

FRANCHISE DISCLOSURE DOCUMENT



Ultra Pool Care Squad Franchise USA, Inc.
a Nevada corporation
2901 Leisure Island Way
Knoxville, TN 37914
865-219-2880
<https://ultrapoolcaresquad.com>

Ultra Pool Care Squad Franchise USA, Inc. offers individual and multi-territory franchises for the operation of an Ultra Pool Care Squad® franchised business (“Franchised Business”) that offers commercial and residential pool care, cleaning, maintenance and repair services and related products under the Ultra Pool Care Squad™ Marks and System.

The total investment necessary to begin operation of an Ultra Pool Care Squad franchised business is from \$74,305 to \$101,230. This includes \$28,500 to \$43,500 that must be paid to us or our affiliates.

This total investment also applies to each Franchised Business you develop under a Multi-Territory Franchise Agreement. The total investment necessary to begin operation of the first Franchised Business under a Multi-Territory Franchise Agreement is \$104,305 to \$151,230, which includes the estimated initial investment for the first Franchised Business and the Territory Fee. If you sign a Multi-Territory Franchise Agreement, you will pay a Territory Fee between \$30,000 to \$50,000 for 3 to 5 Protected Territories, plus an additional \$10,000 for each Protected Territory you agree to develop in excess of 5 Protected Territories. This entire amount must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 Amy Lawhorne at Ultra Pool Care Squad Franchise USA, Inc. at 2901 Leisure Island Way, Knoxville, TN 37914, or at 865-219-2880.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at

www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: ~~June 15~~ April 26, 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 territory sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Attachment C.
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 Attachment A 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 territories.
Will my business be the only Ultra Pool Care Squad 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 an Ultra Pool Care Squad franchisee?	Item 20 or Attachment C 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 Attachments 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 Attachment 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, or litigation only in Tennessee. 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 Tennessee than in your own state.
2. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
4. **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.
5. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. The franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
6. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

DISCLOSURES REQUIRED BY MICHIGAN LAW

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

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.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

TABLE OF CONTENTS

ITEM	PAGE
1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
2. BUSINESS EXPERIENCE.....	3
3. LITIGATION.....	3
4. BANKRUPTCY.....	43
5. INITIAL FEES.....	4
6. OTHER FEES.....	5
7. ESTIMATED INITIAL INVESTMENT.....	8
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	10
9. FRANCHISEE'S OBLIGATIONS.....	14
10. FINANCING.....	15
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	16
12. TERRITORY.....	23
13. MARKS.....	26
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	2829
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	29
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	30
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	30
18. PUBLIC FIGURES.....	3435
19. FINANCIAL PERFORMANCE REPRESENTATIONS.....	3435
20. OUTLETS AND FRANCHISEE INFORMATION.....	3536
21. FINANCIAL STATEMENTS.....	3738
22. CONTRACTS.....	3738
23. RECEIPTS.....	3738

ATTACHMENTS

ATTACHMENT A -	Financial Statements
ATTACHMENT B -	Franchise Agreement and Exhibits
ATTACHMENT C -	Current and Former Franchisees
ATTACHMENT D -	List of State Administrators; Agents for Service of Process
ATTACHMENT E -	State Addenda
ATTACHMENT F -	General Release Form
ATTACHMENT G -	Manuals Table of Contents
ATTACHMENT H -	Disclosure Acknowledgment Agreement
ATTACHMENT I -	Multi-Territory Franchise Agreement
ATTACHMENT J -	State Effective Dates and Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we” and “us” means Ultra Pool Care Squad Franchise USA, Inc., the franchisor. “You” means the person who buys the franchise. If a corporation, partnership or limited liability company buys a franchise, “you” also may refer to the shareholders of the corporation, partners of the partnership or members of the limited liability company.

The Franchisor

We are a Nevada corporation formed in March 2021. Our principal place of business is at 2901 Leisure Island Way, Knoxville, TN 37914. Our telephone number is 865-219-2880. Our agents for service of process are disclosed in Attachment D. We do not conduct business in any other line of business, and we have not offered franchises in any other line of business. We began franchising in July 2021.

Our Business Experience and Affiliates

Our parent company is PF Global Business Group USA, Inc. (“PF Global”) a corporation organized under the laws of Nevada in July 2019 with a principal business address of 2901 Leisure Island, Knoxville, Tennessee, 37914. PF Global is controlled by our ultimate parent, PF Global Business Group AU 1 Pty Ltd (“UP”) an Australian limited company organized under the laws of Australia in April 2013, with a principal business address of 6 Computer Road, Yatala, Queensland 4207. For simplicity, we may refer to Parent, PF Global and UP in this disclosure document collectively as our “Parents.” None of our Parents has ever offered franchises in any line of business.

Ultra Pool Care Squad (New Braunfels), Inc. (formerly Leisure Pool Care New Braunfels, Inc.) (“UPCS New Braunfels”) is a Nevada corporation that was formed in May 2020 and shared our principal business address. UPCS New Braunfels was formerly operated by us until April 2022, when the ~~business territory of UPCS New Braunfels~~ was sold to a franchisee. UPCS New Braunfels does not offer franchises in any line of business or provide products or services to franchisees.

Our affiliate, Leisure Pools and Spas Distribution North America Inc., a Nevada corporation, was organized in October 2013 (“LPNA”). Beginning January 1, 2023, LPNA moved its operations to Explore Industries USA, Inc. (“EIUSA”), and LPNA was dissolved in December 2023. EIUSA distributes certain products and equipment (~~“Leisure Pools Products”~~) that you may be required to purchase in your Ultra Pool Care Squad franchised business. EIUSA has the same principal business address and telephone number as us.

We and our affiliates in the United States and around the world are referred to collectively herein as “Explore Industries.” Explore Industries is one of the world’s largest manufacturers of composite fiberglass swimming pools, with manufacturing facilities in the USA and Australia, and sells pool and spa products to independent dealers throughout the world. The only Explore Industries entity that has offered franchises in any line of business is our affiliate Leisure Pools Marketing Pty Ltd, an Australian limited company organized under the laws of Australia in May 2000 (“LP Marketing”) with a principal business address of 6 Computer Road, Yatala, Queensland, 4207 Australia and Ultra Pool Care Squad Franchising Australia Pty Ltd, an Australian limited company organized under the laws of Australia in May 2022 (“UPCSFA”), with a principal business address of 6 Computer Road, Yatala, Queensland, 4207 Australia. LP Marketing offered pool sale franchises in Australia from 2001 to 2006 under the name of Leisure Pools and sold approximately 20 franchises until the franchise program was concluded

because LP Marketing moved to a dealer program. UPCSFA started offering pool sale franchises in Australia in 2022, but did not sell any as of December 31, ~~2022~~[2023](#).

Except as described above, we have no parents, predecessors or affiliates. Our parents and affiliates do not operate any other business except as described and have not, and do not, offer franchises in any line of business.

Franchise Offered

Under the Ultra Pool Care Squad Franchise Agreement, you will receive the right to own and operate an individual Franchised Business that offers and sells commercial and residential pool care, cleaning, maintenance, and repair services, related products, and other products and services we approve. Your Franchised Business will offer the services we approve and use certain distinctive types of equipment, supplies, confidential information, business techniques, proprietary software, servicing techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve (collectively, the “System”). The Franchised Business may be operated from a location within the protected territory that we designate (“Protected Territory”). If you are in compliance with the terms of your Franchise Agreement, we will not license another Franchised Business offering pool care, cleaning and maintenance services in the Protected Territory, but we may offer, or franchise or license others the right to offer, repair services within the Protected Territory. In addition, we may service Designated Accounts in your Protected Area. Your office may be located at your residence so long as you have dedicated office space at your residence and your residence is located within the Protected Territory.

Under an addendum to the Franchise Agreement (“Pool Cover Addendum”), we may grant a limited number of qualified franchisees the right to offer and sell pool cover installation and repair products and services as part of their Franchised Business (“Pool Cover Services”). We require franchisees to have a certain level of skill and training to provide the Pool Cover Services, and you must complete additional training and comply with additional requirements if you sign the Pool Cover Addendum.

Under the Ultra Pool Care Squad Multi-Territory Franchise Agreement, you will receive the exclusive right to develop Franchised Businesses in multiple Protected Territories over a defined period of time in a defined area, as we determine, on the basis of the market potential and the size of the designated area. The term of your Multi-Territory Franchise Agreement generally will not be longer than 3 years and will require you to sign your first Ultra Pool Care Squad Franchise Agreement. For each franchise you acquire under the Multi-Territory Franchise Agreement, you must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different from the current Franchise Agreement included with this Franchise Disclosure Document.

Market and Competition

The market for swimming pool and spa care and maintenance services is principally middle to upper income owners of single-family homes, commercial businesses (such as hotels and other hospitality businesses), and other kinds of property owners. The market for commercial and residential pool care and repair services is well-developed. You will face competition from other swimming pool and spa care and maintenance services businesses and brands and from independent installation businesses. Sales occur year-round, although sales are highly seasonal in colder parts of the country because consumer interest and needs for swimming pool care and repair services are typically not required during colder weather. Ultra Pool Care Squad businesses located in northern parts of the country may generally have a shorter “busy season” for sales.

Laws, Licenses and Permits

You should be aware of state and local government zoning ordinances and regulations in your proposed Protected Territory. Each Franchised Business must comply with all federal, state and local laws, and we urge you to become familiar with these specific laws and regulations governing the operation of a Franchised Business in your state. For example, you must comply with all OSHA and EPA regulations and requirements. You also must operate your Franchised Business in compliance with all data protection and privacy laws and all employment and wage and hour laws. You also should check with your state and local authorities to determine if there are additional requirements.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer and President: David Pain. David has been our Chief Executive Officer and President in Knoxville, Tennessee since March 2021. David has been Explore Industries' Chief Executive Officer and President since January 2012. Prior to holding these roles, David was the Chief Executive Officer of Leisure Pools Manufacturing Pty Ltd from April 2000 until January 2012 in Queensland, Australia.

Chief Financial Officer: Tammy Evans. Tammy has been with Explore Industries since March 2022. Prior to joining Explore Industries, Tammy served in various Chief Financial Officer roles in various locations around the world with International Business Machines, Inc. from March 2010 to March 2022.

Chief ~~Marketing~~Commercial Officer: Clint McClain. Clint has been Explore Industries' Chief ~~Marketing~~Commercial Officer in Knoxville, Tennessee since August 2023. Prior to that, Clint served as Explore Industries' Chief Marketing Officer from August 2021 to August 2023. Prior to joining Explore Industries, Clint served as Vice President of Marketing for Lowe's Companies, Inc. from December 2020 to July 2021. Prior to that, Clint was the Co-Founder of Craft Standard from February 2017 to January 2021 in Fayetteville, Arkansas.

~~Franchise Training Manager: Toni McDivitt. Toni was hired in August 2020 in anticipation of the formation of Ultra Pool Care Squad Franchise USA, Inc. in March 2021, for which she serves as our Franchise Training Manager. Prior to this role, Toni was the Director of Training at Guy Roofing in Spartanburg, South Carolina from March 2015 until April 2019, and the Director of Training at Bertucci's Corporation in Northborough, Massachusetts from August 2010 until May 2014.~~

Chief Operating Officer: Amy Lawhorne. Amy was hired in September 2020 in anticipation of the formation of Ultra Pool Care Squad Franchise USA, Inc. in March 2021, for which she serves as our Chief Operating Officer. From December 2018 through March 2020, Amy was the Chief Operating Officer of Authority Brands in Richmond, Virginia. From September 2015 through November 2018, Amy was the Vice-President/Brand Leader of Mosquito Squad for Outdoor Living Brands in Richmond, VA.

Controller: Jennifer Marquez. Jennifer has been our Controller in Knoxville, Tennessee since December 2022. From May 2020 to November 2022, Jennifer held various positions including Assistant Controller and Accounting Supervisor for Magnum Venus Products in Knoxville, Tennessee. Prior to that, Jennifer held various Staff Account I and II positions with Caterpillar from January 2015 to May 2020.

Corporate Trainer: Carlton Rivers. Carlton has been Explore Industries' Corporate Trainer in Knoxville, Tennessee since August 2020. From April 2012 to April 2020, Carlton was the Owner and President of Rivers Pools in Carrollton, Georgia.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5

INITIAL FEES

The “Initial Franchise Fee” is \$25,000. The Initial Franchise Fee is due and payable when you sign the Franchise Agreement, is fully earned by us upon receipt, and is non-refundable.

When you sign the Franchise Agreement, you must pay us an amount equal to \$2,500 to process your technology onboarding (“Technology On-Boarding Fee”). The Technology On-Boarding Fee is payable when you sign the Franchise Agreement, is fully earned by us upon receipt, and is non-refundable.

Beginning 30 days before you open your Franchised Business and within 30 days following such opening, you must spend \$7,500 (“Opening Campaign Spend”) on a Franchised Business opening campaign that we have approved in advance. You will use our designated media vendor (if any) and must implement our recommended media plan (if any) in conducting the Franchised Business opening campaign. We reserve the right to collect the minimum amount of the Opening Campaign Spend directly from you and spend it on your behalf in connection with the Franchised Business opening campaign. If we collect the Opening Campaign Spend, it is not refundable.

Before you open your Franchised Business, you will pay [LPNAEIUSA](#) approximately \$1,000 for certain equipment you will need to commence operations of your Franchised Business (“Initial Inventory Purchase”). You also must pay all applicable shipping and handling fees for these items. The Initial Inventory Purchase is fully earned by [LPNAEIUSA](#) upon receipt and is not refundable.

If we offer you the opportunity to offer Pool Cover Services and you want to offer Pool Cover Services, you must pay us a training fee of \$7,500 to provide up to 3 people (the Designated Owner and up to 2 pool cover specialists) with the requisite training to provide Pool Cover Services (“Pool Cover Services Training Fee”). The Pool Cover Services Training Fee is due at the time you sign the Pool Cover Addendum, which is typically at the same time you sign the Franchise Agreement. The Pool Cover Services Training Fee is fully earned by us upon receipt, and is non-refundable.

If you want to develop and establish multiple Franchised Businesses, you will sign our Multi-Territory Franchise Agreement and pay us a non-refundable “Territory Fee” of \$10,000 for each Franchised Business that you agree to develop and establish under the Multi-Territory Franchise Agreement. The Territory Fee that you pay for each Franchised Business will be credited against the applicable Initial Franchise Fee for that Franchised Business. The Territory Fee and the Initial Franchise Fee are not refundable under any circumstances. Under the Multi-Territory Franchise Agreement, the

Initial Franchise Fee for each Franchised Business is \$20,000. The Territory Fee and the Initial Franchise Fee for the first Franchised Business is due when you sign the Multi-Territory Franchise Agreement. The balance of the Initial Franchise Fee for each of the second and subsequent Franchised Businesses will be due 3 months before you must open that Franchised Business under the Development Schedule.

We offer individuals that are currently pool dealers a discounted Initial Franchise Fee of \$15,000 for the first Franchised Business. We also offer current and retired first responders (including police officers, firefighters, paramedics, doctors, and nurses), active duty and reserve members of the U.S. Armed Forces, and veterans of the U.S. Armed Forces who were honorably discharged a discounted Initial Franchise Fee of \$12,500 for the first Franchised Business. We do not allow franchisees to combine discounts.

