) and you (and the spouses of any owners) guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement.~~ A transfer requiring our prior written consent shall be deemed to occur upon any sale, transfer, assignment or encumbrance of any of your interest in this Agreement or the UWRG Business. Additionally, a transfer requiring consent shall also be deemed to occur: (i) if you are a corporation or limited liability company, upon any change, assignment, sale, pledge or transfer of any of the voting stock or membership interests of you including any ownership restructuring of you or of any of your owners; or (ii) if you are a partnership, upon the change, assignment, sale, pledge or transfer of any partnership ownership, including an ownership restructuring of you or of any of your owners. You shall notify us of any change in stock ownership, membership interests or partnership ownership interests in you while this Agreement is in effect which shall result in a change, sale, transfer or assignment within the meaning of this Section. A transfer as a result of the death, disability or incapacity of a partner, shareholder or member in accordance with Section 15.5 and a transfer to an inter vivos trust where the transferring franchisee, partner, shareholder or member is the only grantor beneficiary other than a spouse, shall not be a violation of this Agreement or a ground for termination; any such ownership change shall not be subject to our right of first refusal under Section 15.8. Any unauthorized transfer by you shall constitute a material breach of the Agreement and shall be voidable by us. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that all proposed owners (and their spouses) sign an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement.

15.5 Transfer Upon Death or Disability. Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, we may require you (or such owner's executor, administrator, conservator, guardian or other personal representative) to transfer your interest in this Agreement (or such owner's interest in you) to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed within the time we designate, not less than 1 month but not more than 6 months from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the UWRG Business.

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15.6 Operation Upon Death or Disability or Default. If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the UWRG Business is not being managed by a trained Manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 15 days from the date of death or disability, appoint a Manager to operate the UWRG Business. Such Manager will be required to complete training at your expense. Pending the appointment of a Manager as provided above or if, in our judgment, the UWRG Business is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a Manager for the UWRG Business until such time that the UWRG Business may be transferred. All funds from the operation of the UWRG Business during the management by our appointed Manager will be kept in a separate account, and all expenses of the UWRG Business, including compensation, other costs and travel and living expenses of our Manager, will be charged to this account. We also have the right to charge the Management Fee (in addition to the Royalties and the Brand Development Fund Contributions payable under this Agreement) during the period that our appointed Manager manages the UWRG Business. Operation of the UWRG Business during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the UWRG Business or to any of your creditors for any products, materials, supplies or services the UWRG Business purchases during any period it is managed by our appointed Manager. We also have this step in right in the event we determine, in our discretion, that you are in default or that we must manage the business to preserve it as a going concern.

15.7 Effect of Consent to Transfer. Our consent to a transfer of this Agreement and the UWRG Business or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the UWRG Business or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

15.8 Our Right of First Refusal. If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the UWRG Business or an ownership interest in you, including as a result of an ownership restructuring, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held corporation or limited partnership) and within 5 days of receipt submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the UWRG Business and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the UWRG Business must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within 30 days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

- (a) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);

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- (b) our credit will be deemed equal to the credit of any proposed purchaser;
- (c) we will have not less than 30 days after giving notice of our election to purchase to prepare for closing; and
- (d) we are entitled to 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 capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:
 - (e) ownership and condition of and title to stock or other forms of ownership interest and/or assets;
 - (f) liens and encumbrances relating to the stock or other ownership interest and/or assets; and
 - (g) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they will be bound by the noncompetition covenant contained in this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer, provided that, if the sale to such purchaser is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period following either the expiration of such 120 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

16. RENEWAL TERMS

16.1 Acquisition. Upon expiration of this Agreement, subject to the conditions of this Section, you will have the right to acquire a renewal franchise to operate the UWRG Business for 2 additional 10-year periods on the terms and conditions of the Franchise Agreement we are then using in granting franchises for UWRG Businesses, if you (and each of your owners) have substantially complied with this Agreement during its term, and you modify the UWRG Business as we require to bring it into compliance with specifications and standards then applicable for UWRG Businesses. Any subsequent renewal franchises will be for 5-year terms and subject to our then-current franchise agreement.

16.2 Procedure. You must give us written notice of your election to acquire a renewal franchise during the last year of the Term, but no later than 180 days before expiration. We will respond (“**Response Notice**”), within 90 days after we receive your notice, of our decision, either:

- (a) to grant you a renewal franchise;
- (b) to grant you a renewal franchise on the condition that deficiencies of the UWRG Business, or in your operation of the UWRG Business, are corrected; or
- (c) not to grant you a renewal franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

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If applicable, our Response Notice will:

- (i) describe the modifications required to bring the UWRG Business into compliance with then applicable specifications and standards for UWRG Businesses; and
- (ii) state the actions you must take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a renewal franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a renewal franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

In our discretion, we may extend the Term for such period of time as we deem necessary in order to provide you with either reasonable time to correct deficiencies or 90 days' notice of our refusal to grant a renewal franchise. As part of the process of renewing this Agreement, we reserve the right to re-evaluate the then-existing Territory according to certain demographics and our then-current standards. A re-evaluation of the Territory may result in the renewal Territory being smaller or larger than the original Territory.

16.3 Agreements/Releases. If you satisfy all of the other conditions to the grant of a successor franchise, you and your owners agree to sign the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of successor franchises for UWRG Businesses. You and your owners further agree to sign general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and signature within 60 days after their delivery to you will be deemed an election not to acquire a successor franchise.

16.4 Training and Refresher Programs. Our grant of a successor franchise is also conditioned on the satisfactory completion by you (or your owners) of any new training and refresher programs as we may reasonably require.

16.5 Fees and Expenses. Our grant of a renewal franchise is contingent on your payment to us of a Renewal Franchise Fee of \$5,000. We must receive the fee from you at the time of your election, but not later than 30 days prior to the applicable expiration date.

16.6 Subsequent Renewal Franchises. The fees and other conditions for any later granting of subsequent renewal franchises will be governed by the renewal franchise agreement (as described above).

17. COMPETITIVE RESTRICTIONS

17.1 Confidential Information. During the Term, we will give you, and you will have access to, a variety of information concerning us and our business including: the Manual; System Standards; marketing methods; customer lists; referral sources; billing and collection methods; financial information; makeup and functions of the Software and Computer System; other information about us and information about our strategic partners, business plans, employees, and independent contractors; and knowledge and experience in marketing, selling and providing the Restoration/Remediation Services (collectively, the "**Confidential Information**"). You acknowledge that we have expended and continue to expend great amounts of time, money and effort in devising and processing the Confidential Information. We consider the Confidential Information confidential and our trade secrets, where applicable.

17.2 Restrictions On Use. You will use your best efforts and diligence both during and after your

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engagement by us to protect the Confidential Information and our Client goodwill. You will not, directly or indirectly, use (for yourself or others) or disclose any of the Confidential Information for so long as it remains proprietary or protectable as confidential or trade secret information, except as may be necessary for the performance of your duties on our behalf.

17.3 Notices. If you or anyone to whom you transmit the Confidential Information becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoenas, civil investigative demands or similar process) to disclose any Confidential Information, you must immediately notify us in writing so that we may seek a protective order or other remedy. In any event, you will furnish only that portion of the Confidential Information which is legally required and exercise your best efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information.

17.4 Return. If your engagement with us ends for any reason, or any other time at our request, you must promptly deliver to us any and all documents or other materials (including information embodied in intangible form, e.g., in computer memory) in your possession or control relating, directly or indirectly, to any Confidential Information and all copies of it without retaining any copies, duplicates, extracts or portions of it.

17.5 Competitive Activities. You acknowledge our legitimate business interest in the Confidential Information, and the customers and goodwill associated with our UWRG Businesses. Accordingly, unless we otherwise permit in writing or except in accordance with another franchise agreement with us, you must not, directly or indirectly (whether as owner, partner, associate, agent, consultant, employee, stockholder, officer or otherwise of another or on your own account), do any of the following:

(a) **In Term:** During the Term, you must not: participate in the development of, or engage in or contribute your knowledge to any work or activity that relates to or involves any of the Confidential Information or is in any way engaged in the business of performing, marketing, selling or providing services the same or similar to Restoration/Remediation Services (a "Competitive Business"): (i) anywhere; (ii) within the Territory; (iii) within any geographic territory that we have assigned to any one of our other UWRG Businesses, employees, or Franchisees, or in which we directly operate, market or sell; (iv) via the internet or other form of e-commerce, wherever located; or (v) within 25 miles of any geographic area that we have awarded to any other UWRG Business.

(b) **Post Term:** For a period of 2 years following the expiration or termination of this Agreement for any reason, or any transfer (to anyone), you must not: participate in the development of, or engage in or contribute your knowledge to any work or activity that relates to or involves any of the Confidential Information or is in any way engaged in a Competitive Business: (i) within the Territory; (ii) within any geographic territory that we have assigned to any one of our other UWRG Businesses, employees, or Franchisees, or in which we directly operate, market or sell; or (iii) within 25 miles of any geographic area that we have awarded to any other UWRG Business as of the date of termination or expiration of this Agreement.

(c) **In Term and Post Term:** During the Term and for a period of 2 years following the expiration or termination of this Agreement, for any reason, or any transfer (to anyone), you must not:

(i) Induce or attempt to induce, or solicit any of our or other UWRG Businesses' strategic partners, clients, customers, referral sources or employees or independent contractors to accept employment or an affiliation involving work that may be competitive to our (or our affiliates') businesses or otherwise with any Competitive Business of which you are an employee, owner, partner, shareholder, consultant or agent, or which may reasonably relate to any of the Confidential Information; and/or

(ii) Solicit, divert, contact, take away or interfere with any of our businesses, customers, clients, referral sources, insurers, suppliers, or contractors with whom we (or our

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affiliates) do business or whom you know we have contacted or solicited for business relationships, or those of any of our affiliates or Franchisees.

17.6 Injunction. Due to our interest in the Confidential Information and customer goodwill, you agree that damages cannot fully compensate us if you breach this Agreement. Thus, if you breach this Agreement, we are entitled to an injunction restraining you from any further breach. We may obtain the injunction without bond and without notice. Your only remedy if such an injunction is issued, is its dissolution, if warranted, upon an appropriate hearing. You waive any claims for damages as a result of the obtaining of any such injunction.

17.7 Extension of Time Period. The time period during which you are to refrain from the activities described in this Section, will be extended by any length of time during which you are in breach of this Agreement. This Agreement will continue through the duration of the extended time periods.

17.8 Suspension of Payments. We will not be required to pay you any amounts otherwise due you during any period of time in which you are in breach of this Section of this Agreement. Upon such a breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

18. TERMINATION

18.1 Notice/By Us. We may terminate this Agreement effective 30 days after notice to you if you have materially breached this Agreement, or if the breach cannot reasonably be cured within such 30-day period, you do not commence within such 30-day period reasonable good faith efforts to do so and continue them until cure is accomplished.

18.2 Immediate/By Us. Without limiting any of our rights to terminate this Agreement upon your breach of it, we may, at any time, terminate this Agreement effective immediately upon written notice if you or any of your principals:

- (a) make any material misrepresentation or omission to us in relation to our continuing business relationship;
- (b) are convicted ~~by a trial court~~ of, plead no contest or enter into a consent decree in connection with, any felony or other crime or offense that is likely to adversely affect your reputation, our reputation or otherwise involving any breach of trust or fraud;
- (c) engage in any dishonest or unethical conduct which may adversely affect the reputation of your UWRG Business or another UWRG Business or the goodwill associated with the Marks;
- (d) if a court of proper jurisdiction declares invalid or unenforceable any part of this Agreement relating to either (i) the payment of fees or royalties or (ii) the preservation of the Marks;
- (e) make any unauthorized direct or indirect assignment of this Agreement;
- (f) fail to obtain or maintain any licenses, permits, certifications or registrations you are required to have in order to operate your UWRG Business in the jurisdictions in which you operate, or such licenses, permits, certifications or registrations are suspended or revoked for any reason;
- (g) fail to make payments of any amounts due to us, our affiliates or your suppliers or vendors and do not correct such failure within 10 days after written notice of such failure is delivered to

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you;

(h) fail on 2 or more separate occasions within any period of 12 consecutive months or on 3 occasions during the Term to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you;

(i) surrender, assign or transfer ownership or control of the operation of your UWRG Business in violation of the terms of this Agreement;

(j) make any unauthorized use, duplication or disclosure of any Confidential Information;

(k) file a voluntary or involuntary petition in bankruptcy or have a petition in bankruptcy filed against you or you otherwise make an assignment for the benefit of creditors or experience any act of insolvency or enter into any proceedings for the benefit of creditors;

(l) fail to commence operations of your UWRG Business within the time limits otherwise required by this Agreement;

(m) use the Marks in an unauthorized manner;

(n) breach any covenant contained herein concerning non-competition;

(o) receive 3 or more written notices to cure pursuant in any 12 month period, whether involving the same matter of non-compliance or different matters; or

(p) abandon your UWRG Business. The term "abandon" means conduct which indicates a desire or intent to discontinue the franchise business in accordance with the terms of this Agreement and shall apply in any event if you fails to operate the UWRG Business for a period of 10 or more consecutive days without our prior written approval.