ITEM 6

OTHER FEES

Type Of Fees (1)	Amount (2)	Due Date	Remarks
Royalty Fee	During first 12 months, the greater of \$500 or 7.5% of Gross Revenue During the rest of the term of the franchise agreement, the greater of \$1,000 or 7.5% of Gross Revenue	Payable monthly by EFT	(See Note 3)
Tech Fee	\$250, plus \$50 per hour of additional support	Payable monthly	The Tech Fee covers up to 5 hours of technology assistance per month to help acquire, upgrade, maintain, or service your computer system and point of sale system; however, if you require more than 5 hours of technology assistance per month, we will charge you \$50 per hour for additional assistance.
Non-Compliance Fee	Up to \$500 per occurrence	When incurred	(See Note 4)
Marketing Fee	Currently, the greater of \$250 or 2.5% of Gross Revenue	Payable monthly with the Royalty Fee	(See Note 5)
Minimum Local Marketing Expenditure	2.5% of Gross Revenue	When incurred	(See Note 6)
Conference Absence Fee	Currently, not collected	When incurred	Only payable to us if you fail to attend the annual franchise conference without our prior written consent.
Transfer Fee	\$10,000	Before completion of transfer	Paid when Franchise Agreement, assets, or interest in you is transferred. You are responsible for any broker fees.
Renewal Fee	\$2,500	At least 30 days before renewal of Franchise Agreement	Paid at least 30 days before renewal of the Franchise Agreement.
Interest Expenses	Lesser of 18% per year or the maximum rate permitted by law	When due	Payable if you do not timely pay any fees or amounts owed to us or our affiliates.
Software Licensing Fee	Currently, not collected	When incurred	You must pay us or our third-party suppliers the initial and ongoing software licensing fee(s) related to your use of any Proprietary Software or other required software.
Supplier Evaluation	Currently, \$500 per request	When incurred	(See Note 7)

Type Of Fees (1)	Amount (2)	Due Date	Remarks
Additional Initial/Required Ongoing Training	Currently, \$500 per attendee per day	Before training	
Additional On-Site Training / Operating Assistance	Currently \$1,000 per trip, plus any product materials and equipment	Before training	Incurred for any additional or refresher training we require or that you may request, or any additional operating assistance during the term of the Franchise Agreement.
Customer Satisfaction, Mystery Shopper and Quality Assurance Programs	Currently, not collected	On demand	(See Note 8)
Designated Accounts Program	Currently, not collected	Payable weekly with the Royalty Fee	If implemented, you will participate in any regional or national accounts program we designate and as described in the Manuals.
Management of the Franchised Business	Will vary under circumstances	When incurred	(See Note 9)
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	The non-prevailing party will pay Costs and Attorneys' Fees for disputes under the Franchise Agreement
Audit	Cost of audit and related expenses plus interest	When incurred	(See Note 10)
Insurance Reimbursement	Cost of insurance	When incurred	If you fail to obtain or maintain required insurance, we may obtain insurance and seek from you reimbursement for insurance.
Income and Sales Taxes	We may collect from you the cost of all taxes arising from our licensing of intellectual property to you in the state where your Franchised Business is located, as well as any assessment on fees and any other income we receive from you.	Payable, when applicable, by electronic funds transfer.	Only imposed if state collects these taxes or assessments.

Notes:

- (1) Type of Fees. Unless otherwise noted, all fees are payable to us, are non-refundable and are uniformly imposed. We reserve the right to require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer, credit card, or other similar means, as described in the Franchise Agreement and Manuals. If payments are required in this method, you must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached as Exhibit B to the Franchise Agreement or any other form that we may accept) for direct debits from your Franchised Business's bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you shall authorize us or our affiliates to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us or our affiliates and any interest that may be owing. You shall make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely paid the Royalty, Marketing Fee or any other fee due to us or our affiliates for any month, then we or our affiliates shall be authorized, at our option, to debit your account for the Royalty, Marketing Fee and other applicable fees. A payment will be deemed delinquent if we or our affiliates do not receive the payment on or before the payment due date, or if there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the payment due date.

- (2) Gross Revenue Definition. “Gross Revenue” means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card or otherwise, made or provided at or in connection with the Franchised Business (including the Pool Cover Services, if applicable). “Gross Revenue” does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes that you pay or accrue. For the purposes of this Agreement, a sale occurs at the time the goods are provided or installed or the services are performed. Gross Revenue will not be adjusted for uncollected accounts.
- (3) Royalty Fee. Commencing on the earlier of 90 days after the Effective Date or the date you have been approved by us to open the Franchised Business, the Royalty Fee is due and payable each calendar month within 7 days after the end of the prior calendar month via electronic transfer. You will pay the Royalty Fee to us by electronic funds transfer where we will electronically debit your designated bank account.
- (4) Non-Compliance Fee. You must pay us a Non-Compliance Fee if you fail to comply on a timely basis with certain obligations under the Franchise Agreement and/or the Manuals, and is charged as consideration for the expenses we incur in addressing your failure to comply with the terms of this Agreement and the Manuals. All Non-Compliance Fees will be imposed according to the schedule stated in the Manuals. Our ability to charge and collect any Non-Compliance Fees in no way limits our rights to put you in default or terminate the Franchise Agreement.
- (5) Marketing Fee. Commencing on the earlier of 90 days after the Effective Date or the date you have been approved by us to open the Franchised Business, you will pay to us for deposit in a system marketing fund (the “Marketing Fund”) the Marketing Fee. As of the Effective Date, the Marketing Fee is equal to the greater of \$250 per month or 2.5% of Gross Revenue per month. We may increase the Marketing Fee at any time; however, the Marketing Fee will not exceed 4% of Gross Revenue. You will pay the Marketing Fee in the same manner and at the same time as the Royalty Fee. We will place all Marketing Fees we receive in the Marketing Fund and we will manage such Marketing Fund, as described in Item 11.
- (6) Minimum Local Marketing Expenditure. In addition to the Marketing Fee, you must spend a minimum of 2.5% of Gross Revenue each calendar month on “approved” local marketing (“Minimum Local Marketing Expenditure”). Within 10 days of the end of each calendar year, you must provide us with itemization and documentation of the amounts that you have spent for approved local marketing. If you fail to spend the Minimum Local Marketing Expenditure during the previous calendar year on approved local marketing, you will pay us the difference between the Minimum Local Marketing Expenditure and what was actually spent for approved advertising during the calendar year. We will deposit that amount in the System Marketing Fund. For purposes of this Section, advertising and promotional activities are “approved” if they conform to our marketing policies as we may specify (and modify) from time to time in the Manuals or otherwise in writing, which guidelines may include restrictions regarding the areas in which you may conduct marketing activity, and must be primarily towards customers within its Protected Territory. You must use only such marketing materials as we furnish, approve in writing, or make available. From time to time, we or our affiliates may provide a marketing incentive to you based on your purchase of certain products. If such a program shall ever become available, you must abide by all of the requirements of the program in order to receive the marketing incentive. Such incentive(s) may be used to offset your required expenditures for the Minimum Local Marketing Expenditure, as we direct.
- (7) Supplier Evaluation. If you propose to purchase any supplies, materials, equipment, vehicles, or signs we have not then approved, or any items from any supplier we have not then approved, you

must notify us in writing and provide to us (at our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the supplies, materials, equipment, vehicles or signs comply with our specifications and standards, or the supplier meets our approved supplier criteria, which determination we will make and communicate in writing to you within a reasonable time (generally 30 days).

- (8) Customer Satisfaction, Mystery Shopper and Quality Assurance Programs. You must participate in any customer satisfaction, mystery shopper or quality assurance programs we designate, and you may be required to pay a fee to participate in the programs. If you do not receive a passing score in connection with any customer satisfaction, mystery shopper or quality assurance programs, you may be required to reimburse us for any costs or expenses we incur.
- (9) Management of the Franchised Business. If you (or the Designated Owner) die or are permanently disabled, then your executor or other personal representative or the remaining Principal Owners must appoint a competent Operating Manager acceptable to us within 30 days. If no Operating Manager is appointed, we may step in to manage the Franchised Business and charge you a reasonable fee.
- (10) Audit. This fee is payable only if an audit shows an understatement of more than 2% or \$2,500 in a 3-month period, or an audit is required because you did not provide us with required information in a timely manner.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$25,000	Lump sum	When you sign the Franchise Agreement	Us
Pool Cover Services Training Fee	\$0 - \$7,500	Lump Sum	When you sign the Pool Cover Addendum	Us
Tools and Equipment ⁽²⁾	\$7,000 to \$12,000	As arranged with suppliers	Before you open the Franchised Business	Our Affiliates and Approved Suppliers
Initial Inventory ⁽³⁾	\$1,750 to \$2,000	As arranged with suppliers	Before you open the Franchised Business	Approved Suppliers
Office Equipment, Computers, Office Supplies ⁽⁴⁾	\$4,000 to \$5,000	As arranged with supplier	As arranged	Approved Suppliers
Business Software ⁽⁵⁾	\$555 to \$630	As arranged with supplier	As arranged	Approved Suppliers
Vehicle(s) & Vehicle Signage ⁽⁶⁾	\$8,000 to \$9,600	As arranged with supplier	As arranged	Approved Suppliers
Insurance ⁽⁷⁾	\$1,500 to \$2,500	As arranged with supplier	As arranged	Licensed Insurers
Business licenses and permits	\$500 to \$2,500	Lump sum	Before you open your Franchised Business	Governmental Agencies

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Professional Fees	\$500 to \$2,000	As arranged with supplier	As arranged	Attorneys, accountants and other providers of professional services
Travel and Living Expenses For Initial Training ⁽⁸⁾	\$3,000 to \$5,000	As arranged with supplier	As arranged	Transportation providers, hotels, restaurants and providers of other travel and meeting related services
Opening Campaign Spend ⁽⁹⁾	\$7,500	As arranged with supplier	As arranged	Approved Suppliers
Additional Funds ⁽¹⁰⁾	\$15,000 to \$20,000	Variable	Within the first 3 months of operations	Approved Suppliers
Total	\$74,305 to \$101,230			

Notes:

- (1) Expenditures. We based the estimates in the tables above on our affiliates' operation of one company-owned business in New Braunfels, Texas since May 2020 and on market research. All payments to us are non-refundable. Third-party suppliers and providers will decide if payments to them are refundable. We recommend that you operate your Franchised Business from your home. If you decide to operate your Franchised Business from designated office space outside your home, you will likely incur higher expenses. We do not offer any direct or indirect financing for these amounts.
- (2) Tools and Equipment. You will purchase some of the tools and equipment from us, as described in Item 5, and the rest of the tools and equipment from our approved suppliers, as described in the Manuals, before you may commence operations of your Franchised Business.
- (3) Initial Inventory. You must purchase the minimum amount of cleaning chemicals before you may commence operations of your Franchised Business. The amounts are for 3 months of chemicals and the amount will depend on the number of pools you have signed for service during the first 3 months of operation.
- (4) Office Equipment, Computers, Office Supplies. This includes costs related to the purchase of up to 1 computer for your Franchised Business, an iPad, a printer, and standard office supplies. It also includes the Tech Start-up Fee. See Item 11 for a description of required computer hardware and software.
- (5) Business Software. This includes the fees for the first 3 months of licensing QuickBooks Online Plus (for accounting), QuickBooks Online Premium (for payroll) and Skimmer.
- (6) Vehicles and Vehicle Signage. You are required to purchase or lease a vehicle for your Franchised Business. The Franchise Agreement gives us the right to specify makes and models of vehicles and establish minimum standards for the appearance of any vehicles used by you, your employees performing sales or installation services for your Franchised Business. Currently, our minimum vehicles standards require that the vehicle be no more than 3 years old and must be in perfect mechanical condition and cosmetic appearance. The figures above include wrapping the van with the approved branding wrap as well as the interior shelving and vent for the van used by you and your employees performing pool care services. The estimate

assumes a monthly lease or finance payment for 3 months for a turnkey van with branding wrap, shelving and vent. If you decide to purchase the van outright, you will likely incur higher expenses.

- (7) Insurance. You must purchase and maintain all of the insurance coverage we require in the types and amounts described in the Manuals.
- (8) Travel and Living Expenses for Initial Training. We provide training at our offices located in Knoxville, Tennessee or at another location we designate. You must pay for airfare, meals, transportation costs, lodging and incidental expenses for all initial training program attendees.
- (9) Opening Campaign Spend. See Items 5 and 11 for more information regarding your Opening Campaign.
- (10) Additional Funds (First 3 Months). The estimate includes estimated operating expenses that you should expect to incur during the first 3 months of operations and does not assume any Gross Revenue will be generated by your Franchised Business in the first 3 months. The estimate includes estimated payroll costs for your employees to attend training, as well as estimated vehicle fuel and repairs and maintenance, internet and cell phone service, working capital, and other miscellaneous operational expenses not otherwise accounted for in the table. The estimate does not include any wages you pay to yourself or taxes that you may pay. You should check with your local and state governmental agencies for any taxes that may be assessed. We based this estimate in the tables above on our affiliates' operation of one company-owned business in New Braunfels, Texas ~~since May 2020~~.

YOUR ESTIMATED INITIAL INVESTMENT – MULTIPLE UNIT FRANCHISE

YOUR ESTIMATED INITIAL INVESTMENT Multi-Territory Franchise (3 to 5 Territories)				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Territory Fee	\$30,000 to \$50,000	Lump sum	When Multi-Territory Agreement is signed	Us
Initial Investment to Begin Operating in First Territory	\$74,305 to \$101,230			
TOTAL ESTIMATED INITIAL INVESTMENT	\$104,305 - \$151,230			

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services throughout the Ultra Pool Care Squad System, you must maintain and comply with our quality standards. We will provide you with our Manuals and various bulletins and notices that will contain these standards. As we determine trends in the marketplace or develop new marketing techniques, technologies, products and services, we anticipate that we will develop and modify our standards as we consider appropriate and useful, and notify you through amendments to the Manuals, newsletters or other bulletins.

Location of your Franchised Business; Real Estate Lease; Vehicle

You may either lease a space for the Franchised Business or operate your Franchised Business from a home office. Regardless of whether you lease a space for your Franchised Business or operate your Franchised Business from a home office: (i) the Franchised Business premises must be located in the Protected Territory, (ii) the Franchised Business premises must meet our standards and requirements, and (iii) you must secure the right to a storage space that meets our standards and requirements. You are not required to purchase, lease or sublease the Franchised Business premises or storage space from us or our affiliate.

Before opening the Franchised Business, you must obtain a vehicle that meets our standards and specifications as outlined in the Manuals. All of the vehicles that you use in operating your Franchised Business must meet our standards and specifications and be branded or wrapped as we require, as more fully described in the Manuals.

Equipment, Products & Signs

You will use in operating your Franchised Business only those types of approved or designated materials, supplies, cleaning solutions and chemicals, equipment (including designated equipment and computer hardware and software), vehicles and signs that we have approved as meeting our specifications and standards. You may purchase these items from any supplier we approve or designate. We or one of our affiliates may be one of, or the sole, approved supplier for one or more of these items.

Currently, our affiliate, Explore Industries USA, Inc. is the sole approved supplier for all Hayward-branded pool equipment that you must use in your Franchised Business, including pumps, filters, heaters, and all other Hayward-branded pool equipment. However, if Explore Industries USA, Inc. does not carry ~~efor~~ have in stock the requested pool equipment, it will authorize an additional supplier for that item. If you need to use other pool equipment in your Franchised Business, including any equipment or supplies for your Pool Cover Services (if applicable), you must purchase such equipment from our approved or designated suppliers.