18.3 Obligations Upon Termination. Upon any expiration or termination of this Agreement for any reason, you must immediately:

(a) cease to use any of the Confidential Information, the Marks and the Copyrights;

(b) cease to use any of the licensed Software and return to us any licensed Software and any copies of the licensed Software;

(c) return to us all of your copies of any materials containing any of the Confidential Information or any materials bearing the Marks or the Copyrights;

(d) cooperate in assigning to us any and all vendor or supplier agreements or contracts or agreements with customers of your UWRG Business, which will be automatic at our option as a result of the termination or expiration;

(e) cease all use of all of our Marks, Copyrights, marketing materials and brochures and stop holding yourself out to the public as associated with us in any way;

(f) assign to us all telephone numbers and directory listings associated in any way with our trade name.

18.4 Warranty Fee. Upon any expiration or termination of this Agreement for any reason, you

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must immediately pay us a Warranty Fee (the “**Warranty Fee**”) of \$10,000 to compensate us for any warranty work necessary on jobs completed by you. At the expiration of 2 years from the effective date of the expiration or termination of this Agreement, we will provide you with an accounting of any monies used from the Warranty Fee and refund any sums remaining.

18.5 Survival. All obligations under this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement until such provisions are satisfied in full or by their nature expire.

18.6 Our Right to Operate Business. If you are in default under this Agreement, we may in our sole option, upon notice to you, appoint a Manager to manage the day-to-day operations of your business for such time periods as we may designate. All funds from the operation of your UWRG Business during the management by our appointed Manager will be kept in a separate account, and all expenses of the UWRG Business, including compensation, other costs and travel and living expenses of our Manager, will be charged to this account. We also have the right to charge our then-current weekly, plus any advances or expenses we pay for the UWRG Business and our travel and living expenses (in addition to the Royalties, Brand Development Fund Contributions and other fees payable under this Agreement) during the period that our appointed Manager manages the UWRG Business (the “**Management Fee**”). Operation of the UWRG Business during any such period will be on your behalf, provided that we only have a duty to utilize commercially reasonable efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the UWRG Business or to any of your creditors for any products, materials, supplies or services the UWRG Business purchases during any period it is managed by our appointed Manager.

18.7 Termination by You. You may terminate this Agreement if you are in compliance, and we materially breached and fail to cure the breach within 90 days of receiving your written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach (subject to state law).

19. NOTICE

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

- (a) at the time delivered by hand;
- (b) 1 business day after transmission by facsimile, telecopy or other electronic system (including e-mail to your e-mail address we customarily use to communicate with you);
- (c) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or
- (d) 3 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.
- (e) All such notices must be addressed to the parties as follows:

To: UNITED FRANCHISE HOLDINGS, LLC
Attn: _____
1 Sunshine Boulevard, Unit D

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Ormond Beach, FL 32174
Tel.: _____
Fax: _____

To: _____
Attn: _____

Tel.: _____
Fax: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such date, or in which the receipt from the commercial courier service is not dated prior to 2 days prior to such date) will be deemed delinquent.

20. REPRESENTATIONS

To induce us to enter into this Agreement with you, you represent and warrant that:

- (a) in all of your dealings with us, our officers, directors, employees and agents act only in a United Water Restoration® Group, INC.® capacity and not in an individual capacity;
- (b) this Agreement, and all business dealings between you and such individuals as a result of this Agreement, are solely between you and us;
- (c) you have made no misrepresentations in obtaining the Franchise;
- (d) you have read this Agreement and our Franchise Disclosure Document in their entirety;
- (e) you understand that we do not grant a Franchise to you and this Agreement is not effective until we sign this Agreement (and all associated agreements between you and us or our affiliates);
- (f) you agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the “Anti-Terrorism Laws”). In connection with such compliance you certify, represent and warrant that none of your, or your owners’ employees’ or agents’ property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws that you and your owners, agents and employees are not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by you or your owners, agents or employees or any “blocking” of your or their assets under the Anti-Terrorism Laws will constitute grounds for immediate termination of this Agreement and any other Agreements you have entered into with us or any of our affiliates, in accordance with the termination provisions of this Agreement.

21. BUSINESS ORGANIZATION

If you are (at any time) a business organization (like a corporation, limited liability company or partnership) (a “**Business Entity**”), you agree and represent that:

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- (a) You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;
- (b) Your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;
- (c) You will completely and accurately describe all of your owners and their interests in you in the Principal Owner's Statement (a copy of the form of which is attached ~~as an Exhibit to the Franchise Disclosure Document~~[to this Agreement](#));
- (d) You and your owners agree to revise the Principal Owner's Statement, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request;
- (e) Each of your owners that are active in the UWRG Business at any time during the Term, and any such owner that has beneficial ownership of 10% or more of your ownership interests (stock, etc.), and each of their spouses, must sign and deliver to us our standard form of Guaranty (a copy of which is attached ~~as an Exhibit to our Franchise Disclosure Document~~[to this Agreement](#)), undertaking to be bound jointly and severally by all provisions of this Agreement, any other agreements between you and us, or obligations you owe us at any time; and
- (f) At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and your agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

22. MISCELLANEOUS

22.1 **Cumulative Remedies.** The remedies available to any party if the other party breaches this Agreement are cumulative. The exercise of any remedy will not limit any other remedies that may be available. Both parties will also be entitled to any and all remedies available under applicable law.

22.2 **Limitation of Liability.** Neither ~~of the parties will~~[us nor our parent, predecessor or affiliate nor you shall](#) be liable for loss or damage or deemed to be in breach of this Agreement ~~if for any related agreement if the~~ failure to perform ~~the~~ obligations ~~results from:~~[is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as we deem reasonable, provided however, in the event that any such delay \(i\) extends any deadline to open or \(ii\) prevents the operation of the UWRG Business, in excess of ninety \(90\) days, we may, at our option, terminate this Agreement. Nothing herein shall extend the timing for the payment of fees owed by you to us nor excuse payment.](#)

~~(a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;~~

~~(b) acts of God;~~

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~~(c) acts or omissions of a similar event or cause; or~~

~~(d) any such delay as may be reasonable.~~

~~However, such delays or events do not excuse payments of amounts owed at any time.~~

22.3 Approval and Consents. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to make decisions on our part with or without cause and to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees, and will not assume any liability or obligation to you.

22.4 Waiver of Punitive Damages. WITHOUT LIMITING YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO THIS AGREEMENT, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

22.5 Limitations of Claims. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) CLAIMS FOR INDEMNIFICATION; AND/OR (B) UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

22.6 Governing Law. EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY THE LAW OF THE STATE IN WHICH OUR PRINCIPAL HEADQUARTERS IS LOCATED, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISE ASSOCIATE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

22.7 Jurisdiction. YOU CONSENT AND IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN THE COUNTY AND STATE IN WHICH OUR PRINCIPAL HEADQUARTERS IS LOCATED, AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION.

22.8 Waiver of Jury Trial. YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY

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JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

22.9 **Severability.** If any of the provisions of this Agreement are held invalid for any reason, the remainder will not be affected and will remain in full force and effect in accordance with its terms.

22.10 **Litigation Expenses.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party will be entitled to full reimbursement of its litigation or arbitration expenses from the other party. Litigation expenses include attorneys' fees, defense costs, witness fees and other related expenses including paralegal fees, travel and lodging expenses and court costs. Reimbursement is due within 30 days of written notice after prevailing.

22.11 **Waivers.** Waiver of any provision of this Agreement will not be valid unless in writing and signed by the person against whom it is sought to be enforced. The failure by either party to insist upon strict performance of any provision will not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same provision at any other time, or any other provision of this Agreement.

22.12 **Entire Agreement.** This Agreement, including the introduction, addenda and ~~exhibits~~attachments to it, constitutes the entire agreement between you and us and supersedes any and all prior negotiations, understandings, representations and agreement; **provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.** There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

22.13 **Construction.** The headings of sections are for convenience only and do not define, limit or construe the contents of such sections. In computing periods from a specified date to a later specified date, the words "from" and "commencing on" or "beginning on" (and the like) mean "from and including" and the words "to," "until" and "ending on" (and the like) mean "to but excluding." "Including" means "including, but not limited to." "A or B" means A or B or both.

22.14 **Continuing Obligations.** All obligations of the parties which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect subsequent to and regardless of the expiration or termination of this Agreement and until they are satisfied or by their nature expire.

22.15 **Counterparts.** The parties may sign this Agreement in counterparts. Each signed counterpart will be an original; including electronic signatures and copies sent via electronic transmission, and all of them constitute one and the same Agreement.

22.16 **Pronouns.** All words used in this Agreement, regardless of the number or gender in which they are used, will be construed to include any other number, singular or plural, in any other gender, masculine, feminine or neuter, as the context of this Agreement may require.

22.17 **Timing.** Time is of the essence of this Agreement. However, whenever the time for the performance of any action or condition contained in this Agreement falls on a Saturday, Sunday or legal holiday, such time will be extended to the next business date. Indications of time of day mean time at the location where our principal headquarters is located.

23. DISPUTE RESOLUTION.

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23.1 Mediation. During the Term, certain disputes may arise between you and us that may be resolvable through mediation. To facilitate such resolution, you and we agree that each party must, before commencing any arbitration proceeding, submit the dispute for non-binding mediation at a mutually agreeable location (if you and we cannot agree on a location, the mediation will be conducted at our headquarters) to 1 mediator, appointed under the American Arbitration Association's Commercial Mediation Rules. The mediator will conduct a mediation in accordance with such rules. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or other legal proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate. Nevertheless, both you and we have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation. If any dispute between the parties cannot be resolved through mediation within 60 days following the appointment of a mediator, the parties must submit the dispute to arbitration subject to the following terms and conditions.

23.2 Agreement to Arbitrate. Except for claims (as defined below) related to or based on the Marks (which at our sole option may be submitted to any court of competent jurisdiction) and except as otherwise expressly provided by section 24.4 of this Agreement, any litigation, claim, dispute, suit, action, controversy, proceeding or otherwise ("**Dispute**") between or involving you and us (and/or involving you and/or any claim against or involving any of our or our affiliates' shareholders, directors, partners, officers, employees, agents, attorneys, accountants, affiliates, guarantors or otherwise) and/or between or involving you, which are not resolved within 45 days of notice from either you or we to the other will be submitted to arbitration to the office of the American Arbitration Association closest to our headquarters (currently, Ormond Beach, Florida). The arbitration will be conducted by the American Arbitration Association pursuant to its commercial arbitration rules. All matters relating to arbitration will be governed by the federal arbitration act (9 U.S.C. §§1 et seq.), and not by any state arbitration law. The parties to any arbitration will execute an appropriate confidentiality agreement, excepting only such disclosures and filings as are required by law.

23.3 Place and Procedure. The arbitration proceedings will be conducted at our headquarters (currently, Ormond Beach, Florida). Any dispute and any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such arbitration proceeding will not be consolidated with any other arbitration proceeding involving any other person, except for disputes involving affiliates of the parties to such arbitration. The parties agree that, in connection with any such 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 dispute to which it relates. Any such dispute which is not submitted or filed in such proceeding will be barred.

23.4 Awards and Decisions. The proceedings will be heard by 1 arbitrator. The arbitrator will have the right to award any relief which he deems proper in the circumstances, including, for example, money damages (with interest on unpaid amounts from their due date(s)), specific performance, temporary and/or permanent injunctive relief, and reimbursement of attorneys' fees and related costs to the prevailing party. The arbitrator will not have the authority to award exemplary or punitive damages except as otherwise permitted by this agreement, nor the right to declare any Mark generic or otherwise invalid. You and we agree to be bound by the provisions of any limitations or the time on which claims must be brought under applicable law or under this Agreement, whichever expires earlier. The award and decision of the arbitrator will be conclusive and binding and judgment on the award may be entered in any court of competent jurisdiction. The parties acknowledge and agree that any arbitration award may be enforced against either or both of them in a court of competent jurisdiction and each waives any right to contest the validity or enforceability of such award. Without limiting the foregoing, the parties will be entitled in any such arbitration proceeding to the entry of an order by a court of competent jurisdiction pursuant to an opinion of the arbitrator for specific performance of any of the requirements of this Agreement. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and non-appealable.

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23.5 **Specific Performance.** Nothing in this Agreement will prevent either you or us from obtaining temporary restraining orders and temporary or preliminary injunctive relief in a court of competent jurisdiction. However, you and we must contemporaneously submit the dispute for arbitration on the merits.

23.6 **Third Parties.** The arbitration provisions of this Agreement are intended to benefit and bind certain third party non-signatories, and all of yours and our principal owners and affiliates.

23.7 **Survival**

This provision continues in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement for any reason.

This Agreement is not effective until it has been signed by one of our authorized officers and a counterpart delivered to you.