You also agree to maintain the condition and appearance of the vehicle(s) you use in operating the Franchised Business, and repair or replace the vehicle(s) as we may require, including any rebranding or rewrapping the vehicle(s) consistent with our requirements. If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the vehicle(s) does not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency.

Computer Hardware and Software

You must purchase and use the computer system meeting or exceeding the minimum specifications we designate, including all existing or future communication or data storage systems, components thereof and associated service, along with all cyber security requirements, which we have developed and/or selected for the System (the “Computer System”). The Computer System developed for use in your Franchised Business may include one or more proprietary software programs or applications developed for us (the “Proprietary Software”). Currently, we require all franchisees to purchase one laptop computer for each technician affiliated with the Franchised Business, one printer, one router, QuickBooks Online Plus (for accounting), QuickBooks Online Premium (for payroll), and Skimmer.

Insurance

You must purchase and maintain, at your expense, all insurance we require in the types and amounts described in the Manuals. Currently, these requirements include the following: (a) comprehensive insurance in the amount of \$1 million; (b) commercial general liability insurance in the amount of \$1 million per occurrence and \$2 million in the aggregate; (c) personal and advertising injury insurance in the amount of \$1 million per occurrence and \$2 million in the aggregate; (d) employment practices insurance in the amount of \$1 million combined single limit; (e) all insurance required by law, including workers' compensation; (f) employer's liability insurance with limits of at least \$1 million; and (g) commercial auto insurance in the amount of \$1 million combined single limit. All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us; (2) will name us and our affiliates as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; and (4) provide that we will receive 30 days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to provide satisfactory evidence of such coverage, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with copies of the certificate of insurance, insurance policy endorsements or other evidence of compliance with these requirements. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require.

Advertising and Promotional Approval

You will use only our approved advertising and promotional materials approved by us in promoting the Franchised Business. If you desire to use any advertising or promotional materials in promoting the Franchised Business which we previously have not approved, it must be submitted to us and you must obtain written approval from us at least 10 days before using any such materials, which approval will not be unreasonably withheld. If no response is received it should be considered unapproved. If we later determine that your advertising materials do not satisfy our then-current advertising and promotional standards, you will immediately cease using such materials upon written notice from us.

System Call Center

We reserve the right to implement a call center with a centralized system for processing customer inquiries, allocating customers leads, or setting appointments (the "System Call Center"). If established, you must adhere to our guidelines and participate in the System Call Center. We reserve the right to require you to use the System Call Center as the sole form of communication for customers contacting the Franchised Business and to require that all advertising you conduct include the System-wide toll-free number or other identifying information for the System Call Center. We or our affiliates may be the designated supplier for the System Call Center.

Supplier and Product Approval

You will use in operating the Franchised Business only those types of materials, supplies, equipment, and signs that we have approved for Ultra Pool Care Squad businesses as meeting our specifications and standards for appearance, function and performance. You may purchase approved types of supplies, materials, equipment, and signs from any supplier we approve or designate (which may include us and/or our affiliates). We will provide you with lists of approved brands, manufacturers,

suppliers and distributors (“Approved Suppliers List”) and approved products, equipment, vehicles, signs, supplies and other items necessary to operate your Franchised Business (“Approved Supplies List”). The lists specify the suppliers and the products and services which we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable. The Approved Suppliers List will list particular suppliers from which you must purchase certain supplies, products, equipment or other items for use in your Franchised Business. The Approved Supplies List may include specific brands or types of vehicles, supplies, equipment or other items that you may buy from approved suppliers, or if there is no approved supplier for the item, from an unapproved supplier provided that the items conform to the standards and specifications we designate for the System. We, an affiliate, or a third-party vendor or supplier may be one of, or the only, approved supplier for certain products, supplies, equipment or other items.

If you want to use any unapproved material, supply, equipment, product, or sign in connection with your Franchised Business, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request, sufficient information, specifications and samples for us to determine whether the services, material, supply, equipment, product or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria. We will not provide you with a list of our criteria. We will notify you of our decision within 90 days following our receipt of all information requested. We reserve the right to charge an evaluation and/or testing fee (currently estimated to be \$500 per request) in connection with this process. We may inspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier which fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or supply. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources.

We apply certain general criteria in approving a proposed supplier, including the supplier’s quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new items, financial stability, credit program for franchisees, success pricing, delivery terms, freight costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of products and services).

General Information

Except as described above, as of the issuance date of this disclosure document, you are not required to purchase or lease any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to the establishment or operation of the Franchised Business from us, an affiliate, or a designated supplier or suppliers, or for which we have required specifications.

We and our affiliates reserve the right to collect rebates and other consideration from third-party manufacturers or suppliers based on franchisee purchases. The payment of these rebates or consideration may or may not be reasonably related to services we or our affiliates provide to these third parties. Our affiliate may receive rebates ranging from 0% to 19% on purchases it makes on behalf of franchisees for equipment the franchisees are required to purchase from our affiliates.

From time to time, we may provide discounts or rebates to you on your purchase of required products or services. These discounts and rebates may differ based on a franchisee’s geographic area, the number and types of pools sold by a franchisee, and other factors that we determine.

Our director and CEO, David Pain, owns an indirect interest in us and each entity in Explore Industries. Any of these entities may provide services to you. Outside of Explore Industries, there are no suppliers in which an officer of Leisure Pools owns a material interest.

You can expect items purchased or leased from us (or any sales affiliate we may designate) or in accordance with our specifications will represent approximately 80% of total purchases you will make to begin operations of the Franchised Business, and 25% to 75% of the ongoing costs to operate the Franchised Business.

We do not provide material benefits to any franchisee based on its use of designated or approved suppliers. We may periodically negotiate purchase arrangements with suppliers for the benefit of the franchisees. We are not aware of any purchasing or distribution cooperative in the Ultra Pool Care Squad System.

For the fiscal year ended December 31, ~~2022, neither~~ 2023, we ~~nor~~ received no revenue as a result of franchisee purchases of goods, products and services and our affiliates received ~~any~~ approximately \$1,000 of revenue as a result of franchisee purchases of goods, products, and services.

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 of this disclosure document.

	Obligation	Section(s) in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	§2A	Item 11
b.	Pre-opening purchases/leases	§5	Items 7, 8 and 11
c.	Site development and other pre-opening requirements	§§5 and 6.A	Items 5, 7, and 11
d.	Initial and ongoing training	§6	Items 7 and 11
e.	Opening	§§5.A – 5.F	Items 5 and 11
f.	Fees	§4	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	§8 and 10	Items 11 and 16
h.	Trademarks and proprietary information	§7	Items 13 and 14
i.	Restrictions on products/services offered	§10.C – 10.E	Items 8 and 16
j.	Warranty and customer service requirements	§§10.D, 10.L, and 10.N	Item 11
k.	Territorial development and sales quota	N/A	Item 12
l.	Ongoing product/service purchases	§§10.D and 10.E	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	§10.A	Item 11
n.	Insurance	§10.H	Items 6, 7 and 8
o.	Advertising	§11	Items 6, 7 and 11
p.	Indemnification	§9.B	None

q.

	Obligation	Section(s) in Franchise Agreement	Disclosure Document Item
	Owner's participation/ management/staffing	§§10.B, 10.G, and 10.K	Items 11 and 15
r.	Records/reports	§12	Item 6
s.	Inspections/audits	§13	Item 6
t.	Transfer	§15	Items 6 and 17
u.	Renewal	§3.B	Items 6 and 17
v.	Post-termination obligations	§14.C	Item 17
w.	Non-competition covenants	§14	Item 17
x.	Dispute resolution	§18	Item 17

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

	Obligation	Section(s) in Multi-Territory Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	None	Item 11
b.	Pre-opening purchases/leases	None	Items 7, 8 and 11
c.	Site development and other pre-opening requirements	3	Items 5, 7, and 11
d.	Initial and ongoing training	None	Items 7 and 11
e.	Opening	3.B and Exhibit B	Items 5 and 11
f.	Fees	3.D, 6	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	8	Items 11 and 16
h.	Trademarks and proprietary information	2, 9	Items 13 and 14
i.	Restrictions on products/services offered	None	Items 8 and 16
j.	Warranty and customer service requirements	20.A	Item 11
k.	Territorial development and sales quota	3.B, 3.C, and 5; Exhibits A and B	Item 12
l.	Ongoing product/service purchases	None	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	None	Item 11
n.	Insurance	None	Items 6, 7 and 8
o.	Advertising	None	Items 6, 7 and 11
p.	Indemnification	12.B	None
q.	Owner's participation/ management/staffing	10	Items 11 and 15
r.	Records/reports	11	Item 6
s.	Inspections/audits	None	Item 6
t.	Transfer	16	Items 6 and 17
u.	Renewal	3.B-3.D	Items 6 and 17
v.	Post-termination obligations	15.C	Item 17

	Obligation	Section(s) in Multi-Territory Franchise Agreement	Disclosure Document Item
w.	Non-competition covenants	15	Item 17
x.	Dispute resolution	17	Item 17

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Assistance

Before you open your Franchised Business, we will:

- (1) Approve your Operating Manager and Designated Owner (Franchise Agreement – Sections 1(B) and 1(F)).
- (2) Designate your Protected Territory (Franchise Agreement – Section 2(A)).
- (3) Provide you with a list of our approved and designated supplies and suppliers (Franchise Agreement – Section 10(C)).
- (4) Provide the initial training programs described below (Franchise Agreement – Section 6(A), Pool Cover Addendum (if applicable)).
- (5) Provide to you access to the confidential Manuals. You must keep the Manuals confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 6(E)).
- (6) Grant you the right to establish a specific number of Franchised Businesses in multiple Protected Territories if you sign a Multi-Territory Franchise Agreement (Multi-Territory Franchise Agreement – Sections 3 and 5).

Ongoing Assistance

During the operation of your Franchised Business, we will:

- (1) Operate the Designated Accounts program (Franchise Agreement – Section 2(D)).
- (2) Provide advisory services relating to Franchised Business operations, including the products and services offered for sale from the Franchised Business; selecting and purchasing supplies, equipment and materials; employee relations; marketing assistance and sales promotion programs; and operating, administrative and general operating procedures. We will provide such guidance through our Manuals, bulletins or other

written materials, telephone conversations and/or meetings at our office or at the Franchised Business (Franchise Agreement – Section 6(C)).

- (3) Periodically provide you with updated and revised materials for the Manuals (Franchise Agreement – Section 6(F)).
- (4) Administer the Marketing Fund (Franchise Agreement – Section 11(A)).
- (5) Provide such additional assistance and training that we deem appropriate (Franchise Agreement – Sections 6(B) and 6(D)).
- (6) For as long as we deem appropriate, we will provide you System Call Center services. (Franchise Agreement Section 10(L)).
- (7) Provide suggestions related to pricing; provided that you will have the right to advertise and sell your services at the prices you determine, provided such prices are consistent with our general marketing and advertising guidelines.

Advertising Programs

We establish and conduct various advertising programs as follows:

We operate the Marketing Fund to advertise and promote Ultra Pool Care Squad Franchised Businesses in the System. As of the Issuance Date of this disclosure document, the Marketing Fee is the greater of \$250 per month or 2.5% of monthly Gross Revenue. We may increase the Marketing Fee at any time; however, the Marketing Fee will not exceed 4% of Gross Revenue. You will pay the Marketing Fee in the same manner and at the same time as the Royalty Fee. We and our affiliates will not contribute to the Marketing Fund on behalf of the Ultra Care Pool Squad business that we or our affiliates operate in the United States. We cannot and do not ensure that any particular franchisee will benefit directly or pro rata from the advertising. We may spend in any fiscal year an amount greater or less than the aggregate contributions of Ultra Pool Care Squad businesses to the Marketing Fund in that year. Any monies not expended in the fiscal year in which they were contributed will be applied and used for Marketing Fund expenses in the following year. Marketing Fees will not be used for advertising principally directed at the sale of franchises.

~~During our last fiscal year ending December 31, 2022, there were no Ultra Pool Care Squad Franchised Businesses. As a result, we did not collect any Marketing Fees.~~ In 2023, we collected \$5,753 in Marketing Fees. All of the Marketing Fees collected in the last fiscal year were rolled over in this year's Marketing Fund.

We will administer and control the Marketing Fund and will have the absolute and unilateral right to determine how, when and where the monies in the Marketing Fund will be spent. This includes (but is not limited to) the right to use Marketing Fund monies for: (i) broadcast and print advertising; (ii) the creation, design, development, production and printing of advertising and promotional materials, including, but not limited to, ad slicks, radio, film and television commercials, videotapes, direct mail pieces, brochures and other print advertising; (iii) search engine optimization or other forms of Internet-based promotion; (iv) any marketing or related research and development; (v) promotional materials provided to franchised businesses; (vi) advertising and marketing expenses, including payment for research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, customer incentive programs, sponsorships,

marketing meetings and sales incentives, development and enhancement of Web pages, Internet access provider costs, and administrative costs; (vii) the System Call Center; and (viii) administrative and overhead costs associated with operation of the Marketing Fund and System Call Center, including without limitation salaries, benefits, and expenses of personnel and the internal labor costs attributable to the same.

All sums paid by you to the Marketing Fund will be ~~maintained in a separate account~~accounted for separately from our general funds and shall not be used to defray any of our general operating expenses, except for actual time spent designing and adapting the creation of advertising and promotional materials for the Ultra Pool Care Squad franchisees and such reasonable administrative costs and overhead, if any, as we may incur in activities reasonably related to the administration or direction of the Marketing Fund and advertising programs including, without limitation, costs incurred in collecting and accounting for assessments for the Marketing Fund, rent and related occupancy expenses of the marketing department, and salaries, benefits and expenses for marketing support personnel.

We reserve the right to terminate the Marketing Fund. We will not terminate the Marketing Fund, however, until all monies in the Marketing Fund have been expended for marketing and promotional purposes.

Upon written request, we will provide you an unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent calendar year. Any end-of-year surpluses or shortages in the Marketing Fund in a given year will carry over to the next year.

We are not required to spend any particular amount on marketing, advertising or production in the area in which your Franchised Business is located. We may make loans to the Marketing Fund bearing reasonable interest to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest in a surplus for future use by the Marketing Fund.

In addition to the Marketing Fee, you must spend a minimum of 2.5% of Gross Revenue each calendar month on “approved” local marketing (“Minimum Local Marketing Expenditure”). Within 10 days of the end of each calendar year, you must provide us with itemization and documentation of the amounts that you have spent for approved local marketing. If you fail to spend the Minimum Local Marketing Expenditure during the previous calendar year on approved local marketing, you will pay us the difference between the Minimum Local Marketing Expenditure and what was actually spent for approved advertising during the calendar year. We will deposit that amount in the System Marketing Fund. For purposes of this Section, advertising and promotional activities are “approved” if they conform to our marketing policies as we may specify (and modify) from time to time in the Manuals or otherwise in writing, which guidelines may include restrictions regarding the areas in which you may conduct marketing activity, and must be primarily towards customers within its Protected Territory. You must use only such marketing materials as we furnish, approve in writing, or make available. From time to time, we or our affiliates may provide a marketing incentive to you based on your purchase of certain products. If such a program shall ever become available, you must abide by all of the requirements of the program in order to receive the marketing incentive. Such incentive(s) may be used to offset your required expenditures for the Minimum Local Marketing Expenditure, as we direct.

Beginning on the effective date of the Franchise Agreement, (i) during the first 12-months of operating the Franchised Business, you must send between 4 and 6 mailings, that we approve, to existing and potential customers within your Protected Territory, and (ii) during each subsequent 12-month period, you must send up to six (6) mailings as we determine and that we approve, to existing and potential customers within your Protected Territory (collectively, the “Mailer Program”). The cost of the Mailer Program will count towards your Minimum Local Marketing Expenditure. We may modify,

discontinue, or replace this program at any time upon written notice to you, and you must comply with such written notice.

During the period beginning 60 days before the opening of your Franchised Business, you must spend \$7,500 on a Franchised Business opening campaign that we have approved in advance. You will use our designated media vendor (if any) and must implement our recommended media plan (if any) in conducting the Franchised Business opening campaign. We reserve the right to collect the Opening Campaign Spend directly from you and spend it on your behalf in connection with the Franchised Business opening campaign. On or before the day you open your Franchised Business, you must provide us with an accurate accounting of Franchised Business opening advertising and marketing expenses you incurred. If you failed to spend the Opening Campaign Spend, you must pay us the difference between the amount actually spent and the Opening Campaign Spend, and we will spend that amount in your Protected Territory as we determine.

We do not have an advertising or advisory council composed of franchisees that advise us on advertising policies, but we reserve the right to form a council and the rights of that council in the future. As of the issuance date, we do not require you to participate in an advertising cooperative.

You will use only our approved advertising and promotional materials in promoting the Franchised Business. If you desire to use any advertising or promotional materials in promoting the Franchised Business which we previously have not approved, you must obtain written approval from us before using any such materials, which approval will not be unreasonably withheld. We typically approve advertising or promotional materials within 10 days of receipt of the proposed material. If we later determine that your advertising materials do not satisfy our then-current advertising and promotional standards, you must immediately cease using such materials upon written notice from us.

Computer System

You must use the Computer System and Proprietary Software we require. Currently, we require all franchisees to purchase one laptop computer for each technician affiliated with the Franchised Business, one printer, one router, QuickBooks Online Plus (for accounting), QuickBooks Online Premium (for payroll), and Skimmer (a third-party app-based software that you will use to manage your Franchised Business). The Computer System must have high speed internet access and email capabilities.

The estimated initial cost of the Computer System is \$4,525 to \$5,000, including the Tech Start-Up Fee. Currently, you must use QuickBooks Online Plus (for accounting) at a cost of \$80 per month and QuickBooks Online Premium (for payroll) at a cost of \$75 per month plus \$8 per employee. Currently, Skimmer charges you \$0.50 per customer with a monthly minimum of \$29. Skimmer does not charge an initial or start-up fee. You may only use or download software we have designated or approved. If you use or download any unauthorized software, you will be liable for any resulting damage and repair costs.

We have the right to change, update, enhance and modify the Computer System and maintenance required in the operation of the Franchised Business and you must comply with all changes, updates, enhancements, and modifications, and upgrade your Computer System to the then-current standards, at your expense, including any cyber security requirements and software. We have the right to specify how data from the Franchised Business will be stored and accessed. There are no contractual limits on the frequency or related cost of such upgrades. Further, there are no limits on our ability to have independent access to the information and data stored on your Computer System, including without limitation all Customer Data (as defined in the Franchise Agreement). We have the right to specify how

data from the Franchised Business will be stored and accessed, including without limitation Customer Data.

Site Selection

You must locate the site for operation of the Franchised Business. You may either lease a space for the Franchised Business or operate the Franchised Business from a home office, provided that there is a dedicated office space within the residence. In addition, you must secure storage space located within the Protected Territory. You are not required to pay us any fee associated with the storage space. The location for the Franchised Business will be identified in Exhibit A to the Franchise Agreement. If you fail to identify the site for your office and storage space for the Franchised Business, we may reduce your Protected Territory or terminate the Franchise Agreement. Generally, we will not own the premises and lease it to you for the Franchised Business or any storage space. We do not approve a site for the office or storage space, but the office and storage space must meet our standards and specifications and must be located in the Protected Territory.

If you enter into a Multi-Territory Franchise Agreement, we and you will have agreed to a Designated Area which identify the number of Franchised Businesses you will develop, and the time frame and the area in which the Franchised Businesses will be developed. Under the Multi-Territory Franchise Agreement, we will not determine or approve the location of a future office or storage space, but the office or storage space must meet our then current standards and specifications under the Franchise Agreement and must be located in the Protected Territory.

Development Time

The typical length of time between signing the Franchise Agreement (or the first payment of consideration for the franchise) and the opening of your Franchised Business varies from 30 to 90 days. This period may be longer or shorter, depending on the time of year, availability of financing, how soon you can attend training, or other factors. You must complete development, attend the initial training, and open your Franchised Business within 90 days following the date of the Franchise Agreement. If you do not open your Franchised Business within the 90 -day time period, we may terminate the Franchise Agreement. If you sign a Multi-Territory Franchise Agreement, you must complete development and begin operating the Franchised Businesses according to the Development Schedule.

Training

You must attend and successfully complete our mandatory initial training program before opening the Franchised Business. If you are an entity, we may require your Principal Owners and pool techs, if applicable, to attend and complete, to our satisfaction, the initial training program. Initial training will take place at our facility in Knoxville, Tennessee, or such other location as we may designate, and will generally occur over a period of about 2 weeks. The initial training is provided to you free of charge, although you will be responsible to pay all costs of attendance, such as travel, living and other costs.

If you sign the Pool Cover Addendum, you (or if you are an entity, your Principal Owners and pool techs, if applicable) must attend and complete, to our satisfaction, the pool cover services initial training program. The pool cover services initial training program will take place at our facility in Knoxville, Tennessee, or such other location as we may designate, and will generally occur over a period of about 5 days. The Pool Cover Services Training Fee includes the right for up to 3 people (the Designated Owner and up to 2 pool cover specialists) to attend the pool cover services initial training program, and you will be responsible to pay all costs of attendance, such as travel, living and other costs.

Training is based on and related to information contained in the Manuals and may vary from time to time. As of the issuance date, the general subjects and schedule of the initial training program as of the issuance date of this disclosure document are as follows:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Day 1			
Introductions and welcome	.25	0	Virtual*
Pre-Opening Checklist Expectation and Status	.25	0	Virtual*
Operations Manual Overview	.25	0	Virtual*
Section A – Introduction,	.5	0	Virtual*
Section B – Opening Procedures and Reporting Requirements	.5	0	Virtual*
Homework Assignment	.25	0	Virtual*
Day 1 Total	2	0	
Day 2			
Communication Pathways	.5	0	Virtual*
Emails, Slack and Shared Drive	0	0	Virtual*
Section C – Marketing	1	0	Virtual*
Homework Assignment	.25	0	Virtual*
Day 2 Total	1.75	0	
Day 3			
Planning Your Initial Launch Workshop	1	0	Virtual*
Software Log-In Set-Up	.5	0	Virtual*
Homework Assignment	.25	0	Virtual*
Day 3 Total	1.75	0	
Day 4			
CRM Software Overview	1	0	Virtual*
Testing Equipment Overview	.5	0	Virtual*
Homework Assignment	.25	0	Virtual*
Day 4 Total	1.75	0	
Day 5			
Pool Chemistry 101 Testing	1.5	0	Virtual*
Homework Assignment	.25	0	Virtual*
Day 5 Total	1.75	0	
Day 6			
Warm-up	.25	0	Knoxville*
Pool School Demo	1	0	Knoxville*
Pool Chemistry 102 Treatment	6	0	Knoxville*
Day 6 Assessment	.25	0	Knoxville*
Day 6 Total	7.5	0	
Day 7			
Warm Up	.25	0	Knoxville*
Pool Circulation	1	1	Knoxville*
Opening and Closing Pools	1	0	Knoxville*
Common Service Requests	1	0	Knoxville*
Marketing Workshop	1.5	1.5	Knoxville*
Day 8 Assessment	.25	0	Knoxville*

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Day 7 Total	5	2.5	
Day 8			
Warm Up	.25	0	Knoxville*
UltraHero's Lead speed	1	0	Knoxville*
Customer Service	1	0	Knoxville*
Promo Pictures	0	1	Knoxville*
Software	0	3.5	Knoxville*
Day 9 Assessment	.25	0	Knoxville*
Day 8 Total	2.5	5	
Day 9			
Warm Up	.25	0	Knoxville*
Promo Video	0	.5	Knoxville*
20 Point Inspections	0	.5	Knoxville*
Equipment Troubleshooting	0	6	Knoxville*
Customer Service	0	0	Knoxville*
Pool School	0	0	Knoxville*
Day 10 Assessment	.25	0	Knoxville*
Day 9 Total	.5	7	
Day 10			
Warm Up	.25	0	Knoxville*
Equipment Troubleshooting	0	3	Knoxville*
Safety and Human Resources	1.5	0	Knoxville*
Sales Features and Benefits	1	0	Knoxville*
Testing Equipment Practice Small Pools	0	1.5	Knoxville*
Day 11 Assessment	.25	0	Knoxville*
Day 10 Total	3	4.5	
Day 11			
Warm Up	.25	0	Knoxville*
CRM and Testing	0	2	Knoxville*
Steps to Cleaning a Pool	0	2	Knoxville*
Final Assessment	.5	0	Knoxville*
Training Awards	.5	0	Knoxville*
Day 11 Total	1.25	4	
TOTAL	27.5	15.7	

*The initial training program is a combination of virtual training and classroom, on-the-job training held in Knoxville, Tennessee, or some other location that we determine in our sole discretion.

The instructional materials for the training program consist of the Manuals, handouts and visual aids, lectures, and classroom discussions. The instructor responsible for overseeing the training program is ~~Toni McDivitt, our Franchise Training Manager~~ [Carlton Rivers](#). ~~Ms. McDivitt~~ [He](#) has been ~~our Franchise Training Manager~~ [Explore Industries' Corporate Trainer](#) since August 2020 ~~and has been overseeing training programs since 1996~~. Other members of our management and sales ~~team~~ [team](#) will assist ~~Ms~~ [Mr. McDivitt](#) [Rivers](#) in the provision of training and will have a minimum of a year of experience in the subject they teach.

Training is offered approximately every 2 months, or more frequently as needed. You and your employees must attend 1 of the next 2 scheduled training sessions after you sign the Franchise Agreement. You may bring as many of your management-level employees as you deem necessary to attend training. We do not charge an additional fee for the initial training program (regardless of how many of your management-level employees attend) but you must pay all expenses for the attendees.

Other Training

We may require the Designated Owner, Operating Manager, and/or such other employees we designate to attend or, when available, participate by Internet in such additional training that we designate. Training will occur at a location designated by us. We may charge a fee of up to \$500 per trainer per day for such ongoing training programs. You must make arrangements and pay all expenses for all attendees. If we agree to provide training at your place of business or within the Protected Territory, you must reimburse us (or our affiliate or designee), for all travel and living expenses incurred in connection with conducting such ongoing training.

Conference

We periodically host, and you must attend, a meeting of most or all Ultra Pool Care Squad businesses (the “Annual Conference”) where you have the opportunity to network with other Ultra Pool Care Squad businesses and learn new skills. There is no fee for you to attend the Annual Conference, but you are solely responsible for the costs and expenses you incur to attend the Annual Conference. If you fail to attend the Annual Conference without our prior written consent, you must pay our then-current fee for two people for failing to attend the Annual Conference (currently, this fee is not collected).

Manuals

During the term of the Franchise Agreement, we will loan to you one copy of, or allow electronic access to, our Manuals (the “Manuals”). There are currently 262 pages in the Manuals. The current table of contents of the Manuals, as of the Effective Date of this Disclosure Document, is attached as Attachment G.

Our Obligations Under the Multi-Territory Franchise Agreement

If we and you enter into a Multi-Territory Franchise Agreement, we and you will sign one Franchise Agreement at the time we and you sign the Multi-Territory Franchise Agreement. Each time we and a multiple unit franchisee signs another Franchise Agreement, our obligations are activated for the new Franchised Business to be developed. Except as described here, we do not have separate obligations under the Multi-Territory Franchise Agreement.

ITEM 12

TERRITORY

You will receive one or more contiguous Protected Territories when you sign the Franchise Agreement. Each Protected Territory will include 4,000 to 6,000 residential homes with a pool. You will operate your Franchised Business within the Protected Territory(ies).

The location of the Franchised Business and the Protected Territory(ies) will be identified in Exhibit A to the Franchise Agreement. You may either lease a space for the Franchised Business or operate the Franchised Business from a home office provided that there is a dedicated office space within

the residence. Regardless of whether you lease a space for the Franchised Business or operate the Franchised Business from a home office: (i) the Franchised Business premises must be located inside the Protected Territory, (ii) the Franchised Business premises must meet our standards and requirements, and (iii) the storage space must meet our standards and requirements. As described further below, maintenance of your Protected Territory(ies) is dependent upon achieving certain minimum performance requirements and other contingencies.

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 the Franchise Agreement, provided you are in compliance with the Franchise Agreement, we will not locate or franchise another to locate another Ultra Pool Care Squad business that offers and sells pool care, cleaning, and maintenance within the Protected Territory, except as permitted under the Franchise Agreement. You understand and agree that we, our affiliates, and other Ultra Pool Care Squad businesses may offer and sell pool repair services within your Protected Territory, without notice or compensation to you. Additionally, if you sign the Pool Cover Addendum, then during the Term of the Franchise Agreement, provided you are in compliance with the Franchise Agreement and Pool Cover Addendum, we will not locate or franchise another to locate another Ultra Pool Care Squad business that offers and sells Pool Cover Services within the Protected Territory, except as permitted under this Agreement.

Unless we otherwise expressly authorize in writing, the Marks licensed to you under this Agreement: (i) may not be used at any location other than the Franchised Business, and (ii) may be used in connection with a vehicle we authorize, provided the vehicle is only used inside the Protected Territory. You may not sell products or services identified by the Marks at any location other than at or from the Franchised Business or from a vehicle that we approve that is operated solely inside the Protected Territory without obtaining our prior written consent. Except as expressly allowed in the Franchised Agreement, you must concentrate your advertising and marketing efforts within your Protected Territory. You may not solicit or provide services to customers located outside the Protected Territory, or use other channels of distribution, such as the Internet, catalog sale, telemarketing, or other direct marketing, to make sales outside the Protected Territory.

We (for ourselves and our affiliates) retain all rights not expressly granted to you in the Franchise Agreement, including the right:

1. to operate, or to grant other persons the right to operate, Ultra Pool Care Squad businesses that offer and sell pool care, cleaning, and maintenance at locations outside the Protected Territory (except to the extent we may be restricted under a separate Ultra Pool Care Squad franchise agreement to which you are a party);
2. to offer and sell, or to grant other persons the right to offer and sell, pool repair services and/or pool cover services under the Marks or other trademarks within and outside the Protected Territory;
3. to service customers or offer products or services, or to grant other persons the right to service customers or offer products or services, located inside or outside the Protected Territory under any trademarks except for the Marks;
4. to sell products, equipment, and other materials under the Marks or other trademarks through dissimilar channels of distribution (i.e., other than the operation of an Ultra

Pool Care Squad business), including by electronic means such as the Internet and by websites we establish, or through retail locations within and outside the Protected Territory;

5. to merge with, acquire, be acquired, or become associated with any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the Marks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your Franchised Business, and which may be located anywhere inside or outside the Protected Territory;

6. to provide services to Designated Accounts as described further below; and

7. to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks.

We are not required to pay you any compensation if we exercise any of these rights.