Intending to be bound, the parties sign below:

“YOU”

“WE”

UNITED FRANCHISE HOLDINGS, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

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EXHIBIT Attachment “A”

MAP OF TERRITORY

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Attachment "B"

OWNERS' STATEMENT

Franchisee Owners

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

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

(b) Corporation, Limited Liability Company, or Partnership:

Name: _____

Date of incorporation or formation: _____

State of incorporation or formation: _____

The following is a list of your directors/managers/officers, as applicable, and officers as of the date of execution:

Name of Each Director/Manager/Officer

Position(s) Held

_____	_____
_____	_____
_____	_____

2. Principals. The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

Principal's Name

Percentage/Description of Interest

<u>(a)</u>	_____	_____
<u>(b)</u>	_____	_____
<u>(c)</u>	_____	_____

(d) _____

3. **Identification of Operating Principal.** Your Operating Principal is _____

(must be one of the individuals listed in paragraph 2 above. You may not change the Operating Principal without prior written approval. The Operating Principal is the person authorized to receive communications regarding this Agreement).

Address: _____

E-mail Address: _____

FRANCHISEE

By: _____

Name:

Title:

Dated: _____

UNITED FRANCHISE HOLDINGS, LLC

By: _____

Name:

Title:

Dated: _____

Attachment "C"

GUARANTY

The undersigned persons designated as "Principals" hereby represent to United Franchise Holdings, LLC ("Franchisor") that they are all of the shareholders of, or all of the general partners of, all of the members and managers of, _____ ("Franchisee"), as the case may be. Each such Principal also represents that his or her spouse is also listed herein as a "Spousal Guarantor". In consideration of the grant by Franchisor to Franchisee, as provided under the franchise agreement dated _____, (the "Franchise Agreement"), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, following Franchisor's transfer procedures and without first paying or causing to be paid to Franchisor any required transfer fee. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

EACH GUARANTOR ACKNOWLEDGES THAT HE OR SHE HAS READ THIS PERSONAL GUARANTY, UNDERSTANDS ITS TERMS, AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

Undersigned:

Principals:

Print Name:

Address:

Dated: _____

Print Name:

Address:

Spousal Guarantors:

Print Name:

Address:

Dated: _____

Print Name:

Address:

Attachment “D”

CONFIDENTIALITY AGREEMENT

1. Pursuant to a Franchise Agreement dated _____ (the “Franchise Agreement”), _____ (the “Franchisee”) has acquired the right and franchise from United Franchise Holdings, LLC (the “Franchisor”) to establish and operate a United Water Restoration Group business (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Franchisor’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Franchisor’s sole discretion.

2. The Franchisor, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of United Water Restoration Group businesses. The Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes but is not limited to, proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”). Confidential Information shall also expressly include all customer and franchisee personal and business information that I obtain or have access to during my employment, as well as the confidential information of any other third parties to whom the Franchisor owes a duty of confidentiality. Further, any and all information, knowledge, know-how, and techniques which the Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. In consideration for my access to the Confidential Information as part of my employment with Franchisee, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality Agreement (the “Agreement”).

4. As an employee of Franchisee, the Franchisor and/or Franchisee may disclose the Confidential Information to me via training programs, the Franchisor’s Confidential Operations Manuals (the “Manuals”), or the development process during the term of my employment with the Franchisee.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for Franchisee during the term of my employment and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third-party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Franchisor.

6. Any work performed by me during my employment with Franchisee in relation to United Water

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Restoration Group or the Franchise Agreement and any derivative works created by me using the Confidential Information or any proprietary information of the Franchisor are considered “works made for hire” and I will have no ownership interest in the items created.

7. The Confidential Information is proprietary, involves trade secrets of the Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of Franchisee, and will continue not to disclose or use any such information even after I cease to be employed by Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement, a breach of the employees or associates of Franchisee, or a breach of my own duties or the duties hereunder.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

9. I understand and acknowledge that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. I am aware that my violation of this Agreement may cause the Franchisor and Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or the Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, without the necessity of proving actual damages or posting a bond, in addition to any other remedies available to them, and I agree to pay Franchisee and the Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to Franchisee and the Franchisor, any claim I have against Franchisee or the Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that Franchisee is my employer and I have no employment relationship with the Franchisor.

12. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Florida, excluding that body of law known as choice of law, and shall be binding upon the parties hereto in the United States and worldwide. The parties agree that service of process in any such action may be made if delivered in person, by courier service, or by first class mail, and shall be deemed effectively given upon receipt. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

13. This Agreement will be binding upon me, my heirs, and personal representatives, and shall inure to the benefit of Franchisor and Franchisee and any of their affiliates, parents, subsidiaries, successors and assigns. I understand that this Agreement may and will be assigned or transferred to any successor of the Franchisor, and any successor will be deemed substituted, for all purposes, as the “Franchisor” under the terms of this Agreement.

As used in this Agreement the term “successor” will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Franchisor. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

14. This Agreement may not be modified except by a written agreement executed by the Parties, which has been approved by the Franchisor.

15. This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

Name:
Dated:

FRANCHISEE

By:
Name:
Title:
Dated:

Attachment “E”

DISCLOSURE QUESTIONNAIRE

This Questionnaire should not be completed by residents of, or anyone seeking to locate a franchise in, the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.

As you know, you and United Franchise Holdings, LLC (“Franchisor”) are entering into a Franchise Agreement (the “Franchise Agreement”) for the operation of a United Water Restoration Group business (the “Franchised Business”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually, and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Acknowledgments and Representations

1. Did you receive a copy of Franchisor’s Franchise Disclosure Document (and all exhibits and attachments at least 14 calendar days prior to signing the Franchise Agreement or paying any consideration to the Franchisor (10 business days for Michigan; the earlier of 10 business days or the first personal meeting for New York; and the earlier of 14 calendar days or the first personal meeting for Iowa)? Check one: Yes No. If no, please comment:

2. Have you studied and reviewed carefully Franchisor’s Franchise Disclosure Document and Franchise Agreement? Check one: Yes No. If no, please comment:

3. Did you receive a copy of the Franchise Agreement with any unilateral material changes made by Franchisor at least seven calendar days prior to the date on which the Franchise Agreement was executed? Check one: Yes. No If no, please comment:

4. Do you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one Yes No. If no, please comment:

5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document, including statements, promises or agreements concerning advertising, marketing, training, support services or assistance to be furnished to you? Check one: No Yes. If yes, please state in detail the oral, written or visual claim or representation:

6. Did any employee, broker, or other person speaking on behalf of Franchisor make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business, or the likelihood of success at your Franchised Business? Check one: No Yes. If yes, please state in detail the oral, written or visual claim or representation:

7. Do you understand that the Franchise granted is for the right to develop one Franchised Business and that Franchisor has the right, subject only to the limited rights granted to you under the Franchise Agreement, to issue Franchises or licenses or operate competing businesses for or at locations, as Franchisor determines, near your Franchised Business? Check one: Yes No. If no, please comment:

8. Do you understand that the Franchise Agreement contains the entire agreement between you and Franchisor concerning your Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Franchise Disclosure Document will not be binding? Yes No. If no, please comment:

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for Franchised Business products and services, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Franchised Business may change? Check one Yes No. If no, please comment:

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10. You further acknowledge that Executive Order 13224 (the “Executive Order”) prohibits transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the “Anti-Terrorism Measures”). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

11. Please list all states in which the undersigned are residents:_____.

I signed the Franchise Agreement and Addendum (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

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

IN WITNESS WHEREOF, each of the undersigned has executed this Acknowledgement Statement effective as of the date of the Franchise Agreement.

Name of Franchisee

By:_____

Name:_____

Date:_____

Attachment “F”

FORM OF GENERAL RELEASE

THIS AGREEMENT (“Agreement”) is made and entered into as of the date executed by the Franchisor (“Effective Date”) by and between UNITED FRANCHISE HOLDINGS, LLC (the “Franchisor”), and _____, with an address of _____ (“Franchisee”)

WHEREAS, Franchisor and Franchisee entered into a franchise agreement dated _____ (the “Franchise Agreement”) which provides Franchisee with the right to operate a franchised business with a Territory as outlined on Exhibit A to the Franchise Agreement (the “Franchised Business”);

Wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, upon the representations, warranties, and comments herein set forth, do agree as follows:

1. _____ Franchisee acknowledges and agrees that by entering into this Agreement, all of Franchisee’s respective rights under the Franchise Agreement are terminated as of the Effective Date, however, Franchisee shall continue to be bound by the post-termination restrictions and covenants contained in the Franchise Agreement and any schedules attached thereto, which include, but are not limited to, covenants relating to Franchisor’s confidential information and intellectual property, a covenant not to compete, a covenant of non-disparagement and a covenant of indemnification. Further, Franchisee shall honor all obligations required upon termination, including those listed in Section 18.3 of the Franchise Agreement.

2. _____ Franchisee on his/her/its own behalf and on behalf of his/her/its servants, employees, heirs, successors and assigns does hereby release Franchisor, its officers, directors, shareholders, agents, parents, affiliates, subsidiaries, servants, employees, franchisees, partners, members, heirs, successors, principals and assigns (“Franchisor Released Parties”), from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation, from the beginning of time to this date, arising under or in connection with the Franchise Agreement of the business operated pursuant to the Franchise Agreement. Without limiting the generality of the foregoing, but by way of example only, the release shall apply to any and all state and federal antitrust, securities, breach of contract, fiduciary duty, or fraud claims and causes of action arising under or in connection with the Franchise Agreement to the extent permitted by law.

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3. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

4. The governing law, methods of dispute resolution and any right to recovery of attorney's fees outlined in the Franchise Agreement shall apply to this Agreement as well.

5. This Agreement and the other documents referred to herein contain the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, except those contemplated hereunder. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless in writing and signed by the parties.

6. This Agreement shall be binding upon Franchisee and Franchisee's heirs and personal representatives and shall inure to the benefit of Franchisor and its respective successors and assigns. Franchisee may not assign this Agreement or any of the rights or obligations hereunder, without the express written consent of Franchisor.

7. Any waiver of any term of this Agreement by Franchisor will not operate as a waiver of any other term of this Agreement nor will any failure to enforce any provision of this Agreement operate as a waiver of Franchisor's right to enforce any other provision of this Agreement.

8. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

9. This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

10. Franchisee must maintain the confidentiality of this Agreement and shall not disclose the terms of this Agreement to any person or persons, except (a) professional advisors for legitimate business purposes or as required by law, or (b) as otherwise permitted in writing by Franchisor, or (c) as reasonably necessary for enforcement of any rights and remedies pursuant to this Agreement. Nothing in this Agreement will prohibit Franchisee, when required pursuant to a lawfully issued subpoena or discovery request or demand from government or police agency, from complying with the requirements of law with such subpoena, discovery, demand or request; provided, however, that Franchisee will, unless restricted from doing so by the terms of the subpoena or other circumstances or requested not to do so by the government or police agency (for example a gag order or law or rule that prohibits Franchisee from doing the following or request from government or police agency) provide Franchisor written notice, with time to seek relief if it wishes from disclosure pursuant to the subpoena, within one week of receipt of the subpoena.

For the State of Washington: the general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

In Witness Whereof, the parties hereby execute this Release.

FRANCHISOR

By: _____

Name:

Title:

FRANCHISEE

By:

Name:

Title

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Attachment "G"

PROMISSORY NOTE

SECURED NEGOTIABLE PROMISSORY NOTE

WHEREAS, Note Holder as identified herein, is willing to finance 75% of the initial franchise fee that Maker is required to pay to Note Holder for the grant of the United Water Restoration Franchise; and

WHEREAS, Maker has paid to Note Holder in negotiable funds the remaining 25% of the Initial Franchise Fee Due Note Holder,

NOW THEREFORE FOR VALUE RECEIVED, and subject to the terms and conditions set forth herein, (individual) (If Maker is a legal entity identify it here a (State) entity (the "Maker"), hereby unconditionally promises to pay to the order of United Franchise Holdings, LLC or its assigns (the "Noteholder," and together with the Maker, the "Parties"), the principal amount of \$ (the "Loan"), together with all accrued interest thereon, as provided in this Secured Negotiable Promissory Note (the "Note," as the same may be amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms).

Final Payment Date; Optional Prepayments.

Final Payment Date. The Loan shall be payable in thirty-six (36) equal consecutive Monthly installments (which payments are amortized on a 10 year amortization schedule) of beginning on and every month thereafter, provided that all amounts outstanding under this Note, including all accrued and unpaid interest and other amounts payable under the Note, shall be due and payable on (the "Maturity Date")

Optional Prepayment. The Maker may prepay the Loan in whole or in part at any time or from time to time without penalty or premium by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. No prepaid amount may be reborrowed.

Secured Note.

Security Interest. The Maker's performance of its obligations hereunder is secured by a security interest in the collateral specified in Exhibit "A" to this Note, and Maker shall maintain the collateral in good working condition during the term of the Note and shall not sell, hypothecate, or pledge the collateral to any third party without the prior written permission of the Note Holder.

Interest.

Interest Rate. Except as otherwise provided herein, the outstanding principal amount of the Loan made hereunder shall bear interest at the rate of 7% per annum ("Applicable Rate") from the date the Loan was made until the Loan is paid in full, whether at maturity, upon acceleration, by prepayment, or otherwise.

Interest Payment Dates. Interest shall be payable monthly in arrears to the Noteholder on each Interest Payment Date.

Default Interest. If any amount payable hereunder is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration, or otherwise, such overdue amount shall bear interest at the rate of 9% (the "Default Rate") from the date of such non-payment until such amount is paid in full.

Computation of Interest. All computations of interest shall be made on the basis of 365 or 366 days, as the case may be and the actual number of days elapsed. Interest shall accrue on the Loan on the day on which such Loan is made and shall not accrue on the Loan on the day on which it is paid.

Interest Rate Limitation. If at any time and for any reason whatsoever, the interest rate payable on the Loan shall exceed the maximum rate of interest permitted to be charged by the Noteholder to the Maker under applicable Law, such interest rate shall be reduced automatically to the maximum rate of interest permitted to be charged under applicable Law/that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest permitted by applicable Law shall be deemed a voluntary prepayment of principal.

Payment Mechanics.

Manner of Payment. All payments of interest and principal shall be made in lawful money of the United States of America. All payments shall be made by direct payment made from Maker's bank account through the Automated Clearing House process ("ACH"). Any payment not received by the due date no later than 2:00 PM shall be deemed late. Maker shall execute all documents necessary to set up the ACH process.

Application of Payments. All payments made hereunder shall be applied first to the payment of any fees or charges outstanding hereunder, second to accrued interest, and third to the payment of the principal amount outstanding under the Note.

Business Day Convention. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest payable under this Note.

Evidence of Debt. The Noteholder is authorized to record on the grid attached hereto as Schedule 1, the Loan made to the Maker and each payment or prepayment thereof. The entries made by the Noteholder shall, to the extent permitted by applicable Law, be prima facie evidence of the existence and amounts of the obligations of the Maker therein recorded; *provided, however*, that the failure of the Noteholder to record such payments or prepayments, or any inaccuracy therein, shall not in any manner affect the obligation of the Maker to repay (with applicable interest) the Loan in accordance with the terms of this Note.

Representations and Warranties. The Maker hereby represents and warrants to the Noteholder on the date hereof as follows:

Existence. The Maker is a _____ (*legal entity used only if Maker is signing as a legal entity incorporated/organized/formed, validly existing and in good standing under the laws of the state of its jurisdiction of organization.*)

Power and Authority. The Maker has the power and authority, and the legal right, to execute and deliver this Note and to perform its obligations hereunder.

Authorization; Execution and Delivery. The execution and delivery of this Note by the Maker and the performance of its obligations hereunder and thereunder have been duly authorized by all necessary entity action in accordance with all applicable Laws. The Maker has duly executed and delivered this Note.

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No Approvals. No consent or authorization of, filing with, notice to, or other act by, or in respect of, any Governmental Authority or any other Person is required in order for the Maker to execute, deliver, or perform any of its obligations under this Note.

No Violations. The execution and delivery of this Note and the consummation by the Maker of the transactions contemplated hereby do not and will not (a) violate any provision of the Maker's organizational documents; (b) violate any Law applicable to the Maker or by which any of its properties or assets may be bound; or (c) constitute a default under any material agreement or contract by which the Maker may be bound.

Enforceability. The Note is a valid, legal, and binding obligation of the Maker, enforceable against the Maker in accordance with its terms.

Events of Default. The occurrence of any of the following shall constitute an Event of Default hereunder:

Failure to Pay. The Maker fails to pay (a) any principal amount of the Loan when due; or (b) interest or any other amount when due and such failure continues for 5 days after written notice to the Maker.

Breach of Covenants. The Maker fails to observe or perform any covenant, obligation, condition, or agreement contained in this Note other than that specified in Section 0 and such failure continues for 30 days after written notice to the Maker.

Default under the United Water Restoration Franchise Agreement. The Maker fails to cure any default under the terms of the United Water Restoration Franchise Agreement ("Franchise Agreement") and such default has not been cured within the cure time set forth in the Franchise Agreement.

Sale or Assignment of Maker's franchised business. At any time that Maker sells, transfers, or assigns its United Water Restoration franchised business to any third party that results in Maler maintaining less than a 51% ownership interest in the franchised business.

Death of the Franchisee or its guarantor(s). Upon the death of the Franchisee and/or its guarantor(s) of this Note.

Bankruptcy.

the Maker commences any case, proceeding, or other action (I) under any existing or future law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian, conservator, or other similar official for it or for all or any substantial part of its assets, or the Maker makes a general assignment for the benefit of its creditors;

there is commenced against the Maker any case, proceeding, or other action of a nature referred to in Section 0 above which (I) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed, undischarged, or unbonded for a period of 60 days;

there is commenced against the Maker any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof;

the Maker takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Section 0, Section 0, or Section 0 above; or

the Maker is generally not, or is unable to, or admits in writing its inability to, pay its debts as they become due.

Judgments. A judgment or decree is entered against the Maker and such judgment or decree has not been vacated, discharged, or stayed or bonded pending appeal within 30 days from the entry thereof.

Remedies. Upon the occurrence of an Event of Default and at any time thereafter during the continuance of such Event of Default, the Noteholder may at its option, by written notice to the Maker (a) declare the entire principal amount of this Note, together with all accrued interest thereon and all other amounts payable hereunder, immediately due and payable and/or (b) exercise any or all of its rights, powers, or remedies under applicable law; provided, however that, if an Event of Default described in Section 6.5 shall occur, the principal of and accrued interest on the Loan shall become immediately due and payable without any notice, declaration, or other act on the part of the Noteholder.

Miscellaneous.

Notices.

[All notices, requests, or other communications required or permitted to be delivered hereunder shall be delivered in writing to such address as a Party may from time to time specify in writing.

Notices if (i) mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received; (ii) sent by facsimile during the recipient's normal business hours shall be deemed to have been given when sent (and if sent after normal business hours shall be deemed to have been given at the opening of the recipient's business on the next business day); and (iii) sent by email shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email, or other written acknowledgment).

Expenses. The Maker shall reimburse the Noteholder on demand for all reasonable out-of-pocket costs, expenses, and fees (including reasonable expenses and fees of its external counsel) incurred by the Noteholder in connection with the transactions contemplated hereby, including the negotiation, documentation, and execution of this Note and the enforcement of the Noteholder's rights hereunder [and thereunder].

Governing Law. This Note and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating to this Note, and the transactions contemplated hereby, shall be governed by the laws of the State of Florida, without regard to any conflict of law's provisions thereof.

Submission to Jurisdiction.

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The Maker hereby irrevocably and unconditionally (I) agrees that any legal action, suit, or proceeding arising out of or relating to this Note may be brought in the courts of the State of Florida or of the United States of America for the Middle District of Florida and (ii) submits to the [exclusive] jurisdiction of any such court in any such action, suit, or proceeding. Final judgment against the Maker in any action, suit, or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

Nothing in this Section 0 shall affect the right of the Noteholder to (I) commence legal proceedings or otherwise sue the Maker in any other court having jurisdiction over the Maker or (ii) serve process upon the Maker in any manner authorized by the laws of any such jurisdiction.

Venue. The Maker irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note in any court referred to in Section 0 and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Waiver of Jury Trial. THE MAKER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

Counterparts; Integration; Effectiveness. This Note and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note constitute[s] the entire contract between the Parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Note.

Successors and Assigns. This Note may be assigned, transferred, or negotiated by the Noteholder to any Person, at any time, without notice to or the consent of the Maker. The Maker may not assign or transfer this Note or any of its rights hereunder without the prior written consent of the Noteholder. This Note shall inure to the benefit of and be binding upon the parties hereto and their permitted assigns.

Waiver of Notice. The Maker hereby waives presentment, demand for payment, protest, notice of dishonor, notice of protest or nonpayment, notice of acceleration of maturity, and diligence in connection with the enforcement of this Note or the taking of any action to collect sums owing hereunder.

Amendments and Waivers. No term of this Note may be waived, modified, or amended except by an instrument in writing signed by both of the parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Headings. The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand, or limit any of the terms or provisions hereof.

No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Noteholder, of any right, remedy, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

Severability. If any term or provision of this Note [or the Security Agreement] is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note [or the Security Agreement] or invalidate or render unenforceable such term or provision in any other jurisdiction.

IN WITNESS WHEREOF, the Maker has executed this Note as of _____

By: _____
Name: _____
Title: _____

SCHEDULE A
PAYMENTS ON THE LOAN

<u>Date of Loan</u>	<u>Amount of Loan</u>	<u>Amount of Principal Paid</u>	<u>Unpaid Principal Amount of Note</u>	<u>Name of Person Making the Notation</u>

GUARANTY OF PROMISSORY NOTE

This GUARANTY (this "Guaranty"), dated as of _____ is made by _____ who resides at _____ ("Guarantor"), in favor and for the benefit of United Franchise Holdings, LLC with a business address located at 1 Sunshine Blvd, Unit D, Ormond Beach, Florida ("Beneficiary").

Reference is made to that one certain promissory note executed by _____ ("Obligor") and made in favor of Beneficiary ("Underlying Agreement"). In consideration of the substantial direct and indirect benefits derived by Guarantor from the transactions under the Underlying Agreement, and in order to induce Beneficiary to take the promissory note referenced in the Underlying Agreement, the Guarantor hereby agrees as follows:

Guaranty. Guarantor absolutely, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, the full and punctual payment and performance of all present and future obligations, liabilities, covenants and agreements required to be observed and performed or paid or reimbursed by Obligor under or relating to the Underlying Agreement, plus all costs, expenses and fees (including the reasonable fees and expenses of Beneficiary's counsel) in any way relating to the enforcement or protection of Beneficiary's rights hereunder (collectively, the "Obligations").

Guaranty Absolute and Unconditional. Guarantor agrees that its Obligations under this Guaranty are irrevocable, continuing, absolute and unconditional and shall not be discharged or impaired or otherwise affected by, and Guarantor hereby irrevocably waives any defenses to enforcement it may have (now or in the future) by reason of:

Any illegality, invalidity or unenforceability of any Obligation or the Underlying Agreement or any related agreement or instrument, or any law, regulation, decree or order of any jurisdiction or any other event affecting any term of the Obligations.

Any change in the time, place or manner of payment or performance of, or in any other term of the Obligations, or any rescission, waiver, release, assignment, amendment or other modification of the Underlying Agreement.

Any taking, exchange, substitution, release, impairment, amendment, waiver, modification or non-perfection of any collateral or any other guaranty for the Obligations, or any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Obligations.

Any default, failure or delay, willful or otherwise, in the performance of the Obligations.

Any change, restructuring or termination of the corporate structure, ownership or existence of Guarantor or Obligor or any insolvency, bankruptcy, reorganization or other similar proceeding affecting Obligor or its assets or any resulting restructuring, release or discharge of any Obligations.

Any failure of Beneficiary to disclose to Guarantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of Obligor now or hereafter known to Beneficiary, Guarantor waiving any duty of Beneficiary to disclose such information.

The failure of any other guarantor or third party to execute or deliver this Guaranty or any other guaranty or agreement, or the release or reduction of liability of Guarantor or any other guarantor or surety with respect to the Obligations.

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The failure of Beneficiary to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of any Underlying Agreement or otherwise.

The existence of any claim, set-off, counterclaim, recoupment or other rights that Guarantor or Obligor may have against Beneficiary (other than a defense of payment or performance).

Any other circumstance (including, without limitation, any statute of limitations), act, omission or manner of administering the Underlying Agreement or any existence of or reliance on any representation by Beneficiary that might vary the risk of Guarantor or otherwise operate as a defense available to, or a legal or equitable discharge of, Guarantor.

Certain Waivers; Acknowledgments. Guarantor further acknowledges and agrees as follows:

Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all presently existing and future Obligations, until the complete, irrevocable and indefeasible payment and satisfaction in full of the Obligations.

This Guaranty is a guaranty of payment and performance and not of collection. Beneficiary shall not be obligated to enforce or exhaust its remedies against Obligor or under the Underlying Agreement before proceeding to enforce this Guaranty.

This Guaranty is a direct guaranty and independent of the obligations of Obligor under the Underlying Agreement. Beneficiary may resort to Guarantor for payment and performance of the Obligations whether or not Beneficiary shall have resorted to any collateral therefor or shall have proceeded against Obligor or any other guarantors with respect to the Obligations. Beneficiary may, at Beneficiary's option, proceed against Guarantor and Obligor, jointly and severally, or against Guarantor only without having obtained a judgment against Obligor.

Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of non-performance, default, acceleration, protest or dishonor and any other notice with respect to any of the Obligations and this Guaranty and any requirement that Beneficiary protect, secure, perfect or insure any lien or any property subject thereto.