In addition to the reserved rights outlined above, we or our affiliates have the right to sell and enter into agreements with Designated Accounts, both inside and outside the Protected Territory. A “Designated Account” are those customers or accounts we designate as desiring central billing accounts or that have at least 20 locations, and such locations are located in more than one franchised or company-owned territory or market. You must participate in any regional or national accounts program (the “Designated Accounts Program”) we designate, and comply with the terms of the Designated Accounts Program as described in the Manuals or as we otherwise describe in writing. ~~We will~~ We will establish the rules under which you will participate, and be compensated for participation, in the Designated Accounts Program. We may terminate, modify or replace the Designated Accounts Program at any time. You will pay us our then-current fees associated with the Designated Accounts Program; currently, this fee is not assessed. We have the right to service a Designated Account or grant a third party (including another Ultra Pool Care Squad franchisee) the right to service a Designated Account in your Protected Territory for all of the following reasons: (i) you are in default of this Agreement; (ii) the Designated Account objects to you providing the services; (iii) you fail to timely notify us of your acceptance of the Designated Account business; or (iv) you cannot or will not service the Designated Account business for any reason.

If a Designated Account contacts you directly, you must refer the Designated Account to us within 2 business days. We will negotiate all contracts with Designated Accounts and you will not have any right to negotiate any contract or provide services to the Designated Account without our express written consent.

We intend to develop and maintain an electronic commerce platform that is designed to promote the sale of Ultra Pool Care Squad chemicals and equipment through one or more electronic channels of distribution (“E-Commerce Platform”). We and our affiliates may sell products to customers within your Protected Territory through the E-Commerce Platform. You will not receive any compensation for the sale of Ultra Pool Care Squad chemicals and equipment to customers physically located in your Protected Territory.

You may not, unless in connection with other Ultra Pool Care Squad franchisees and with our consent, market or advertise in telephone or similar online directories that directly target areas outside of your Protected Territory or establish a mailing address for your Franchised Business or make other representations to potential customers that would lead others to believe that you have facilities or authorization to operate outside the Protected Territory.

Finally, if neither we nor another franchisee operates in an area adjacent to your Protected Territory, then upon your receipt of our prior written consent, you may advertise, market and/or service commercial or residential customers located outside of your Protected Territory. In those instances, we reserve the right to require you, in the future, to cease all direct advertising and marketing efforts to those customers located outside your Protected Territory, and we reserve the right to require you to purchase the area adjacent to your Protected Territory in order to continue servicing that area upon written notice to you.

The rights we have granted to you under the Franchise Agreement are dependent on your achieving certain minimum performance requirements. Beginning the 25th calendar month from the effective date of the Franchise Agreement, you must generate at least \$150,000 in Gross Revenue during each twelve-month period (the “Minimum Performance Requirement”). If you fail to meet the Minimum Performance Requirement, we have the right, but are not required, to: (i) modify or reduce the size of the Protected Territory; or (ii) terminate the Franchise Agreement. During the first 24 calendar months from the Effective Date, there is no Minimum Performance Requirement (the “Start-Up Period”). If, as of the Effective Date, the Franchised Business is already open and operating, there will be no Start-Up Period and you must satisfy the Minimum Performance Requirement upon the Effective Date.

In addition, if you are unwilling or unable to service 10 or more referrals from the System Call Center in any 12-month period, we may reduce or modify the Protected Territory or service customers, or license others the right to service customers, in your Protected Territory.

You may relocate your Franchised Business only with our written consent, which we will not unreasonably withhold. If we permit you to relocate your Franchised Business, you will need to build out the Franchised Business consistent with our then-current standards for new Franchised Businesses.

You have no right of first refusal or similar rights to acquire additional franchises.

Neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the products and services authorized for sale at Ultra Pool Care Squad Franchised Businesses under any other trademark or service mark.

If you enter into a Multi-Territory Franchise Agreement, you will receive certain protected rights to develop more than one Franchised Business within multiple Protected Territories (the “Designated Area”) to be described in Exhibit A attached to the Multi-Territory Franchise Agreement. The size of the Designated Area will vary, depending on the population density and the demographics in the area in which you desire to operate. The Designated Area may be one or more counties or cities in rural areas, and may be a portion of a metropolitan statistical area in heavily-populated major cities. If you are in full compliance with the terms of the Multi-Territory Franchise Agreement, we will not locate or franchise another the right to locate the physical location of another Ultra Pool Care Squad business inside the Designated Area. As described above, however, we have certain rights under Multi-Territory Franchise Agreement and each Franchise Agreement to sell products and services using the Licensed Marks or other marks using similar or dissimilar channels of distribution in the Designated Area. 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. If you do not comply with the Development Schedule and the Multi-Territory Franchise Agreement, we may terminate the Multi-Territory Franchise Agreement or terminate your protected rights to develop Franchised Businesses in the Designated Area and grant individual or multiple unit franchises within the Designated Area to third parties.

ITEM 13 TRADEMARKS

You acquire the right to operate a Franchised Business under the trade name “Ultra Pool Care Squad” and any other marks owned by us or our affiliates that we authorize for use by Ultra Pool Care Squad franchisees in conjunction with the Franchised Business (collectively, the “Marks”), provided that you may not use the words “Ultra Pool Care Squad” or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other similar entity.

Our affiliate, Horizon Marketing Limited (“Horizon”), has the following principal trademarks registered with the United States Patent and Trademark Office:

Trademarks*	Registration / Application Dates	Registration / Application Numbers	Principal / Supplemental Register
ULTRA POOL CARE SQUAD, word mark	December 14, 2021	Reg. 6592056	Principal
ULTRA POOL CARE SQUAD, design mark	February 13, 2024	Reg. 7304753	Principal

Our affiliate Horizon owns the Marks and has licensed to our affiliate, PF Global Technology and IP Group HK Limited (“PF Global HK”) the right to use the Marks and to sublicense the use of the marks throughout the world under a trademark license agreement dated January 1, 2023 (together with all amendments and addenda thereto, the “First License Agreement”). The First License Agreement has an initial 23-year term, which will renew automatically unless one of the parties elects not to renew the License Agreement. PF Global HK agrees to pay Horizon a royalty fee of 4.5% for the Licensee’s use of the Marks, and 100% of all amounts PF Global HK earns through sublicenses of the Marks. Horizon or PF Global HK may terminate the First License Agreement upon 30 days written notice to the other party for material breach of the terms of the First License Agreement. Additionally, Horizon may terminate the First License Agreement, and require PF Global HK cease to use the Marks, upon 30 days written notice to PF Global HK if the quality of the licensed products falls below Horizon’s quality standards. The First License Agreement contains no other material limitations required to be disclosed.

PF Global HK has sublicensed to PF Global Technology and IP Group UK Limited (“PF Global UK”) the right to use the Marks and to sublicense the use of the marks throughout Australia, New Zealand, United States of America, Canada, and Europe under a trademark license agreement dated January 1, 2023 (together with all amendments and addenda thereto, the “Second License Agreement”). The Second License Agreement has an initial 23-year term, which will renew automatically unless one of the parties elects not to renew the License Agreement. PF Global UK agrees to pay PF Global HK a royalty fee of 4.5% for the Licensee’s use of the Marks, and 100% of all amounts PF Global UK earns through sublicenses of the Marks. PF Global UK or PF Global HK may terminate the First License Agreement upon 30 days written notice to the other party for material breach of the terms of the First License Agreement. Additionally, PF Global HK may terminate the Second License Agreement, and require PF Global UK cease to use the Marks, upon 30 days written notice to PF Global UK if the quality of the licensed products falls below PF Global HK’s quality standards. The Second License Agreement contains no other material limitations required to be disclosed.

PF UK has granted us the right to use the Marks and to sublicense the use of the Marks to operate Ultra Pool Care Squad businesses under a trademark license agreement dated July 27, 2021 (together with all amendments and addenda thereto, the “License Agreement”). The License Agreement has an initial 10-year term, which will renew automatically unless one of the parties elects not to renew the License Agreement. We agreed to pay PF Global UK a royalty fee of up to 5% for our use of the Marks. Horizon or we may terminate the License Agreement if the other party fails or refuses to perform

any duty under the License Agreement. In addition, Horizon may terminate the License Agreement if we do not comply with Horizon's instructions concerning the quality of the Marks. If the License Agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses provided that the franchisees comply with all other terms of their Franchise Agreements. The License Agreement contains no other material limitations required to be disclosed.

No registration listed above has been up for renewal. Horizon has filed or intends to file all required affidavits. We and Horizon also claim common law rights in the Marks. You must follow our specifications when you use any of our Marks. You cannot use the Marks as part of a business entity name or domain name or with modifying words, designs or symbols except for those which we license to you. You may not use any of the Marks or any variations of them in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

We have the right to periodically change the list of Marks. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. You are not permitted to make any changes or substitutions respecting the Marks unless we direct so in writing. You may not use any Marks or portion of any Marks as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any other unauthorized manner. You will not register, as Internet domain names, any of the Marks or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote your Franchised Business or conduct any business on the Internet, including using social and professional networking sites to promote your Franchised Business, except as provided in our written social media policy (if any) or with our prior written approval. We will own and have administrative rights to any social and professional networking sites that you use in your Franchised Business.

You will file for a certificate of assumed name in the manner required by applicable state law so as to notify the public that you are operating the Franchised Business as an independent business pursuant to this Agreement. You cannot use the words "Ultra Pool Care Squad" or any of the other Marks as part of the name of your entity, nor attempt to obtain any formal trademark or copyright registration of the Marks. You may use the Marks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Marks on the materials as we describe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, except as expressly permitted in writing by us, (iii) do not use the Marks alongside or in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) makes available to us, upon our request, a copy of any materials depicting the Marks. You must post a prominent sign or notice on each vehicle used in the Franchised Business and on all brochures, marketing materials, estimate forms, invoices and other, similar materials identifying you as an Ultra Pool Care Squad franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Franchised Business under a license from us.

There are currently no effective material determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate. We are unaware of any infringing uses or superior rights that could materially affect your use of the Marks.

We reserve the right to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after we notify you.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents, pending patent applications or copyrights currently registered that are material to the franchise. We do claim copyright ownership and protection for the Manuals and for certain other written materials we provide to assist you in operating your Franchised Business.

We own, and you will not acquire any interest in, the Confidential Information (as that term is defined in the Franchise Agreement), other than the right to use it in developing and operating the Franchised Business. Your use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. The Confidential Information is proprietary, is our trade secret, and is disclosed to you solely on the condition that you agree that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Franchised Business employees; and (5) will require all Operating Managers and other employees with access to Confidential Information to sign such an agreement in a form we approve. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Manuals at your cost. We may access Customer Data produced by or otherwise located on your Computer System. We periodically will establish policies respecting the use of the Customer Data.

You and your employees may not, without our prior written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (“Generative AI”), operating the Franchised Business. This includes, but is not limited to, uploading or sharing any Confidential Information with any third-party platforms, including Generative AI, except as authorized in writing by us.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchised Business must at all times be under the direct supervision of a Principal Owner who we have approved and who has satisfactorily completed our initial training program. If there is

more than one Principal Owner, the Principal Owners must designate (in writing) one Principal Owner who will oversee the Franchised Business operations and represent you in interacting with us (the “Designated Owner”).

You also must hire an Operating Manager, who we approve, who is responsible for the day-to-day operation of the Franchised Business. The Designated Owner and Operating Manager may be the same person. If the Franchisee is an entity, the Operating Manager is not required to be an owner or have an equity interest in you. You are not obligated to participate in the day-to-day operations of the Franchised Business although a Principal Owner must supervise the Franchised Business, as described above.

The Operating Manager assumes his/her responsibilities on a full-time basis and may not engage in any other business or other activity that requires any significant management responsibility, time commitments, or otherwise may conflict with his/her obligations. Unless you receive our prior written consent, the franchisee entity (or you if you sign the Franchise Agreement as an individual) may not engage in any business or activities other than the ownership and operation of Franchised Businesses under Franchise Agreements that we grant.

If you enter into a Multi-Territory Franchise Agreement, you (or a Principal Owner or operating manager who we approve) must devote your full-time efforts to your obligations under the Multi-Territory Franchise Agreement. You (or the Principal Owner or operating manager) must supervise the development and operations of the Franchised Businesses franchised under the Multi-Territory Franchise Agreement, but need not be engaged in the day-to-day operations of any Franchised Business.

Each individual who owns a 10% or greater interest in the franchisee entity is considered a “Principal Owner” and must sign the Guaranty and Assumption of Obligations Agreement attached as Exhibit C to the Franchise Agreement. These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions, including maintaining the confidentiality of Confidential Information and complying with the non-compete covenants (as described in Item 17). We also require spouses of Principal Owners to sign the Guaranty and Assumption of Obligations. In addition, all Operating Managers and other employees with access to Confidential Information, must sign a written agreement to maintain the confidentiality of our Confidential Information.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Franchised Business all and only those products and services that we have approved. We may add new products or services that you must offer at your Franchised Business. Our right to modify the approved list of goods and services to be offered at a Franchised Business is not limited. You will immediately cease selling products, and offering or performing services, we no longer approve, and you agree to begin offering new or modified products and services within the time period(s) we describe in the Manuals. You may only offer Pool Cover Services if you sign our then-current form of Pool Cover Addendum.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise or Other Agreement	Summary
a.	Length of the term	3(A)	5 years
b.	Renewal or extension of the term	3(B)	3 renewal terms of 5 years
c.	Requirements for you to renew or extend	3(B)	Written notice within 3 and 12 months before expiration; full compliance with franchise agreement, including monetary obligations; complete refresher training; paid renewal fee (not required if you operate 2 or more Approved Vehicles); sign our then-current form of franchise agreement (which may contain terms materially different from the current form of franchise agreement, including but not limited to the fee amounts, the minimum performance requirement, and the scope of territorial protections (if any)); sign a general release; and complete remodel requirements to the Franchised Business.
d.	Termination by you	Not Applicable	You may terminate under any grounds permitted by law.
e.	Termination by us without cause	Not Applicable	Not Applicable
f.	Termination by us with cause	16(A), (B)	We may terminate the Franchise Agreement only if you default.
g.	“Cause” defined – curable defaults	16(A), (B)	10 days for uncured monetary defaults. 30 days for all other defaults.
h.	“Cause” defined – non-curable defaults	16(A), (B)	Immediate termination for (a) failure to comply with one or more material requirements 3 or more times in a 12-month period; (b) default is not curable; (c) willful and repeated deceive customers; (d) willful and material falsify any report to us; (e) material misrepresentation to us; (f) conviction or plead guilty or no contest to felony crime; (g) bankruptcy or insolvency; (h) assignment to creditors; (i) abandonment; (j) material impairment of marks or goodwill; (k) unauthorized assignment; (l) unapproved website; (m) eviction; (14) disclose Confidential Information.
i.	Your obligations on termination/nonrenewal	17(A)	Pay all amounts within 10 days of termination; immediately discontinue using, and return to us, the Manuals, Confidential Information, and Customer Data; cease using and assign to us the telephone number and email address of the Franchised Business; remove all marks from the premise and vehicle used in the Franchised Business; discontinue use of Proprietary Software; cancel fictitious or assumed name with the marks; post-termination non-competition covenant; and confidentiality.
j.	Assignment of contract by us	15(A)	Fully assignable, and any assignment will require the assignee to fulfill our obligations under the Franchise Agreement.
k.	“Transfer” by you-defined	15(B), (C)	Includes the sale, assignment, pledge or encumbrance of the Franchise Agreement, the Franchised Business, substantially all of the assets of the Franchised Business or, if you are an Entity, 10% or more ownership interest in you. If you’re an individual, transfer to wholly owned corporation.
l.	Our approval of transfer by	15(B), (C)	You must obtain our consent before any transfer.