Guarantor agrees that its guaranty hereunder shall continue to be effective or be reinstated, as the case may be, if at any time all or part of any payment of any Obligation is voided, rescinded or recovered or must otherwise be returned by Beneficiary upon the insolvency, bankruptcy or reorganization of Obligor.

Subrogation. Guarantor waives and shall not exercise any rights that it may acquire by way of subrogation, contribution, reimbursement or indemnification for payments made under this Guaranty until all Obligations shall have been indefeasibly paid and discharged in full.

Guarantor is currently solvent and will not be rendered insolvent by providing this Guaranty.

Notices. All notices, requests, consents, demands and other communications hereunder (each, a "Notice") shall be in writing and delivered to the parties at the addresses set forth herein or to such other address as may be designated by the receiving party in a Notice given in accordance with this section. All Notices shall be delivered by personal delivery, nationally recognized overnight courier, or email] or certified or registered mail (return receipt requested, postage prepaid). Except as otherwise provided in this Guaranty, a Notice is effective only (a) with written confirmation of delivery or transmission; (b) upon receipt of the receiving party; and (c) if the party giving the Notice has complied with the requirements of this section.

Assignment. This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that Guarantor may not, without the prior written consent of Beneficiary, assign any of its rights, powers or obligations hereunder. Beneficiary may assign this Guaranty and its rights hereunder without the consent of Guarantor. Any attempted assignment in violation of this section shall be null and void.

Governing Law; Service of Process. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF FLORIDA, WITHOUT REFERENCE TO ANY CHOICE OF LAW DOCTRINE. EACH PARTY IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 6 HEREOF AND AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY MANNER PERMITTED BY APPLICABLE LAW.

Waiver of Jury Trial. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OF THE OBLIGATIONS HEREUNDER.

Cumulative Rights. Each right, remedy and power hereby granted to Beneficiary or allowed it by applicable law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Beneficiary at any time or from time to time.

Severability. If any provision of this Guaranty is to any extent determined by final decision of a court of competent jurisdiction to be unenforceable, the remainder of this Guaranty shall not be affected thereby, and each provision of this Guaranty shall be valid and enforceable to the fullest extent permitted by law.

Entire Agreement; Amendments; Headings; Effectiveness. This Guaranty and the Underlying Agreement constitutes the sole and entire agreement of Guarantor and Beneficiary with respect to the subject matter hereof and supersedes all previous agreements or understandings, oral or written, with respect to such subject matter. No amendment or waiver of any provision of this Guaranty shall be valid and binding unless it is in writing and signed, in the case of an amendment, by both parties, or in the case of a waiver, by the party against which the waiver is to be effective. Section headings are for convenience of reference only and shall not define, modify, expand or limit any of the terms of this Guaranty. Delivery of this Guaranty by facsimile or in electronic (i.e., pdf or tif) format shall be effective as delivery of a manually executed original of this Guaranty.

IN WITNESS WHEREOF, GUARANTOR HAS EXECUTED THIS GUARANTY AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

GUARANTOR:
[NAME OF GUARANTOR]

By: _____

Name:
Title:

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Attachment “H”

TELEPHONE NUMBER AND LISTINGS ASSIGNMENT

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES (this “Assignment”) is effective as of _____, 20____, between **UNITED FRANCHISE HOLDINGS, LLC**, a Florida limited liability company (“we,” “us” or “our”), with its principal place of business at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174, and _____, (“you” or “your”), whose current place of business is _____.
You and we are sometimes referred to collectively as the “parties” or individually as a “party.”

BACKGROUND INFORMATION:

We have simultaneously entered into the certain Franchise Agreement (the “Franchise Agreement”) dated as of _____, 20____ with you, pursuant to which you plan to own and operate a UWRG Business (the “Business” or “Businesses”). The Businesses use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the “System”). We identify UWRG Businesses and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the “Marks”). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings and internet addresses of the Business if the Franchise Agreement is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment:** FOR VALUE RECEIVED, Franchisee assigns to Franchisor: (a) those certain telephone numbers and regular, classified or other telephone directory listings, social media accounts, domain names, hypertext markup language, blogs, vlogs, email addresses and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the “**Telephone Numbers and Listings**”); and (b) those certain Internet website addresses (“URLs”) associated with Franchisor’s trade and service marks and used in connection with the operation of the UWRG Business at the address provided above. This Assignment is for collateral purposes only and, except as specified in this Assignment, Franchisor has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor notifies the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as “**Telephone Company**”) and/or Franchisee’s Internet service provider (“ISP”) to effectuate the Assignment pursuant to its terms.

Upon termination or expiration of the Franchise Agreement (without extension) for any reason, Franchisor has the right and is empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment.

3. **Power of Attorney:** Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

4. **Indemnification:** You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company and/or ISP.

5. **Binding Effect:** This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control:** This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company and/or ISP.

7. **Attorney's Fees, Etc.:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "**attorneys' fees**" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability:** If any of the provisions of this Assignment or any section or subsection of this Assignment are held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum:** This Assignment is governed by Florida law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Volusia County, Florida, or the county and state where our headquarters is then located, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

ASSIGNOR:

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Date: _____

By: _____
Print Name: _____
Date: _____

ASSIGNEE:

UNITED FRANCHISE HOLDINGS, LLC

By: _____
Print Name: _____
Title: _____
Date: _____

Attachment "I"
CONVERSION ADDENDUM

This Addendum (the "Addendum") is entered into _____, 20____, between UNITED FRANCHISE HOLDINGS, LLC, a Florida limited liability company and _____, "Franchisee".

BACKGROUND

A. With the execution of this Addendum, the parties entered into a Franchise Agreement (the "Franchise Agreement") pursuant to which Franchisee was granted the right and undertook the obligation to open and operate a franchised business which provides full-service restoration services, including restoration, remediation and emergency services, drying, cleaning, decontamination, board-up, demolition, loss mitigation, mold remediation and other emergency services for residential and commercial buildings, structures, and contents (the "UWRG Business").

B. Franchisee presently operates an existing business located at [INSERT ADDRESS OF FORMER BUSINESS] (the "Existing Business Location") under the name [INSERT NAME OF FRANCHISED BUSINESS] which provides reconstruction or mitigation services (the "Existing Business").

C. Franchisee seeks to convert the Existing Business into a UWRG Business.

D. Franchisor is willing to grant Franchisee a license to operate a UWRG Business through the Existing Business, subject to the terms and conditions contained in this Addendum, in reliance on Franchisee's representations in its application materials.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements, covenants and promises contained in this Addendum and for mutual consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Existing Business Operating History.** Franchisee hereby acknowledges and agrees that Franchisee's Existing Business has been engaged in mitigation and/or reconstruction services (as defined below) which generated \$ _____ in collected revenues in the 12 month period immediately preceding Franchisee's execution of this Addendum (the "Prior Collected Revenues"). The Prior Collected Revenues includes \$ _____ for mitigation services (the "Prior Collected Revenues for Mitigation Services"). In connection with the signing of this Addendum, Franchisee provided Franchisor with a list of all clients Franchisee is servicing in connection with its Existing Business (the "Existing Client List").

a. For purposes of this Addendum, mitigation services are defined as restoration, remediation and emergency services, drying, cleaning, decontamination, board-up, demolition, loss mitigation, mold remediation and other emergency services for residential and commercial buildings, structures, and contents.

b. For purposes of this Addendum, reconstruction services are defined as construction, remodeling and emergency services including repair and rebuilding services after a restoration/remediation event including drywall, fixture, and flooring installation, painting, and other common services associated with remodeling.

c. Any mitigation and/or reconstruction work performed by, or for leads received by,

Franchisee's Existing Business will be subject to the Royalty Fees outlined in the Franchise Agreement and this Addendum and are considered Collected Revenues of the UWRG Business. Any non-mitigation and/or non-reconstruction services performed by the Existing Business will not be subject to Royalty Fees except for any work performed as a result of a lead from the UWRG Business.

2. **Reduced Initial Franchise Fee.** Franchisor agrees to reduce the initial franchise by 5% for each \$200,000 in Prior Collected Revenues (as defined in Section 3 below) earned by Franchisee from providing mitigation and reconstruction services, up to a 50% discount off of the initial franchise fee set forth in Section 4.1 of the Franchise Agreement.

3. **Royalty Discount.** The parties acknowledge and agree that the Royalty Fee set forth in Section 4.2 of the Franchise Agreement will apply to Collected Revenues generated by the UWRG Business and to any non-mitigation and/or non-reconstruction services performed by the Existing Business as a result of a lead from the UWRG Business.

If Franchisee maintains at least \$500,000 in yearly Collected Revenues for the mitigation and/or reconstruction services and is otherwise compliant with the terms of the Franchise Agreement and this Addendum, Franchisor will provide Franchisee with the following Royalty Fee Discounts during the following months of operation:

<u>Months of Operation</u>	<u>Mitigation Services Royalty Fee Discount</u>	<u>Reconstruction Services Royalty Fee Discount</u>
<u>First 12 months</u>	<u>50% on Franchisee's monthly Collected Revenues, up to the Prior Collected Revenues for Mitigation Services</u>	<u>• 100% on Franchisee's Collected Revenues up to the Prior Collected Revenues for Mitigation Services</u>
<u>Months 13 to 24</u>	<u>40% Collected Revenues, up to the Prior Collected Revenues for Mitigation Services</u>	<u>• 100% on Franchisee's Collected Revenues</u>
<u>Months 25 to 36</u>	<u>30% Collected Revenues, up to the Prior Collected Revenues for Mitigation Services</u>	<u>• 80% on Franchisee's Collected Revenues</u>
<u>Months 37 to 48</u>	<u>No discount on Collected Revenues</u>	<u>• 70% on Franchisee's Collected Revenues</u>

No royalty discount is available on additional sums earned above the Prior Collected Revenues.

4. **Minimum Gross Sales Requirement.** In order to remain eligible for the Royalty Fees discount, Franchisee must maintain a revenue volume equal to the Prior Collected Revenues. Franchisor will conduct an annual review of Franchisee's Collected Revenues from providing mitigation and reconstruction services within 45 days after the receipt of full records and reports to determine whether Franchisee remains eligible for the Royalty Fees discount and will advise Franchisee if it will continue to extend the discount. Franchisee must provide full records and reports pursuant to the Franchise Agreement and Manual in order to be eligible for discounts within 15 days after the close of each calendar year. Franchisee's failure to provide full records and reports pursuant to the Franchise Agreement and Manuals will result in immediate suspension of all Royalty discounts.

5. **Telephone Numbers and Listings.** Franchisee may, at its option, maintain its existing telephone equipment and service currently in place. However, Franchisee must assign all right, title, and interest associated with telephone numbers and listings used in connection with the provision of authorized goods and services under the Franchise Agreement to Franchisor within 15 days of the Effective Date of the Franchise Agreement. If Franchisee seeks to use a new telephone number or numbers in connection with the UWRG Business, all such numbers must be: (a) assigned to Franchisor within 15 days; (b) established using Franchisor's designated suppliers pursuant to the Franchise Agreement; and (c) direct all calls relating to the UWRG Business solely to Franchisee's designated number.

6. **Equipment Standards and Specifications.** To the extent Franchisee does not already own or lease equipment meeting Franchisor's standards and specifications prior to commencing operations pursuant to the Franchise Agreement, Franchisor will conduct an audit of Franchisee's existing equipment and will provide Franchisee with a list of additional equipment to be purchased within 30 days of the Effective Date of Franchise Agreement.

a. **Un-Branded Equipment.** Franchisee may continue to use equipment which is not branded with Franchisor's logos but otherwise meets Franchisor's standards and specifications, until the earlier of (a) 5 years after the original manufactured date; or (b) 3 years from the effective date of the Franchise Agreement.

b. **Existing Fleet of Vehicles.** The parties acknowledge and agree that Franchisor requires all existing vehicles to be manufactured within 48 months of the Effective Date of the Franchise Agreement in order to maintain consistency of branding and service throughout the System. To the extent Franchisee's existing Vehicles do not comply with Franchisor's standards and specifications, Franchisee will be required to purchase/lease at least one new vehicle through and rebranded at Franchisee's expense. 50% of all vehicles must be rebranded within 30 days of completing initial training, and the remainder must be rebranded within 12 months of executing this Agreement.

7. **Initial Training.** Upon executing this Agreement, Franchisee and/or its Designated Manager must attend and satisfactorily complete, to Franchisor's satisfaction, within six months of signing the Franchise Agreement, the initial training program pursuant to Section 5.1 of the Franchise Agreement. Any additional persons required to attend training pursuant to Section 5.1 of the Franchise Agreement may attend a subsequent initial training class during the first six months of opening the UWRG Business.

8. **Opening.** The UWRG Business must be open and operating within 60 days after the effective date of this Agreement.

9. **Audit Rights.** Section 14.2 of the Franchise Agreement is amended to provide that Franchisor may audit both the UWRG Business and Existing Business.

10. **Indemnity.** Section 13.1 of the Franchise Agreement is hereby amended to include the following additional language:

Franchisee is solely responsible for, and shall indemnify and hold Franchisor and Franchisor's officers, directors, employees, agents, successors, and assigns harmless from and against all fines, expenses, claims demands judgments taxes or other liabilities or costs of any kind (including reasonable attorneys' fees and expenses) arising directly or indirectly from, or in connection with Franchisee's operation, transfer, or purchase of the Existing Business. Indemnity includes, but is not limited to, any claims based on the negligence, duty, actions, or inaction of any of the above parties and covers bodily injury, death, and property damage. Franchisee's obligation to defend Franchisor as set forth in this Section 13.1 of the Franchise Agreement will extend to Franchisee's operation of the Existing Business.

11. **Non-Transferrable.** This Addendum is personal to Franchisee and is non-transferrable, except in connection with any transfer pursuant to Section 15.2 of the Franchise Agreement.

12. **Defined Terms.** Terms defined in the Franchise Agreement and not defined in this

Addendum have the meaning defined in the Franchise Agreement.

13. **Binding Effect.** This Addendum will inure to the benefit of, and will be binding upon, the parties hereto and their respective successors and assigns.

“FRANCHISEE”

“FRANCHISOR”

UNITED FRANCHISE HOLDINGS, LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

Exhibit B

FINANCIAL STATEMENTS

**United Franchise
Holdings, LLC**

United Franchise Holdings

Balance Sheet

As of March 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	\$248,374.63
Accounts Receivable	\$65,015.51
Other Current Assets	\$72,168.51
Total Current Assets	\$385,558.65
Fixed Assets	
14000 Fixed Assets	1,821.01
Vehicles	15,000.00
Total Fixed Assets	\$16,821.01
Other Assets	
17000 Franchisee Loans Receivable	
Loan - BoomZeal Enterprise (LI)	43,263.43
Loan - C&J Breaux	36,500.00
Loan - JRestore	120,413.77
Loan - Lower Hudson \$423.80	35,230.76
Loan - McDonough (Hart)	-134.04
Loan - Restoration Experts	0.00
Loan - UWRG Down River \$405.84	59,942.51
Loan - UWRG of Beaverton, OR	28,594.99
Loan - UWRG of Sterling, VA	26,204.05
Total 17000 Franchisee Loans Receivable	350,015.47
Total Other Assets	\$350,015.47
TOTAL ASSETS	\$752,395.13
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	\$258,207.71
Long-Term Liabilities	
27000 Deferred Franchise Fees	1,516,768.00
Total Long-Term Liabilities	\$1,516,768.00
Total Liabilities	\$1,774,975.71
Equity	\$ -1,022,580.58
TOTAL LIABILITIES AND EQUITY	\$752,395.13

United Franchise Holdings

Profit and Loss January - March, 2024

	TOTAL
Income	
40100 Royalty Income	299,212.47
40200 Franchise Fee Income	298,490.00
40300 Technology Fee Income	22,250.00
40400 Rebates	22,816.53
Total Income	\$642,769.00
GROSS PROFIT	\$642,769.00
Expenses	
61000 New Franchise Development	
61000.10 Raintree	
Monthly Fees	1,188.00
Total 61000.10 Raintree	1,188.00
61000.12 Broker	
Commissions	24,500.00
Conferences	2,190.00
Monthly Fees	2,198.00
Total 61000.12 Broker	28,888.00
61000.16 Internal Travel	
Airfare	1,400.00
Hotel	581.74
Meals	704.53
Total 61000.16 Internal Travel	2,686.27
61000.18 FDD Development	5,625.00
61000.20 Public Relations/Promotion	
Advertising and Promotion	8,347.00
Total 61000.20 Public Relations/Promotion	8,347.00
61000.22 Electronic Lead Generation	3,578.00
Digital Marketing	3,463.34
Facebook	27,724.53
Google	2,703.53
Total Digital Marketing	33,891.40
Total 61000.22 Electronic Lead Generation	37,469.40
61000.24 Franchise Training Meals	1,781.78
61000.26 Franchise Training Supplies	75.36
61000.28 Discovery Day	
Hotel	3,548.10
Meals	982.97
Total 61000.28 Discovery Day	4,531.07
61000.30 Promotional Items	52.13
Total 61000 New Franchise Development	90,644.01

	TOTAL
62000 Franchise Support	12,500.00
62000.10 Support Travel	-49.54
68400 Travel Expense	-189.00
Airfare	3,319.56
Car Rental	1,839.92
Ground Transportation	108.13
Lodging	2,253.46
Meals and Entertainment	116.65
Parking	810.00
Travel Insurance	198.25
Total 68400 Travel Expense	8,456.97
Airfare	5,960.67
Hotel	2,025.58
Meals	553.17
Meals and Entertainment	763.16
Total Meals	1,316.33
Rental Car & Rental Car Fuel	1,059.51
Total 62000.10 Support Travel	18,769.52
62000.20 Annual Conference	
Conference Airfare	3,644.28
Conference Meals	405.90
Conference Supplies	1,930.36
Conference Transportation	148.38
Conference Venue - A/V	1,248.00
Total 62000.20 Annual Conference	7,376.92
62000.40 Training Supplies	660.59
Meals & Entertainment	1,632.42
Membership	695.00
Support Training	5,875.00
Travel Bonus - MB	750.00
Web Design/SEO Services	136.80
GoDaddy	1,616.02
Total Web Design/SEO Services	1,752.82
Total 62000 Franchise Support	50,012.27
63000 Technology	
63000.10 Apps - Software - Subscriptions	5,836.89
CHATGPT	135.20
Computer and Internet Expenses	120.05
Software	39,001.63
Adobe	346.68
Bill.com	629.82
QuickBooks	1,406.78
Software FranConnect	4,686.00
Total Software	46,070.91
Total 63000.10 Apps - Software - Subscriptions	52,163.05

	TOTAL
63000.20 Domains	
Website Maintenance	990.00
Total 63000.20 Domains	990.00
63000.30 Email	
Email - Microsoft 365	4,272.50
Total 63000.30 Email	4,272.50
63000.40 Internet Services	385.92
63000.50 IT Services	
IT Services	90.00
Total 63000.50 IT Services	90.00
63000.60 Hardware	1,023.87
63000.70 Website Marketing	648.86
63000.80 Website Structure	569.53
Website Content	83.75
Total 63000.80 Website Structure	653.28
Total 63000 Technology	60,227.48
64000 People	
64000.10 Salaries	
Bonus	6,200.00
Commission	108,332.00
Employee Wages	205,857.60
1099	26,860.52
Total Employee Wages	232,718.12
Total 64000.10 Salaries	347,250.12
64000.20 Benefits	
401K	7,039.25
Aflac Insurance	-2,147.23
Employee Dental Insurance	-14.89
Employee Health Insurance	4,445.50
Employee Vision Insurance	-12.80
Voluntary Life Insurance	-183.06
Total 64000.20 Benefits	9,126.77
64000.40 Seminars & Training	2,095.00
Employee Continuing Ed/Conferen	248.00
Total 64000.40 Seminars & Training	2,343.00
64000.90 Other Payroll Costs	
Administrative Fee	1,050.60
Employ Exp (Recruit & Hiring)	
Employment Ads	52,500.00
New Hire Website Platform	285.00
Total Employ Exp (Recruit & Hiring)	52,785.00
Worker's Comp	464.49
Total 64000.90 Other Payroll Costs	54,300.09

	TOTAL
Payroll Expenses	
Payroll Tax-FUTA	343.81
Payroll Tax-Social Security	17,935.49
Payroll Tax-SUTA	1,071.40
Payroll Taxes-Medicare	4,194.87
Total Payroll Expenses	23,545.57
Total 64000 People	436,565.55
65000 Auto	
65000.10 Leases	
Lease payment - #252	530.52
Lease Payment - Camry #300	1,211.34
Total 65000.10 Leases	1,741.86
65000.20 Auto Insurance	1,351.40
65000.30 Fuel	1,596.39
65000.40 Repairs & Maintenance	223.56
Vehicle Repairs & Maintenance	46.62
Total 65000.40 Repairs & Maintenance	270.18
65000.50 Vehicle Tracking	81.95
65000.90 Misc. Automobile Expense	
Interest	121.92
Tag Renewal	384.67
Tolls	28.61
Total 65000.90 Misc. Automobile Expense	535.20
Total 65000 Auto	5,576.98
66000 Overhead	19.14
66000.20 Insurance Expense	
EPLI	91.80
Liability Insurance	9,607.84
Total 66000.20 Insurance Expense	9,699.64
66000.30 Legal Fees	21,394.02
66000.40 Office Supplies	578.30
Postage and Shipping	180.77
Total 66000.40 Office Supplies	759.07
66000.50 Rent Expense	9,601.35
66000.60 Repairs and Maintenance	432.19
66000.70 Utilities	
Cell Phone	847.13
Electric	1,123.94
Water	15.00
Total 66000.70 Utilities	1,986.07

	TOTAL
66000.90 Other Miscellaneous	619.10
Bank Service Charges	
Bank/Credit Card Fees	304.58
Wire Fee	20.00
Total Bank Service Charges	324.58
Professional Fees	
Annual Audit	3,342.00
Total Professional Fees	3,342.00
State Registration Fees	200.00
Total 66000.90 Other Miscellaneous	4,485.68
Total 66000 Overhead	48,377.16
Total Expenses	\$691,403.45
NET OPERATING INCOME	\$ -48,634.45
Other Income	
80000 Interest Income	8,553.72
Total Other Income	\$8,553.72
Other Expenses	
90000 Interest Expense	2,970.79
Total Other Expenses	\$2,970.79
NET OTHER INCOME	\$5,582.93
NET INCOME	\$ -43,051.52

United Franchise Holdings

Statement of Cash Flows

January - March, 2024

	TOTAL
OPERATING ACTIVITIES	
Net Income	-43,051.52
Adjustments to reconcile Net Income to Net Cash provided by operations:	
11000 Accounts Receivable	97,820.94
Due from (to) Related Parties:UWRG North	-6,670.44
Due from (to) Related Parties:UWRG South	-6,463.68
Employee Advance	-5,000.00
20000 Accounts Payable	-835.31
20500 American Express - 61006	81,325.16
Franchise Deposits	-500.00
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	159,676.67
Net cash provided by operating activities	\$116,625.15
INVESTING ACTIVITIES	
14000.2 Fixed Assets:Furniture and Equipment	-350.00
Franchisee Loans Receivable:Loan - BoomZeal Enterprise (LI)	13,213.83
Franchisee Loans Receivable:Loan - McDonough (Hart)	134.04
Franchisee Loans Receivable:Loan - UWRG Down River \$405.84	1,057.49
Franchisee Loans Receivable:Loan - UWRG of Beaverton, OR	762.07
Franchisee Loans Receivable:Loan - UWRG of Sterling, VA	853.40
Net cash provided by investing activities	\$15,670.83
NET CASH INCREASE FOR PERIOD	\$132,295.98
Cash at beginning of period	117,405.65
CASH AT END OF PERIOD	\$249,701.63

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

**UNITED FRANCHISE HOLDINGS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**UNITED FRANCHISE HOLDINGS, LLC
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MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the Members
United Franchise Holdings, LLC

Opinion

We have audited the financial statements of United Franchise Holdings, LLC which comprise the balance sheet as of December 31, 2023 and 2022 and the related statement of operations and changes in member's deficit and cash flows for the years ended December 31, 2023 and 2022 and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of United Franchise Holdings, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 United Franchise Holdings, LLC 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

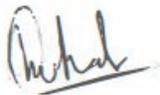
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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 United Franchise Holdings, LLC'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 United Franchise Holdings, LLC'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.



Muhammad Zubairy, CPA
Westbury, NY
April 15, 2024

UNITED FRANCHISE HOLDINGS,LLC
BALANCE SHEETS

	YEARS ENDED DECEMBER 31	
	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash	\$ 116,671	\$ 20,918
Accounts receivable	138,544	46,380
Notes receivable	366,036	419,718
Due from related parties	74,516	11,555
Total current assets	695,767	498,571
Fixed assets, net	1,577	—
Total Assets	\$ 697,344	\$ 498,571
<u>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 64,532	\$ 160,759
Contract Liability	304,074	175,756
Due to related parties	113,440	143,440
Total current liabilities	482,046	479,955
Contract Liability, net of current	1,212,694	1,133,473
Members' equity (deficit)	(997,396)	(1,114,857)
Total Liabilities and Members'(Deficit)	\$ 697,344	\$ 498,571

See notes to financial statements

UNITED FRANCHISE HOLDINGS,LLC
STATEMENTS OF OPERATIONS AND MEMBERS' (DEFICIT)

	YEAR ENDED DECEMBER 31	
	2023	2022
Revenues		
Franchise fees	\$ 462,876	\$ 345,908
Royalties	1,468,828	909,016
Rebate Income	36,767	—
Other	87,618	72,022
	<u>2,056,089</u>	<u>1,326,946</u>
General and Administrative Expenses	<u>1,948,628</u>	<u>1,573,607</u>
Net Income (Loss)	107,461	(246,661)
Members' (Deficit)-Beginning	(1,114,857)	(996,361)
Members' Contributions (Distributions), net	<u>10,000</u>	<u>128,165</u>
Members' (Deficit)-Ending	<u>\$ (997,396)</u>	<u>\$ (1,114,857)</u>

See notes to financial statements

UNITED FRANCHISE HOLDINGS, LLC
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2023	2022
Operating Activities		
Net (Loss)	\$ 107,461	\$ (246,661)
Depreciation and amortization	752	710
Adjustments to reconcile net (loss) to net cash used by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(92,164)	3,695
Due from related parties	(62,961)	(11,555)
Accounts payable and accrued expenses	(96,227)	6,814
Contract Liability	207,539	103,586
Due to related parties	(30,000)	16,377
	<u>34,400</u>	<u>(127,034)</u>
Investing Activities		
Fixed asset acquisitions	(2,329)	—
Financing Activities		
Notes receivable	53,682	(67,616)
Member contributions (distributions)	10,000	128,165
	<u>63,682</u>	<u>60,549</u>
Net Increase in Cash	95,753	(66,485)
Cash-Beginning	20,918	87,403
Cash-Ending	<u>\$ 116,671</u>	<u>\$ 20,918</u>

See notes to financial statements

UNITED FRANCHISE HOLDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. THE COMPANY- The Company is a Florida limited liability company formed in 2014 to offer franchises for the operation of a full service restoration company which specialized in construction, repair and remediation services relating to water, floor, fire storm and sewage damage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting- The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements- The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate using the system for a specified number of years.