Provision		Section in Franchise or Other Agreement	Summary
	franchisee		
m.	Conditions for our approval of transfer	15(B), (C)	<p>Paid all amounts due; transferee meets our requirements for new franchisees; transferee signs our then-current form of franchise agreement; transferee completes training to our satisfaction; lease transferred (if applicable); pay transfer fee; sign a release; we approve of the material provisions of the purchase agreement; and you sign a post-termination agreement with a post-termination covenant not to compete.</p> <p>If to a wholly owned company, you are the manager of the Franchised Business; you own at least 51% ownership interest in the company; you and each owner sign a personal guaranty; provide us at least 15 days' prior notice; provide us copies of your formation documents; and the organizational and formation documents contain the legend we approve. No transfer fee required.</p>
n.	Our right of first refusal to acquire your business	15(F)	If you want to sell or assign the Franchise, the Franchised Business, all or substantially all of your assets, or 50% or more ownership interest in you, you must provide us an executed written offer from the proposed purchaser, and we may, within 30 days following receipt of the offer, to purchase the Franchised Business or ownership interest in you for the price and on the terms contained in the purchase offer.
o.	Our option to purchase your business	17(B)	Upon expiration or termination, we may elect to purchase the tangible and intangible assets of the Franchised Business for fair market value.
p.	Your death or disability	15(D)	Executor or representative must (1) appoint a manager within 30 days and the manager completes our initial training program, and (2) transfer your interest to a third party approved by us within 12 months. No transfer fee is required. If no manager is appointed, we may, but are not required to, appoint a manager for your Franchised Business, and we may charge a fee for the management of the Franchised Business.
q.	Non-competition covenants during the term of the franchise	14(A), (B)	During the term, you and the owners (a) cannot divert or attempt to divert any business, account or customer of the Franchised Business or any other Ultra Pool Care Squad business to a competing business, or (b) may not be involved with any business offering commercial and residential pool care or repair services or products that is competitive with or similar to an Ultra Pool Care Squad business.
r.	Non-competition covenants after the franchise is terminated or expires	14(A), (C)	For 2 years after termination or expiration of the Franchise Agreement, you and the owners (a) cannot divert or attempt to divert any business, account or customer of the Franchised Business or any other Ultra Pool Care Squad business to a competing business, or (b) may not be involved with any business offering commercial and residential pool care or repair services or products that is competitive with or similar to an Ultra Pool Care Squad business that is (or is intended to be) located at the premises, inside your Protected Territory, anywhere within a 10-mile radius outside the boundary of the Protected Territory, or within any other Ultra Pool Care Squad franchisees' protected territory. (subject to state law).
s.	Modification of the agreement	19(D)	Only upon written agreement signed by both you and us.
t.	Integration/merger clause	19(J)	The Franchise Agreement, the "Introduction" section of the Franchise Agreement, the exhibit(s) to the Franchise Agreement,

Provision		Section in Franchise or Other Agreement	Summary
			and the Disclosure Acknowledgment Agreement are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Franchise Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document, subject to state law.
u.	Dispute resolution by arbitration or mediation	18(A), (B)	Except for certain claims (like trademark protection, monies owed to us or our affiliates, or post termination obligations), all disputes are mediated and (if not resolved by mediation) arbitrated in Knoxville, Knox County, Tennessee (subject to state law).
v.	Choice of forum	18(A), (B)	Mediation and arbitration must be in Knoxville, Knox County, Tennessee (subject to state law).
w.	Choice of law	18(A), (B)	Except for Federal Arbitration Act and Lanham Act, or as otherwise noted, law of Tennessee (subject to state law).

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

Provision		Section in Multi-Territory Franchise Agreement or Other Agreement	Summary
a.	Length of the term	3(A)	Until last day of Development Period
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for you to renew or extend	Not Applicable	Not Applicable
d.	Termination by you	Not Applicable	You may terminate under any ground permitted by law.
e.	Termination by us without cause	Not Applicable	Not Applicable
f.	Termination by us with cause	13(A), (B) and (C)	We may terminate the Multi-Territory Franchise Agreement only if you default.
g.	“Cause” defined – curable defaults	13(B), (C)	Miss a deadline under the Development Schedule; a Franchise Agreement executed pursuant to the Multi-Territory Franchise Agreement is terminated; or you are in default under any other provision under the Multi-Territory Franchise Agreement. If the Multi-Territory Agreement is terminated, we do not have the right to terminate individual franchise agreements.
h.	“Cause” defined – non-curable defaults	13(A)	Insolvency; bankruptcy; receive appointed; proceedings for a composition with creditors; or final judgment remains unsatisfied for 30 days or longer; or you are dissolved.
i.	Your obligations on termination/nonrenewal	13(E)	No right to establish or operate a Franchised Business for which a Franchise Agreement has not been executed at the time of termination.
j.	Assignment of contract by us	16(A)	Fully assignable, and any assignment will require the assignee to fulfill our obligations under the Franchise Agreement.
k.	“Transfer” by you-defined	16(B), (C)	Includes the sale, assignment, pledge or encumbrance of the Franchise Agreement, the Franchised Business, substantially all of the assets of the Franchised Business or, if you are an Entity, 10% or more

Provision		Section in Multi-Territory Franchise Agreement or Other Agreement	Summary
			ownership interest in you. If you're an individual, transfer to wholly owned corporation.
l.	Our approval of transfer by franchisee	16(B), (C)	You must obtain our consent before any transfer.
m.	Conditions for our approval of transfer	16(B), (C)	<p>Paid all amounts due; transferee meets our requirements for new franchisees; transferee signs our then-current form of franchise agreement; transferee completes training to our satisfaction; lease transferred (if applicable); pay transfer fee; sign a release; we approve of the material provisions of the purchase agreement; and you sign a post-termination agreement with a post-termination covenant not to compete.</p> <p>If to a wholly owned company, you are the manager of the Franchised Business; you own at least 51% ownership interest in the company; you and each owner signs a personal guaranty; provide us at least 15 days' prior notice; provide us copies of your formation documents; and the organizational and formation documents contain the legend we approve. No transfer fee required.</p>
n.	Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o.	Our option to purchase your business	Not Applicable	Not Applicable
p.	Your death or disability	16(D)	Executor or representative must (1) appoint a manager within 30 days and the manager completes our initial training program, and (2) transfer your interest to a third party approved by us within 12 months. No transfer fee is required. If no manager is appointed, we may, but are not required to, appoint a manager for your Franchised Business, and we may charge a fee for the management of the Franchised Business.
q.	Non-competition covenants during the term of the franchise	15(A), (B)	During the term, you and the owners (a) cannot divert or attempt to divert any business, account or customer of the Franchised Business or any other Ultra Pool Care Squad business to a competing business, or (b) may not be involved with any business offering commercial and residential pool care or repair services or products that is competitive with or similar to an Ultra Pool Care Squad business.
r.	Non-competition covenants after the franchise is terminated or expires	15(A), (C)	For 2 years after termination or expiration of the Franchise Agreement, you and the owners (a) cannot divert or attempt to divert any business, account or customer of the Franchised Business or any other Ultra Pool Care Squad business to a competing business, or (b) may not be involved with any business offering commercial and residential pool care or repair services or products that is competitive with or similar to an Ultra Pool Care Squad business that is (or is intended to be) located at the premises, inside your Protected Territory, anywhere within a 10-mile radius outside the boundary of the Protected Territory, or within any other Ultra Pool Care Squad franchisees' protected territory. (subject to state law).
s.	Modification of the agreement	18(D)	Only upon written agreement signed by both you and us.
t.	Integration/merger clause	18(J)	The Franchise Agreement, the "Introduction" section of the Franchise

Provision		Section in Multi-Territory Franchise Agreement or Other Agreement	Summary
			Agreement, the exhibit(s) to the Franchise Agreement, and the Disclosure Acknowledgment Agreement are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Franchise Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document, subject to state law.
u.	Dispute resolution by arbitration or mediation	18(A), (B)	Except for certain claims (like trademark protection, monies owed to us or our affiliates, or post termination obligations), all disputes are mediated and (if not resolved by mediation) arbitrated in Knoxville, Knox County, Tennessee (subject to state law).
v.	Choice of forum	18(A), (B)	Mediation and arbitration must be in Knoxville, Knox County, Tennessee (subject to state law).
w.	Choice of law	18(A), (B)	Except for Federal Arbitration Act and Lanham Act, or as otherwise noted, law of Tennessee (subject to state law).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting David Pain at Ultra Pool Care Squad Franchise USA, Inc., 2901 Leisure Island Way, Knoxville, TN 37914, 865-219-2880, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 1
Systemwide Outlet Summary
For Years ~~2020~~2021 to ~~2022~~2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
	<u>2023</u>	<u>0</u>	<u>4</u>	<u>+4</u>
Company-Owned ⁽¹⁾	2020	0	1	+1
	2021	1	1	0
	2022	1	0	-1
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets ⁽¹⁾	2020	0	1	+1
	2021	1	1	0
	2022	1	0	-1
	<u>2023</u>	<u>0</u>	<u>4</u>	<u>+4</u>

TABLE NUMBER 2
Transfers of Franchised Outlets From Franchisee to New Owners (Other than the Franchisor)
For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Number of Transfers
TOTAL	2020	0
	2021	0
	2022	0
	<u>2023</u>	<u>0</u>

TABLE NUMBER 3
Status of Franchised Outlets
For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Franchised Outlets ⁽¹⁾ at the Start of the Year	Franchised Outlets ⁽¹⁾ Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Franchised Outlets ⁽¹⁾ at the End of the Year
Ohio	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Tennessee	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Texas	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

State	Year	Franchised Outlets ⁽¹⁾ at the Start of the Year	Franchised Outlets ⁽¹⁾ Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Franchised Outlets ⁽¹⁾ at the End of the Year
	2023	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Utah	2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
TOTAL	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>

TABLE NUMBER 4
Status of Company-Owned⁽²⁾ Outlets
For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
Texas	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
	2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
	2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TABLE NUMBER 5
Projected Openings
As of December 31, ~~2022~~2023

State	Franchise Agreements Signed But Franchised Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned ⁽²⁾ Outlets in the Next Fiscal Year
Florida	0	<u>32</u>	0
Georgia	0	1	0
Ohio	1	0	0
Tennessee	<u>10</u>	<u>32</u>	0
Texas	0	1	0
Utah	1	0	0
TOTAL	<u>30</u>	<u>85</u>	0

Notes:

1. “Company-Owned” includes any locations owned and operated by us and any affiliates listed in Item 1 above.

The names, addresses and telephone numbers of our current franchisees are included in Attachment C. The names, addresses and telephone numbers of the franchisees that have had a franchise terminated, canceled, not renewed, otherwise voluntarily or involuntarily ceased to do business under the

Franchise Agreement, or has not communicated with us within 10 weeks of the issuance date of this disclosure document are also included in Attachment C. If you buy an Ultra Pool Care Squad franchise, your contact information may be disclosed to other buyers when you leave the franchise System.

During the last three 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.

We are not aware of any trademark-specific franchisee associations.

ITEM 21

FINANCIAL STATEMENTS

Attached as Attachment A are our audited financial statements as of December 31, 2023, December 31, 2022, and December 31, 2021, ~~and our unaudited balance sheet and income statement as of April 30, 2023~~. Our fiscal year end is December 31. ~~Because we began franchising in 2021, and we have not been in business for three years or more years, we cannot include all the financial statements required by the FTC Rule.~~

ITEM 22

CONTRACTS

The following contracts are included in the following Attachments:

Attachment	Contract
Attachment B	Franchise Agreement (including exhibits)
Attachment E	State Addenda
Attachment F	Form General Release
Attachment H	Disclosure Acknowledgment Agreement
Attachment I	Multi-Territory Franchise Agreement

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document are attached as Attachment J at the end of this disclosure document. You will keep one copy of the receipt for your files, and you will return the second copy to us.

ATTACHMENT A
TO ULTRA POOL CARE SQUAD FDD
FINANCIAL STATEMENTS

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)



ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Stockholder's Deficit	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 14



INDEPENDENT AUDITORS' REPORT

The Stockholder

Ultra Pool Care Squad Franchise USA, Inc.:

Opinion

We have audited the accompanying financial statements of Ultra Pool Care Squad Franchise USA, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholder's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

LBMC, PC

Knoxville, Tennessee
April 26, 2024

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Balance Sheets

December 31, 2023 and 2022

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 96,242	\$ 283,545
Accounts receivable	24,977	-
Prepaid expenses	<u>-</u>	<u>146</u>
Total current assets	121,219	283,691
Operating lease right-of-use asset	-	190,495
Deferred income taxes	<u>13,754</u>	<u>2,004</u>
	<u>\$ 134,973</u>	<u>\$ 476,190</u>
	 <u>Liabilities and Stockholder's Deficit</u>	
Current liabilities:		
Notes payable to a related party	\$ 1,526,458	\$ 1,518,864
Operating lease liabilities, current portion	-	8,962
Accounts payable	925,143	437,083
Accrued expenses	9,462	-
Deferred revenue, current portion	<u>11,500</u>	<u>11,500</u>
Total current liabilities	2,472,563	1,976,409
Operating lease liabilities, excluding current portion	-	181,533
Deferred revenue, excluding current portion	<u>29,625</u>	<u>41,125</u>
Total liabilities	2,502,188	2,199,067
Stockholder's deficit:		
Common stock, \$0.01 par value; 1,000 shares authorized, issued, and outstanding	10	10
Additional paid-in capital	99,990	99,990
Accumulated deficit	<u>(2,467,215)</u>	<u>(1,822,877)</u>
Total stockholder's deficit	(2,367,215)	(1,722,877)
	<u>\$ 134,973</u>	<u>\$ 476,190</u>

See accompanying notes to the financial statements.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Statements of Operations

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues	\$ 55,965	\$ 10,875
Operating expenses:		
Managed services	404,730	541,548
Advertising	47,194	165,223
Management fees	-	120,000
Travel	27,867	74,283
Professional fees	42,554	53,853
Other expense	<u>76,798</u>	<u>33,605</u>
Total operating expenses	<u>599,143</u>	<u>988,512</u>
Loss from operations	(543,178)	(977,637)
Other income (expense):		
Interest expense	(113,915)	(68,864)
Other income	<u>1,005</u>	<u>-</u>
Total other income (expense)	<u>(112,910)</u>	<u>(68,864)</u>
Loss before income taxes	(656,088)	(1,046,501)
Income taxes	<u>(167,617)</u>	<u>(262,145)</u>
Net loss	\$ <u>(488,471)</u>	\$ <u>(784,356)</u>

See accompanying notes to the financial statements.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Statements of Changes in Stockholder's Deficit

Years ended December 31, 2023 and 2022

	<u>Common Stock</u>		<u>Additional Paid</u>	<u>Accumulated</u>	<u>Total Stockholder's</u>
	<u>Shares</u>	<u>Amount</u>	<u>in Capital</u>	<u>Deficit</u>	<u>Deficit</u>
Balance at December 31, 2021	1,000	\$ 10	\$ 99,990	\$ (615,894)	\$ (515,894)
Tax loss benefits utilized by the parent				(422,627)	(422,627)
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(784,356)</u>	<u>(784,356)</u>
Balance at December 31, 2022	1,000	10	99,990	(1,822,877)	(1,722,877)
Tax loss benefits utilized by the parent	-	-	-	(155,867)	(155,867)
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(488,471)</u>	<u>(488,471)</u>
Balance at December 31, 2023	<u>1,000</u>	<u>\$ 10</u>	<u>\$ 99,990</u>	<u>\$ (2,467,215)</u>	<u>\$ (2,367,215)</u>

See accompanying notes to the financial statements.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net loss	\$ <u>(488,471)</u>	\$ <u>(784,356)</u>
Adjustments to reconcile net loss to cash flows used by operating activities:		
Non-cash interest expense	7,594	60,739
Deferred income taxes	(11,750)	160,482
Non-cash tax benefits	(155,867)	(422,627)
(Increase) decrease in operating assets:		
Accounts receivable	(24,977)	15,377
Prepaid expenses	146	4,994
Increase (decrease) in operating liabilities:		
Accounts payable	488,060	(232,149)
Accrued expenses	9,462	-
Deferred revenue	<u>(11,500)</u>	<u>52,625</u>
Total adjustments	<u>301,168</u>	<u>(360,559)</u>
Net cash used operating activities	<u>(187,303)</u>	<u>(1,144,915)</u>
Cash flows from financing activities:		
Proceeds from notes payable to related party	<u>-</u>	<u>1,250,000</u>
(Decrease) increase in cash and cash equivalents	<u>(187,303)</u>	<u>105,085</u>
Cash and cash equivalents at beginning of year	<u>283,545</u>	<u>178,460</u>
Cash and cash equivalents at end of year	\$ <u><u>96,242</u></u>	\$ <u><u>283,545</u></u>
Supplemental cash flow information:		
Cash paid for interest	\$ <u>106,321</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Notes to the Financial Statements

December 31, 2023 and 2022

(1) Nature of operations

Ultra Pool Care Squad Franchise USA, Inc. was formed on March 23, 2021 as a corporation in the state of Nevada. The Company sells franchised dealerships in the swimming pool care service industry.

(2) Liquidity

The Company is an early-stage entity and has incurred losses since inception. The Company has funded operations since inception with borrowings from related party affiliates that are under common control. Certain related party affiliates under common control have committed to provide additional financial support sufficient to fund operations through at least April 30, 2025.

(3) Summary of significant accounting policies

(a) Basis of accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

(b) Recently adopted accounting standard

The Financial Accounting Standards Board ("FASB") issued guidance, Accounting Standards Codification ("ASC") *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASC 326") which could change how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under ASC 326, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in ASC 326 are accounts receivable.

The Company adopted the standard effective January 1, 2023. The impact of the adoption was not material to the financial statements and primarily resulted in enhanced disclosures only.

The Company adopted FASB Accounting Standard Update 2023-01 Leases (Topic 842) Common Control Arrangements effective January 1, 2023. This guidance provides private companies a practical expedient to use the written terms and conditions of a common control arrangement to determine whether a lease exists and, if so, the classification of and accounting for that lease.

Notes to the Financial Statements

December 31, 2023 and 2022

(c) Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

(d) Receivables and credit policies

Accounts receivable consists of receivables for monthly marketing, royalty, and technology fees. Management performs ongoing credit evaluations of its franchisees and establishes an allowance for estimated credit losses when the potential for such losses becomes probable.

(e) Income taxes

The Company is a member of a group that files consolidated federal income tax returns and state income tax returns where permitted by state statute. Certain states where the entity files income tax returns do not recognize consolidated filings. The Company's financial statements recognize the current and deferred income tax consequences that result from the Company's activities during the current and preceding periods pursuant to the provisions of Accounting Standards Codification Topic 740, Income Taxes (ASC 740), as if the Company were a separate taxpayer rather than a member of the parent company's consolidated income tax return group. The separate return method is modified for the assessment of deferred tax asset realizability so that current or deferred tax assets are characterized as realized (or realizable) by the Company when those tax assets are realized (or realizable) by the consolidated group, even if the Company would not otherwise have realized them on a stand-alone basis.

The Company does not have a formal tax-sharing arrangement, and therefore, tax benefits for operating loss carryforwards utilized in the consolidated return are recognized as deemed dividends to the parent.

In accordance with ASC 740, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date of the rate change. A valuation allowance is established to reduce the deferred tax assets to the amounts that are more likely than not to be realized from operations with consideration to the consolidated group when applicable.

Notes to the Financial Statements

December 31, 2023 and 2022

Tax benefits of uncertain tax positions are recognized only if it is more likely than not that the Company will be able to sustain a position taken on an income tax return. The Company has no liability for uncertain tax positions. As of December 31, 2023, the Company has accrued no interest and no penalties related to uncertain tax positions. It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

(f) Revenue recognition

The Company typically receives a nonrefundable initial franchise fee included in the franchise agreement. The franchise agreements also provide for ongoing royalty, marketing, and technology fees, which are a flat fee or are based on a percentage of the franchisee's gross revenue.

Under ASU 2014-09, *Revenue from Contracts with Customers* ("ASC 606"), revenue is recognized when a company transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Under ASU 2021-02, *Franchisors - Revenue from Contracts with Customers, Subtopic 952-606*, the Company has identified certain pre-opening activities as distinct performance obligations that are satisfied at the time of opening of the franchise with the remaining performance obligation, which is the on-going support and development of the franchises, satisfied over the life of the franchise contracts (typically 5 years).

Performance obligations related to pre-opening activities are satisfied once the franchise opens; therefore, the associated revenue is recognized upon opening of the franchise. The remaining portion of the initial franchise fee is recognized ratably over the life of the franchise agreements commencing upon opening. The franchise agreements include provisions for terminating the agreements. At the time of termination, the nonrefundable deposits are fully recognized as revenue, along with recognition of expense of any associated prepaid commission.

Ongoing royalty, marketing, and technology fees are recognized monthly as earned.

The Company has recorded both the current portion and the long-term portion of deferred franchise fee revenue. The current portions consist of the Company's estimate of revenue, which is expected to be recognized within one year of the balance sheet date based on the franchises that are open as of December 31, 2023 and 2022.

Notes to the Financial Statements

December 31, 2023 and 2022

(g) Leases

The Company determines whether an arrangement is or contains a lease at lease inception. On the commencement date, operating leases are recorded as operating ROU assets and lease liabilities in the balance sheets for non-cancelable real estate operating leases with original lease terms in excess of one year. Leases with a lease term of 12 months or less at inception are not recorded on the balance sheets and are expensed on a straight-line basis over the lease term in the statements of income. ROU assets represent the Company's right to use leased assets over the term of the lease. Lease liabilities represent the Company's contractual obligation to make lease payments over the lease term. The Company holds no finance leases at December 31, 2023.

Operating ROU assets and lease liabilities are recorded at the present value of the lease payments over the lease term. The present value of the lease payments are discounted using the risk free rate practical expedient based on information available at the later of the lease commencement date or the adoption date of ASU 2016-02, January 1, 2022. The variable components (if any) of the lease payment that fluctuate with the operations of a facility are not included in determining the ROU assets and lease liabilities. Rather, these variable components are expensed as incurred.

ROU assets are assessed for impairment in accordance with the Company's long-lived asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASU 2016-02.

Accounting Policy Elections

The Company has elected the package of practical expedients offered in the transition guidance which allows management not to reassess lease identification, lease classification, and initial direct costs. The Company has elected the accounting policy expedient to exclude recording short-term leases less than twelve months, for all asset classes, as ROU assets and lease liabilities on the balance sheets. The Company has elected the accounting policy practical expedient to recognize lease components and non-lease components together and not as separate parts of a lease for real estate leases. Finally, the Company has elected the accounting policy practical expedient to utilize the risk free rate in place of the incremental borrowing rate on leases in which an implicit rate is not readily-available.

(h) Advertising costs

Advertising costs of approximately \$47,000 and \$165,000 in 2023 and 2022, respectively, are expensed as incurred.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Notes to the Financial Statements

December 31, 2023 and 2022

(i) Use of estimates

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

(j) Reclassifications

Certain reclassifications have been made to the 2022 financial statements in order for them to conform to the 2023 presentation. These reclassifications have no effect on net loss or stockholder's equity as previously reported.

(k) Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2023 and April 26, 2024, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(4) Credit risk and other concentrations

The Company occasionally maintains cash and cash equivalents on deposit at a bank in excess of federally insured amounts. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any significant credit risk related to cash and cash equivalents.

(5) Notes payable to related party

The Company has notes payable to a related party that bear interest at 7.5%. On the last day of each calendar year, accrued interest is added to the principal amount of each Loan. The original maturity dates of the notes were during 2022, and the notes are now due on demand. As discussed in Note (2), certain related party affiliates under common control have committed to provide additional financial support sufficient to fund the Company's operations through at least April 30, 2025.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Notes to the Financial Statements

December 31, 2023 and 2022

(6) Income taxes

The provision for income taxes during 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense (benefit):		
Federal	\$ (126,501)	\$ (373,615)
State	<u>(29,366)</u>	<u>(49,012)</u>
Total current tax expense (benefit)	<u>(155,867)</u>	<u>(422,627)</u>
Deferred tax expense (benefit):		
Federal	(8,329)	160,482
State	<u>(3,421)</u>	<u>-</u>
Total deferred tax expense (benefit)	<u>(11,750)</u>	<u>160,482</u>
Total provision for income taxes	<u>\$ (167,617)</u>	<u>\$ (262,145)</u>

State net operating loss carryforwards of the Company approximate \$593,000 and \$445,000 at December 31, 2023 and 2022, respectively, and are generally available for state tax purposes through 2036.

Net deferred income taxes in the balance sheet as of December 31, 2023 and 2022 include the following amounts of deferred income tax assets and liabilities:

	<u>2023</u>	<u>2022</u>
Deferred income tax assets	\$ 52,328	\$ 33,586
Deferred income tax liabilities	-	-
Valuation allowance	<u>(38,574)</u>	<u>(31,582)</u>
Net	<u>\$ 13,754</u>	<u>\$ 2,004</u>

Deferred income taxes are provided for the temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities. The deferred income tax assets result primarily from the deferred revenue and state net operating loss carryforwards in states that do not recognized consolidated tax filings.

The valuation allowance of \$38,574 and \$31,582 at December 31, 2023 and 2022 was established to reduce the deferred income tax assets to the amount that will more likely than not be realized. This reduction is provided due to the uncertainty of the Company's ability to utilize state net operating loss carryforwards before they expire.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Notes to the Financial Statements

December 31, 2023 and 2022

(7) Trademark license agreement

The Company entered into a trademark license agreement on July 27, 2021 with an affiliate under common control to use trademarks for the Ultra Pool Care Squad name and branding in the sale and marketing of goods and services. The agreement requires royalty payments of 5% of gross revenues, phased in over 5 years starting at 1% for year 1 and increasing by 1% every year until 5% is reached. The term of the agreement extends through July 31, 2031. The affiliate has waived all royalty fees incurred through December 31, 2023.

(8) Leases

The Company has one operating real estate lease for its Tennessee office, which is leased from a related party. Effective January 1, 2023, the lease was converted to a month-to-month agreement, and therefore, there is no right-of-use asset or operating lease liability as of December 31, 2023. Prior to January 1, 2023, the lease defined an original term of ten years and allowed for two renewals of five years each. The lease renewals were included in determining the operating right-of-use asset and operating lease liability as of December 31, 2022, as management believed it was likely the lease will be renewed. The agreement allowed the lessor to adjust rent to fair market value prior to each lease year. The operating lease liability balance as well as the maturity schedule below reflect the initial rental amount.

The components of lease expense are as follows for the year ended December 31, 2022:

	<u>2022</u>
Lease costs:	
Operating lease costs	\$12,504

Supplemental information regarding assumptions for operating leases as of December 31, 2023 and 2022:

	<u>2022</u>
Weighted-average remaining lease term (in years)	18
Weighted-average discount rate	1.90%

Supplemental cash flow information related to leases are as follows for the year ended 2022:

Cash paid for amounts included in the measurement of lease liabilities:

	<u>2022</u>
Operating cash outflows from operating leases	<u>\$12,504</u>

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Notes to the Financial Statements

December 31, 2023 and 2022

(9) Related party transactions

At December 31, 2023 and 2022, accounts payable to related parties totaled \$919,774 and \$436,833, respectively.

The Company rents office facilities from a related party under an operating lease agreement. Rent expense amounted to \$12,504 in 2023 and 2022.

The Company entered into a Managed Services Agreement with a related party to provide certain administrative services to the Company. Under this agreement, the Company incurred \$404,730 and \$541,548 in expenses during 2023 and 2022, respectively.

The Company entered into a Managed Services Agreement with a related party to assist the Company in performing management services to the Company. Under this agreement, the Company incurred \$120,000 of management fees in 2022. There were no management fees charged in 2023.

Other administrative costs incurred with related parties amounted to \$89,010 and \$132,700 during 2023 and 2022.

Revenues from a related party amounted to \$6,000 during 2022. There were no revenues to related parties during 2023.

Interest expense to related parties on the related party notes discussed in Note 5 amounted to \$113,915 and \$68,864 in 2023 and 2022, respectively.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)



ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Stockholder's Equity (Deficit)	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 14



INDEPENDENT AUDITORS' REPORT

**The Stockholder
Ultra Pool Care Squad Franchise USA, Inc.:**

Opinion

We have audited the accompanying financial statements of Ultra Pool Care Squad Franchise USA, Inc. (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in stockholder's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

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

Prior Year Financial Statements

The financial statements of the Company as of December 31, 2021 were audited by other auditors whose report dated June 9, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

LBMC, PC

Knoxville, Tennessee
April 27, 2023

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 283,545	\$ 178,460
Accounts receivable, less allowance for doubtful accounts of \$200 in 2021	-	15,377
Prepaid expenses	<u>146</u>	<u>5,140</u>
Total current assets	283,691	198,977
Operating lease right-of-use asset	190,495	-
Deferred income taxes	<u>2,004</u>	<u>162,486</u>
	<u>\$ 476,190</u>	<u>\$ 361,463</u>
 <u>Liabilities and Stockholder's Equity</u>		
Current liabilities:		
Notes payable to a related party	\$ 1,450,000	\$ 200,000
Operating lease liabilities, current portion	8,962	-
Accounts payable	437,083	669,232
Accrued interest payable to related party	68,864	8,125
Deferred revenue, current portion	<u>11,500</u>	<u>-</u>
Total current liabilities	1,976,409	877,357
Operating lease liabilities, excluding current portion	181,533	-
Deferred revenue, excluding current portion	<u>41,125</u>	<u>-</u>
Total liabilities	<u>2,199,067</u>	<u>877,357</u>
Stockholder's equity (deficit):		
Common stock, \$0.01 par value; 1,000 shares authorized, issued, and outstanding	10	10
Additional paid-in capital	99,990	99,990
Retained earnings (deficit)	<u>(1,822,877)</u>	<u>(615,894)</u>
Total stockholder's deficit	<u>(1,722,877)</u>	<u>(515,894)</u>
	<u>\$ 476,190</u>	<u>\$ 361,463</u>

See accompanying notes to the financial statements.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Statements of Operations

Year ended December 31, 2022 and period from March 23, 2021 (inception)
through December 31, 2021