Concentration of Credit Risk- Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

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

Cash- Cash consists of unrestricted cash on deposit at financial institutions.

Taxes on Income - The Company is a limited liability company and as such it's Income and expenses pass through directly to the members and is reported on their income tax returns.

Revenue Recognition- The Company will record revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any that is not attributable to a distinct performance obligation will be amortized over the life of the related franchise agreements. Commission paid for franchises will be amortized over the life of the franchise agreement. The Company adopted this new accounting standard effective with the period ending January 1, 2019.

UNITED FRANCHISE HOLDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

3. CONTRACT LIABILITY

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2023, and 2022, were \$1,516,768 and \$1,309,229 respectively.

4. PROPERTY AND EQUIPMENT

Fixed assets are stated at cost less accumulated depreciation or amortization. Furniture and fixtures and equipment are depreciated over seven years and the software over five years.

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 4,458	\$ 4,458
Computer equipment	11,229	9,610
Software	3,240	3,240
	<u>\$ 18,927</u>	<u>\$ 17,308</u>
Accumulated depreciation and amortization	(17,350)	(17,308)
	<u>\$ 1,577</u>	<u>\$ —</u>

5. RELATED PARTY TRANSACTIONS

From time to time, the Company makes advance to and borrows from entities owned by its members. These advances are due on demand and bear no interest. The Company owed \$113,440 and \$143,440 for the year ending December 31, 2023, and 2022, respectively. The Company was owed \$74,516 for the year ended December 31, 2023 and \$11,555 for the year ended December 31, 2022.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through April 5, 2023, which is the date the financial statements were available to be issued.

**UNITED FRANCHISE HOLDINGS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

**UNITED FRANCHISE HOLDINGS, LLC
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MONIS J. SIDDIQUI, CPA P.C.
Certified Public Accountant
917.309.5670

INDEPENDENT AUDITOR'S REPORT

To the Members
United Franchise Holdings, LLC

Opinion

We have audited the financial statements of United Franchise Holdings, LLC which comprise the balance sheet as of December 31, 2022 and 2021 and the related statement of operations and changes in member's deficit and cash flows for the years ended December 31, 2022 and 2021 and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of United Franchise Holdings, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 United Franchise Holdings, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 United Franchise Holdings, LLC'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 United Franchise Holdings, LLC'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.

A handwritten signature in blue ink that reads "Monis Siddiqui, CPA P.C." The signature is written in a cursive, flowing style.

Monis Siddiqui, CPA P.C.

Bellerose, NY

April 5, 2023

**UNITED FRANCHISE HOLDINGS, LLC
BALANCE SHEETS**

	DECEMBER 31	
	2022	2021
<u>ASSETS</u>		
Current Assets		
Cash	\$ 20,918	\$ 87,403
Accounts receivable	46,380	50,075
Notes receivable	419,718	352,102
Due from related parties	11,555	-
Total current assets	498,571	489,580
Fixed assets, net	-	710
Total Assets	\$ 498,571	\$ 490,290
<u>LIABILITIES AND MEMBERS' (DEFICIT)</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 160,759	\$ 153,945
Deferred franchise fees	175,756	201,774
Due to related parties	143,440	127,063
Total current liabilities	479,955	482,782
Deferred franchise fees, net of current	1,133,473	1,003,869
Members' (deficit)	(1,114,857)	(996,361)
Total Liabilities and Members'(Deficit)	\$ 498,571	\$ 490,290

See notes to financial statements

UNITED FRANCHISE HOLDINGS,LLC
STATEMENTS OF OPERATIONS AND MEMBERS' (DEFICIT)

	YEAR ENDED DECEMBER 31	
	2022	2021
Revenues		
Franchise fees	\$ 345,908	\$ 377,966
Royalties	909,016	649,843
Other	72,022	59,500
	<u>1,326,946</u>	<u>1,087,309</u>
General and Administrative Expenses	<u>(1,573,607)</u>	<u>(1,264,247)</u>
Net Income (Loss)	(246,661)	(176,938)
Members' (Deficit)-Beginning	(996,361)	(1,121,931)
Members' Contributions, net	<u>128,165</u>	<u>302,508</u>
Members' (Deficit)-Ending	<u><u>\$ (1,114,857)</u></u>	<u><u>\$ (996,361)</u></u>

See notes to financial statements

UNITED FRANCHISE HOLDINGS, LLC
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2022	2021
Operating Activities		
Net (Loss)	\$ (246,661)	\$ (176,938)
Depreciation and amortization	710	3,342
Adjustments to reconcile net (loss) to net cash used by operating activities:		
Changes in assets and liabilities		
Accounts receivable	3,695	11,997
Due from related parties	(11,555)	48,081
Prepaid expense	-	2,339
Accounts payable and accrued expenses	6,814	17,164
Deferred franchise fees	103,586	(59,051)
Due to related parties	16,377	127,063
Other liabilities	-	(64,000)
	<u>(127,034)</u>	<u>(90,003)</u>
Financing Activities		
Notes receivable	(67,616)	(122,248)
Member contributions (distributions)	128,165	302,508
	<u>60,549</u>	<u>180,260</u>
Net Increase in Cash	(66,485)	90,257
Cash-Beginning	87,403	(2,854)
Cash-Ending	<u>\$ 20,918</u>	<u>\$ 87,403</u>

See notes to financial statements

UNITED FRANCHISE HOLDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. THE COMPANY- The Company is a Florida limited liability company formed in 2014 to offer franchises for the operation of a full service

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting- The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements- The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate using the system for a specified number of years.

Concentration of Credit Risk- Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

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

Cash- Cash consists of unrestricted cash on deposit at financial institutions.

Taxes on Income - The Company is a limited liability company and as such its Income and expenses pass through directly to the members and is reported on their income tax returns.

Revenue Recognition- The Company will record revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation will be amortized over the life of the related franchise agreements. Commission paid for franchises will be amortized over the life of the franchise agreement. The Company adopted this new accounting standard effective with the period ending January 1, 2019.

UNITED FRANCHISE HOLDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. DEFERRED FRANCHISE FEES

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2022, and 2021, were \$1,309,229 and \$1,205,643 respectively.

4. PROPERTY AND EQUIPMENT

Fixed assets are stated at cost less accumulated depreciation or amortization. Furniture and fixtures and equipment are depreciated over seven years and the software over five years.

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 4,458	\$ 4,458
Computer equipment	9,610	9,610
Software	3,240	3,240
	<u>\$ 17,308</u>	<u>\$ 17,308</u>
Accumulated depreciation and amortization	<u>(17,308)</u>	<u>(16,598)</u>
	\$ -	\$ 710

5. RELATED PARTY TRANSACTIONS

From time to time, the Company makes advance to and borrows from entities owned by its members. These advances are due on demand and bear no interest. For the year ended December 31, 2022, the Company owed \$143,440 and \$127,063 for the year ending December 31, 2021. The Company was owed \$11,555 for the year ended December 31, 2022 and \$0 for the year ended December 31, 2021.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through April 5, 2023, which is the date the financial statements were available to be issued.

Exhibit C

OPERATIONS MANUAL TABLE OF CONTENTS

**United Franchise
Holdings, LLC**

EXHIBIT C



**UNITED WATER RESTORATION GROUP
FRANCHISE OPERATIONS MANUAL
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Exhibit D

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

**United Franchise
Holdings, LLC**

EXHIBIT D
LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. Where we are registered to sell franchises, we have appointed the state agency, or as noted below, a state officer, as our agent for service of process in the state. We may not yet be registered to sell franchises in any or all of the states listed. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

<p><u>CALIFORNIA</u> Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677 Agent: California Commissioner of Financial Protection and Innovation</p>	<p><u>NORTH DAKOTA</u> North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner</p>
<p><u>HAWAII</u> Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agent: Commissioner of Securities of the State of Hawaii</p>	<p><u>OREGON</u> Department of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance</p>
<p><u>ILLINOIS</u> Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General</p>	<p><u>RHODE ISLAND</u> Department of Business Regulation Division of Securities 1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920 (401) 462-9500 Agent: Director of Business Regulation</p>
<p><u>INDIANA</u> Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204</p>	<p><u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563 Agent: Director, Division of Insurance-Securities Regulation</p>

<p><u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p>	<p><u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 E Main St., 1st. Fl. Richmond, VA 23219 Tel: (804) 371-9733</p>
<p><u>MICHIGAN</u> Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48910</p>	<p><u>WASHINGTON</u> Director Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760 Agent: Securities Administrator, Director of Department</p>
<p><u>MINNESOTA</u> Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500 Agent: Minnesota Commissioner of Commerce</p>	<p><u>WISCONSIN</u> Securities Division of the Wisconsin Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities</p>
<p><u>NEW YORK</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone Agent for service: New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492</p>	

Exhibit E

STATE SPECIFIC ADDENDA

**United Franchise
Holdings, LLC**

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF 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.

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.

OUR WEBSITE (www.unitedwaterrestoration.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

The following paragraph is added to Item 1 of the disclosure document:

California law requires that you obtain a contractor's license from the California Contractors State License Board ("**CSLB**") if the total cost of labor and materials of one or more contracts on the project is \$500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to limited liability companies.

The following paragraphs are added at the end of Item 17 of the disclosure document, pursuant to regulations promulgated under the California Franchise Investment Law:

- a. **California Law Regarding Termination and Nonrenewal.** California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees 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.
- b. **Termination Upon Bankruptcy.** The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).
- c. **Post-Termination Noncompetition Covenants.** The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.
- d. **Applicable Law.** The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.
- e. **Liquidated Damages.** The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

- f. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
- g. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
- h. The franchisor will not enforce in California the prohibition on franchisee (or anyone signing the Confidentiality, Non-Solicit and Non-Competition Agreement) employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in section 17.5 of the Franchise Agreement and in the Confidentiality, Non-Solicit and Non-Competition Agreement.

The franchise agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF ILLINOIS AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

Illinois law governs the agreements between the parties to this franchise, to the extent applicable.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise disclosure Act or any other law of Illinois is void.”

Your rights upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act, to the extent applicable.

Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

Items 17(v) and 17(w) are amended to state that the provisions of the Franchise Agreement, and all other agreements concerning governing law, jurisdiction, venue, choice of law, and waiver of jury trials will not constitute a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act. The Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois licensees and any other person under the jurisdiction of the Illinois Franchise Disclosure Act, to the extent applicable.

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.

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF MARYLAND AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

Item 5 of the disclosure document is amended to include the following paragraph:

All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the Franchise Agreement.

Item 17 of the disclosure document is amended by adding the following language after the table:

- (a) Pursuant to COMAR 02.02.08.16L, any General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under the Maryland Registration and Disclosure Law.
- (b) You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- (c) The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)
- (d) The General Release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

~~Exhibit L, Attachment E to the Franchise Compliance Certificate Agreement, Disclosure Questionnaire~~, is hereby deleted and will not be applicable for use in the State of Maryland by Maryland owners/residents or franchises located in Maryland.

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.

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF MINNESOTA AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

Item 6 titled “Insufficient Funds Fee/NSF” of the disclosure document is amended to include the following paragraph, to the extent applicable:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 604.113, which imposes only one insufficient funds service fee per dishonored check, not to exceed \$30.

Item 17 “summary column” for (f) of the disclosure document is amended to include the following, to the extent applicable:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subs. 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).

Item 17 “summary column” for (m) of the disclosure document is amended to include the following to the extent applicable:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

Item 17 “summary columns” for (v) and (w) of the disclosure document are amended to include the following, to the extent applicable:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause, pursuant to Minn. Rule 2860.4400J.

Item 17 of the disclosure document is amended to include the following paragraph after the table, to the extent applicable

Pursuant to Minn. Rule 2860.4400D, any General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under the Minnesota Franchise Act.

Item 17 of the disclosure document is amended by adding the following paragraph after the table, to conform to the requirements of Minnesota law, to the extent applicable, as follows:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subs.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-

[Link-to-previous setting changed from on in original to off in modified.]

renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.”

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF NEW YORK AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

The Cover Page of the disclosure document is amended to include the following paragraphs:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D 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 DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, N.Y. 10271

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.

Item 3 of the disclosure document is amended to add the following paragraphs at the end:

Neither we, our predecessor, a person identified in item 2, nor an affiliate offering franchises under the our principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. 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. 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.

~~See Exhibit K for any required disclosure relating to Area Representatives.~~

Item 4 of the disclosure document is amended to add the following paragraphs at the end:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular; (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

~~See Exhibit K for any required disclosure relating to Area Representatives.~~

Item 5 of the disclosure document is amended to add the following paragraph at the end:

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17(c) titled “Requirements for you to renew or extend”, and Item 17(m) titled “Conditions for our approval of transfer”, of the disclosure document are amended to include the following paragraphs at the end of each “Summary” section:

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.

Item 17(d) titled “Termination by us” of the disclosure document is amended to replace the “Summary” section paragraph with the following:

You may terminate the agreement on any grounds available by law.

Item 17(j) titled “Assignment of Contract by us” of the disclosure document is amended to include the following paragraph at the end of the “Summary” section:

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.

Item 17(v) titled “Choice of Forum”, and Item 17(w) titled “Choice of Law” of the disclosure document is amended to include the following paragraph at the end of the “Summary” sections:

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.

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF VIRGINIA AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

Item 5 of the disclosure document is amended to include the following language:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON**

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF WASHINGTON AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

Item 5 of the disclosure document is amended by adding the following language:

The Franchisor will not require or accept the payment of any Initial Franchise Fees until the Franchisee (has received all initial training that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business.

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, 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, 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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

**AMENDMENT TO
UNITED FRANCHISE HOLDINGS, LLC FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

This Rider is entered into this _____, 20____ (the “**Effective Date**”), between **UNITED FRANCHISE HOLDINGS, LLC**, a Florida limited liability company (“**we**,” “**us**” or “**our**”), with its principal business address at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174, and _____, a _____, (“**you**” or “**your**”), whose principal business address is _____, and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement. This rider is being signed because (a) the offer or sale of the franchise for the UWRG Business that you will operate under the Franchise Agreement was made in the State of California, and the UWRG Business will be located in California, and/or (b) you are a resident of California.

2. **Initial Fees.** The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

3. **Effect of California Law.** California law requires that you obtain a contractor’s license from the California Contractors State License Board (“**CSLB**”) if the total cost of labor and materials of one or more contracts on the project is \$500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to limited liability companies.

4. **Interest on Late Payments.** Section 4.11 titled “Interest on Late Payments” shall be amended to include the following language at the end of this section: Notwithstanding the language in this section, the highest interest rate allowed by California law is 10% per annum.

5. **Termination-Immediate/By Us.** Section 18.2(k) provides for termination upon bankruptcy. This provision may not be enforceable under Federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

6. **Governing Law.** Section 23.6 requires application of the laws of Florida. This provision may not be enforceable under California law.

7. **Jurisdictional Condition.** Each provision of this Rider shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this rider. This rider shall have no force or effect if such jurisdictional requirements are not met.

8. **Representations.** Section 20(d) of the Franchise Agreement is hereby deleted in its entirety.

9. 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.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“US”
UNITED FRANCHISE HOLDINGS, LLC

“YOU”

By: _____

Name: _____

Title: _____

Date: _____

Name: _____

Title: _____

Date: _____

**AMENDMENT TO
UNITED FRANCHISE HOLDINGS, LLC FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

This Rider is entered into this _____, 20 ____ (the “**Effective Date**”), between **UNITED FRANCHISE HOLDINGS, LLC**, a Florida limited liability company (“**we**,” “**us**” or “**our**”), with its principal business address at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174, and _____, a _____, (“**you**” or “**your**”), whose principal business address is _____, and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Governing Law.** Illinois law governs the agreements between the parties to this franchise, to the extent applicable.

3. **Jurisdiction & Venue.** Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration outside of Illinois.

4. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. **Termination.** Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act, to the extent applicable.

6. **Initial Fees.** Payment of the Initial Franchise Fee shall be deferred until we have satisfied our pre-opening obligations to you and you have commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to our financial condition.

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 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.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“US”
UNITED FRANCHISE HOLDINGS, LLC

“YOU”

By: _____
Name: _____
Title: _____
Date: _____

Name: _____
Title: _____
Date: _____

**AMENDMENT TO
UNITED FRANCHISE HOLDINGS, LLC FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

This Rider is entered into this _____, 20____ (the “**Effective Date**”), between **UNITED FRANCHISE HOLDINGS, LLC**, a Florida limited liability company (“**we**,” “**us**” or “**our**”), with its principal business address at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174, and _____, a _____, (“**you**” or “**your**”), whose principal business address is _____, and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Initial Fees.** The following is added to Section 4 of the Agreement: All Initial Fees and payments shall be deferred until such time as we complete our initial obligations under the Franchise Agreement.
3. **No Release, Estoppel or Waiver of State Law.** Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
4. **Jurisdiction.** Any litigation arising on claims under Maryland Franchise Registration and Disclosure Law may be brought by you in Maryland.
5. **Limitation on Claims.** All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
6. **General Release.** Pursuant to COMAR 02.02.08.16L the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
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 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.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“US”
UNITED FRANCHISE HOLDINGS, LLC

“YOU” _____

By: _____
Name: _____
Title: _____
Date: _____

Name: _____
Title: _____
Date: _____

**AMENDMENT TO
UNITED FRANCHISE HOLDINGS, LLC FRANCHISE COMPLIANCE CERTIFICATION
FOR USE IN THE STATE OF MARYLAND**

This Rider is entered into this _____, 20____ (the **“Effective Date”**), between **UNITED FRANCHISE HOLDINGS, LLC**, a Florida limited liability company (**“we,” “us”** or **“our”**), with its principal business address at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174, and _____, a _____, (**“you”** or **“your”**), whose principal business address is _____, and amends the Franchise Compliance Certification between the parties dated as of the Effective Date (the **“Agreement”**).

1. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISEE APPLICANT:

Dated: _____

**AMENDMENT TO
UNITED FRANCHISE HOLDINGS, LLC FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

This Rider is entered into this _____, 20 ____ (the “**Effective Date**”), between **UNITED FRANCHISE HOLDINGS, LLC**, a Florida limited liability company (“**we**,” “**us**” or “**our**”), with its principal business address at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174, and _____, a _____, (“**you**” or “**your**”), whose principal business address is _____, and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Termination.** Section 18 of the Agreement is amended to add the following, to the extent applicable:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subs. 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).
3. **Limitation of Claims.** No action may be commenced for claims coming under Minnesota Law more than 3 years after the cause of action accrues.
4. **Waiver of Jury Trial.** Section 23.8 is deleted in its entirety, to the extent Minnesota law is applicable.
5. **Jurisdiction.** The following is added to Section 23.7, to the extent applicable:

Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
6. **Injunctive Relief.** You do not consent to us obtaining injunctive relief for any matters coming under Minnesota Law; but we may seek such injunctive relief.
7. **General Release.** Pursuant to Minn. Rule 2860.4400D, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Minnesota Franchise Act.

8. **Non-Renewal**. Section 16 of the Agreement is amended to add the following, to the extent applicable:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80C.14 Subds. 4 and 5, which require, except in certain specified cases, that you be given 180 days' notice of our decision not to renew your Agreement.

9. **Insufficient Funds**. Section 4 of the Agreement is revised to include the following sentence, to the extent applicable:

Notwithstanding anything said to the contrary, Minn. Stat. §604.113 allows for only one service charge per dishonored check that is not to exceed \$30.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“US”

UNITED FRANCHISE HOLDINGS, LLC

“YOU”

By: _____

Name: _____

Title: _____

Date: _____

Name: _____

Title: _____

Date: _____

**AMENDMENT TO
UNITED FRANCHISE HOLDINGS, LLC FRANCHISE AGREEMENT
FOR THE STATE OF VIRGINIA**

This Rider is entered into this _____, 20____ (the “**Effective Date**”), between **UNITED FRANCHISE HOLDINGS, LLC**, a Florida limited liability company (“**we**,” “**us**” or “**our**”), with its principal business address at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174, and _____, a _____, (“**you**” or “**your**”), whose principal business address is _____, and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Fees**. The following is added to Section 4 titled “Fees and Compensation” of the Agreement: The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to un until we have completed our pre-opening obligations under the Franchise Agreement.

3. 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.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“US”
UNITED FRANCHISE HOLDINGS, LLC

“YOU”

By: _____
Name: _____
Title: _____
Date: _____

Name: _____
Title: _____
Date: _____

**AMENDMENT TO
UNITED FRANCHISE HOLDINGS, LLC FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON**

This Rider is entered into this _____, 20____ (the “**Effective Date**”), between **UNITED FRANCHISE HOLDINGS, LLC**, a Florida limited liability company (“**we**,” “**us**” or “**our**”), with its principal business address at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174, and _____, a _____, (“**you**” or “**your**”), whose principal business address is _____, and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Fees.** The following is added to Section 4 of the Agreement: The Franchisor will not require or accept the payment of any Initial Franchise Fees until the Franchisee (has received all initial training that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business.

3. **Washington Franchise Investment Protection Act.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “**Act**”), Chapter 19.100 RCW, prevail.

4. **Relationship.** Section RCW 19.100.180 of the Act may supersede the Agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with us including the area of termination and renewal of your franchise.

5. **Waiver of Rights.** A release or waiver of rights executed by you may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement(s) are 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.

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

7. **Arbitration or Mediation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site shall 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.

8. **Non-Compete.** 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.

9. **Non-Solicit.** 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.

10. 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.

11. **Use of Franchise Brokers.** The franchisor uses/may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“US”
UNITED FRANCHISE HOLDINGS, LLC

“YOU”

By: _____

Name: _____

Title: _____

Date: _____

Name:

Title:

Date: _____

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	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT (Our Copy)

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

If United Franchise Holdings, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Iowa require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If United Franchise Holdings, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to the appropriate state agency listed on Exhibit D.

We have no franchise brokers. The franchisor is: United Franchise Holdings, LLC, located at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174. Its telephone number is (386) 492-6904. The franchise seller for this offering is [name] _____, [title] _____, [address], _____, [telephone number] _____.

Issuance Date: April ~~10~~19, ~~2023~~2024

We authorize the respective state agencies identified on Exhibit "D" to receive service of process for us if we are registered in the particular state.

I have received a disclosure document dated April ~~10~~19, ~~2023~~2024, that included the following Exhibits:

A. United Water Restoration Group Franchise Agreement, Exhibit A	G. Guaranty
B. Financial Statements	H. Principal Owner's Statement
C. United Water Restoration Group Operating Manual Table of Contents	I. Conditional Assignment of Telephone Numbers and —Listings and Internet Addresses
D. List of State Agencies/Agents for Service of Process	J. Confidentiality, Non-solicitation and Noncompetition —Agreement
E. State Specific Addendums	K. Secured Negotiable Promissory Note and Guaranty of Promissory Note
F. General Release	L. Franchise Compliance Certificate

Dated: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Please sign and date this receipt and return to: UNITED FRANCHISE HOLDINGS, LLC, via U.S. Mail at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL, 32174. You may keep the second copy for your records.

RECEIPT (Your Copy)

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

If United Franchise Holdings, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Iowa require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If United Franchise Holdings, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to the appropriate state agency listed on Exhibit D.

We have no franchise brokers. The franchisor is: United Franchise Holdings, LLC, located at 1 Sunshine Boulevard, Unit D, Ormond Beach, FL 32174. Its telephone number is (386) 492-6904. The franchise seller for this offering is [name] _____, [title] _____, [address], _____, [telephone number] _____.

Issuance Date: April ~~10~~19, ~~2023~~2024

We authorize the respective state agencies identified on Exhibit “D” to receive service of process for us if we are registered in the particular state.

I have received a disclosure document dated April ~~10~~19, ~~2023~~2024, that included the following Exhibits:

A. United Water Restoration Group Franchise Agreement, Exhibit A	G. Guaranty
B. Financial Statements	H. Principal Owner’s Statement
C. United Water Restoration Group Operating Manual Table of Contents	I. Conditional Assignment of Telephone Numbers and —Listings and Internet Addresses
D. List of State Agencies/Agents for Service of Process	J. Confidentiality, Non-solicitation and Noncompetition —Agreement
E. State Specific Addendums	K. Secured Negotiable Promissory Note and Guaranty of Promissory Note
F. General Release	L. Franchise Compliance Certificate

Dated: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Please sign and date this receipt. This is your copy to keep for your records