	<u>2022</u>	<u>2021</u>
Revenues	\$ 10,875	\$ 16,152
Operating expenses:		
Contract labor	541,548	415,381
Advertising	165,223	146,036
Management fees	120,000	120,000
Travel	74,283	29,135
Professional fees	53,853	12,470
Other expense	<u>33,605</u>	<u>63,385</u>
Total operating expenses	<u>988,512</u>	<u>786,407</u>
Loss from operations	(977,637)	(770,255)
Other expense:		
Interest expense	<u>(68,864)</u>	<u>(8,125)</u>
Loss before income taxes	(1,046,501)	(778,380)
Income taxes	<u>(262,145)</u>	<u>(162,486)</u>
Net loss	\$ <u>(784,356)</u>	\$ <u>(615,894)</u>

See accompanying notes to the financial statements.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Statements of Changes in Stockholder's Equity (Deficit)

**Year ended December 31, 2022 and period from March 23, 2021 (inception)
through December 31, 2021**

	<u>Common Stock</u>		<u>Additional Paid in Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Stockholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at March 23, 2021	-	\$ -	\$ -	\$ -	\$ -
Issuance of 1,000 shares of common stock	1,000	10	99,990	-	100,000
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(615,894)</u>	<u>(615,894)</u>
Balance at December 31, 2021	1,000	10	99,990	(615,894)	(515,894)
Tax loss benefits utilized by the parent	-	-	-	(422,627)	(422,627)
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(784,356)</u>	<u>(784,356)</u>
Balance at December 31, 2022	<u>\$ 1,000</u>	<u>\$ 10</u>	<u>\$ 99,990</u>	<u>\$ (1,822,877)</u>	<u>\$ (1,722,877)</u>

See accompanying notes to the financial statements.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Statements of Cash Flows

**Year ended December 31, 2022 and period from March 23, 2021 (inception)
through December 31, 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ <u>(784,356)</u>	\$ <u>(615,894)</u>
Adjustments to reconcile net loss to cash flows used by operating activities:		
Deferred income taxes	160,482	(162,486)
Non-cash tax benefits	(422,627)	-
(Increase) decrease in operating assets:		
Accounts receivable	15,377	(15,377)
Prepaid expenses	4,994	(5,140)
Increase (decrease) in operating liabilities:		
Accounts payable	(232,149)	669,232
Accrued interest payable to affiliate	60,739	8,125
Deferred revenue	<u>52,625</u>	<u>-</u>
Total adjustments	<u>(360,559)</u>	<u>494,354</u>
Net cash used operating activities	<u>(1,144,915)</u>	<u>(121,540)</u>
Cash flows from financing activities:		
Proceeds from notes payable	1,250,000	200,000
Proceeds from issuance of common stock	<u>-</u>	<u>100,000</u>
Net cash provided by financing activities	<u>1,250,000</u>	<u>300,000</u>
Increase in cash and cash equivalents	105,085	178,460
Cash and cash equivalents at beginning of year	<u>178,460</u>	<u>-</u>
Cash and cash equivalents at end of year	\$ <u><u>283,545</u></u>	\$ <u><u>178,460</u></u>

See accompanying notes to the financial statements.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Notes to the Financial Statements

December 31, 2022 and 2021

(1) Nature of operations

Ultra Pool Care Squad Franchise USA, Inc. was formed on March 23, 2021 as a corporation in the state of Nevada. The Company sells franchised dealerships in the swimming pool care service industry.

(2) Liquidity

The Company is an early-stage entity and has incurred losses since inception. The Company has funded operations since inception with borrowings from related party affiliates that are under common control. Certain related party affiliates under common control have committed to provide additional financial support sufficient to fund operations through at least April 30, 2024.

(3) Summary of significant accounting policies

(a) Recently adopted accounting standard

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, as amended, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the balance sheets for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of income. The Company adopted this ASU as of January 1, 2022 utilizing the transition method that allows it to apply the standard as of the adoption date and record a cumulative adjustment in stockholder's equity, if applicable. The Company recognized ROU assets and corresponding operating lease liabilities of approximately \$199,000 with no cumulative adjustment to stockholder's equity.

(b) Basis of accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

(c) Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

Notes to the Financial Statements

December 31, 2022 and 2021

(d) Receivables and credit policies

Accounts receivable consists of receivables for monthly marketing, royalty, and technology fees. Management performs ongoing credit evaluations of its franchisees and establishes an allowance for estimated uncollectible accounts when the potential for such losses becomes probable.

(e) Income taxes

The Company is a member of a group that files consolidated federal income tax returns and state income tax returns where permitted by state statute. Certain states where the entity files income tax returns do not recognize consolidated filings. The Company's financial statements recognize the current and deferred income tax consequences that result from the Company's activities during the current and preceding periods pursuant to the provisions of Accounting Standards Codification Topic 740, Income Taxes (ASC 740), as if the Company were a separate taxpayer rather than a member of the parent company's consolidated income tax return group. The separate return method is modified for the assessment of deferred tax asset realizability so that current or deferred tax assets are characterized as realized (or realizable) by the Company when those tax assets are realized (or realizable) by the consolidated group, even if the Company would not otherwise have realized them on a stand-alone basis.

The Company does not have a formal tax-sharing arrangement, and therefore, tax benefits for operating loss carryforwards utilized in the consolidated return are recognized as deemed dividends to the parent.

In accordance with ASC 740, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date of the rate change. A valuation allowance is established to reduce the deferred tax assets to the amounts that are more likely than not to be realized from operations with consideration to the consolidated group when applicable.

Tax benefits of uncertain tax positions are recognized only if it is more likely than not that the Company will be able to sustain a position taken on an income tax return. The Company has no liability for uncertain tax positions. As of December 31, 2022, the Company has accrued no interest and no penalties related to uncertain tax positions. It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

Notes to the Financial Statements

December 31, 2022 and 2021

(f) Revenue recognition

The Company typically receives a nonrefundable initial franchise fee included in the franchise agreement. The franchise agreements also provide for ongoing royalty, marketing, and technology fees, which are a flat fee or are based on a percentage of the franchisee's gross revenue.

Under ASU 2014-09, *Revenue from Contracts with Customers* ("ASC 606"), revenue is recognized when a company transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Under ASU 2021-02, *Franchisors - Revenue from Contracts with Customers, Subtopic 952-606*, the Company has identified certain pre-opening activities as distinct performance obligations that are satisfied at the time of opening of the franchise with the remaining performance obligation, which is the on-going support and development of the franchises, satisfied over the life of the franchise contracts (typically 5 years).

Performance obligations related to pre-opening activities are satisfied once the franchise opens; therefore, the associated revenue is recognized upon opening of the franchise. The remaining portion of the initial franchise fee is recognized ratably over the life of the franchise agreements commencing upon opening. The franchise agreements include provisions for terminating the agreements. At the time of termination, the nonrefundable deposits are fully recognized as revenue, along with recognition of expense of any associated prepaid commission.

Ongoing royalty, marketing, and technology fees are recognized monthly as earned.

The Company has recorded both the current portion and the long-term portion of deferred franchise fee revenue. The current portions consist of the Company's estimate of revenue, which is expected to be recognized within one year of the balance sheet date based on the franchises that are open as of December 31, 2022.

Notes to the Financial Statements

December 31, 2022 and 2021

(g) Leases

The Company determines whether an arrangement is or contains a lease at lease inception. On the commencement date, operating leases are recorded as operating ROU assets and lease liabilities in the balance sheets for non-cancelable real estate operating leases with original or remaining lease terms in excess of one year. Leases with a lease term of 12 months or less at inception are not recorded on the balance sheets and are expensed on a straight-line basis over the lease term in the statements of income. ROU assets represent the Company's right to use leased assets over the term of the lease. Lease liabilities represent the Company's contractual obligation to make lease payments over the lease term. The Company holds no finance leases at December 31, 2022.

Operating ROU assets and lease liabilities are recorded at the present value of the lease payments over the lease term. The present value of the lease payments are discounted using the risk free rate practical expedient based on information available at the later of the lease commencement date or the adoption date of ASU 2016-02, January 1, 2022. The variable components (if any) of the lease payment that fluctuate with the operations of a facility are not included in determining the ROU assets and lease liabilities. Rather, these variable components are expensed as incurred.

ROU assets are assessed for impairment in accordance with the Company's long-lived asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASU 2016-02.

Rent expense for leases as presented under the old guidance was \$6,252 in 2021.

Accounting Policy Elections

The Company has elected the package of practical expedients offered in the transition guidance which allows management not to reassess lease identification, lease classification, and initial direct costs. The Company has elected the accounting policy expedient to exclude recording short-term leases less than twelve months, for all asset classes, as ROU assets and lease liabilities on the balance sheets. The Company has elected the accounting policy practical expedient to recognize lease components and non-lease components together and not as separate parts of a lease for real estate leases. Finally, the Company has elected the accounting policy practical expedient to utilize the risk free rate in place of the incremental borrowing rate on leases in which an implicit rate is not readily-available.

(h) Advertising costs

Advertising and marketing costs of approximately \$165,000 and \$146,000 in 2022 and 2021, respectively, are expensed as incurred.

Notes to the Financial Statements

December 31, 2022 and 2021

(i) Use of estimates

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

(j) Reclassifications

Certain reclassifications have been made to the 2021 financial statements in order for them to conform to the 2022 presentation. These reclassifications have no effect on net loss or stockholder's equity as previously reported.

(k) Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2022 and April 27, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(4) Credit risk and other concentrations

The Company generally maintains cash and cash equivalents on deposit at a bank in excess of federally insured amounts. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any significant credit risk related to cash and cash equivalents.

(5) Notes payable to related party

The Company has notes payable to a related party that bear interest at 7.5%. The original maturity dates of the notes were during 2022, and the notes are now due on demand. As discussed in Note (2), certain related party affiliates under common control have committed to provide additional financial support sufficient to fund the Company's operations through at least April 30, 2024.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Notes to the Financial Statements

December 31, 2022 and 2021

(6) Income taxes

The provision for income taxes during 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense (benefit):		
Federal	\$ (373,615)	\$ -
State	<u>(49,012)</u>	<u>-</u>
Total current tax expense (benefit)	<u>(422,627)</u>	<u>-</u>
Deferred tax expense (benefit):		
Federal	160,482	(162,486)
State	<u>-</u>	<u>-</u>
Total deferred tax expense (benefit)	<u>160,482</u>	<u>(162,486)</u>
Total provision for income taxes	<u>\$ (262,145)</u>	<u>\$ (162,486)</u>

State net operating loss carryforwards of the Company approximate \$445,000 at December 31, 2022 and are generally available for state tax purposes through 2036.

Net deferred income taxes in the balance sheet as of December 31, 2022 and 2021 include the following amounts of deferred income tax assets and liabilities:

	<u>2022</u>	<u>2021</u>
Deferred income tax assets	\$ 33,586	\$ 162,486
Deferred income tax liabilities	-	-
Valuation allowance	<u>(31,582)</u>	<u>-</u>
Net	<u>\$ 2,004</u>	<u>\$ 162,486</u>

Deferred income taxes are provided for the temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities. The deferred income tax assets result primarily from the deferred revenue and state net operating loss carryforwards in states that do not recognized consolidated tax filings.

The valuation allowance of \$31,582 at December 31, 2022 was established to reduce the deferred income tax assets to the amount that will more likely than not be realized. This reduction is provided due to the uncertainty of the Company's ability to utilize state net operating loss carryforwards before they expire.

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Notes to the Financial Statements

December 31, 2022 and 2021

(7) Leases

The Company has one operating real estate lease for its Tennessee office, which is leased from a related party. The Tennessee office lease defines an original term of ten years and allows for two renewals of five years each. The lease renewals were included in determining the operating right-of-use asset and operating lease liability, as management believes it is likely the lease will be renewed. The Company has one operating real estate lease for its Tennessee office, which is leased from a related party. The Tennessee office lease defines an original term of ten years and allows for two renewals of five years each. The lease renewals were included in determining the operating right-of-use asset and operating lease liability, as management believes it is likely the lease will be renewed. The agreement allows the lessor to adjust rent to fair market value prior to each lease year. The operating lease liability balance as well as the maturity schedule below reflect the initial rental amount.

The components of lease expense are as follows for the year ended December 31, 2022:

Lease costs:	
Operating lease costs	\$ 12,504

Supplemental cash flow information related to leases are as follows for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ <u>12,504</u>

Additional supplemental information regarding assumptions for operating leases as of December 31, 2022:

Weighted-average remaining lease terms (in years)	18
Weighted-average discount rate	1.90%

ULTRA POOL CARE SQUAD FRANCHISE USA, INC.

Notes to the Financial Statements

December 31, 2022 and 2021

Minimum Lease Payments

The maturity of operating lease liabilities as of December 31, 2022 is as follows:

<u>Maturity</u>	<u>Amount</u>
2023	\$ 12,504
2024	12,504
2025	12,504
2026	12,504
2027	12,504
Thereafter	<u>162,552</u>
Total undiscounted cash flows	225,072
Less: present value discount	(34,577)
Less: operating lease liabilities, current portion	<u>(8,962)</u>
Operating lease liabilities, excluding current portion	<u>\$ 181,533</u>

(8) Related party transactions

Related party transactions not disclosed elsewhere in these financial statements include:

All of the Company's accounts payable are due to related parties.

The Company entered into a Managed Services Agreement with a related party to provide certain administrative services to the Company. Under this agreement, the Company incurred \$541,548 and \$415,381 in expenses during 2022 and 2021, respectively.

The Company entered into a Managed Services Agreement with a related party to assist the Company in performing management services to the Company. Under this agreement, the Company incurred \$120,000 in expenses during 2022 and 2021.

Other administrative costs incurred with related parties amounted to \$132,700 during 2022.

Revenues to a related party amounted to \$6,000 during 2022.

~~THE FOLLOWING FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.~~

ATTACHMENT B
TO ULTRA POOL CARE SQUAD FDD
FRANCHISE AGREEMENT AND EXHIBITS

**ULTRA POOL CARE SQUAD®
FRANCHISE AGREEMENT**

FRANCHISEE

DATE OF AGREEMENT

TABLE OF CONTENTS

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1.	DEFINITIONS.....	1
2.	GRANT OF FRANCHISE.....	2
3.	TERM OF FRANCHISE; RENEWAL RIGHTS.....	5
4.	FRANCHISE FEES.....	5
5.	DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS.....	7
6.	TRAINING AND OPERATING ASSISTANCE.....	9
7.	MARKS.....	10
8.	CONFIDENTIAL INFORMATION/IMPROVEMENTS.....	11
9.	RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.....	13
10.	FRANCHISED BUSINESS IMAGE AND OPERATING STANDARDS.....	13 <u>14</u>
11.	ADVERTISING.....	18
12.	RECORDS AND REPORTS.....	20
13.	INSPECTION AND AUDITS.....	20
14.	COVENANTS.....	21
15.	ASSIGNMENT.....	21 <u>22</u>
16.	FRANCHISOR’S TERMINATION RIGHTS.....	24
18.	FRANCHISEE OBLIGATIONS UPON TERMINATION.....	25
19.	DISPUTE RESOLUTION.....	27
20.	ENFORCEMENT.....	29
21.	NOTICES.....	31
22.	ACKNOWLEDGEMENTS.....	31

EXHIBITS

A – FRANCHISED BUSINESS LOCATION AND PROTECTED TERRITORY

B – ELECTRONIC TRANSFER OF FUNDS FORM

C – GUARANTY AND ASSUMPTION OF OBLIGATIONS AGREEMENT

D – POOL COVER ADDENDUM

**ULTRA POOL CARE SQUAD®
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, 20____, between Ultra Pool Care Squad Franchise USA, Inc., a Nevada corporation, with a principal place of business at 2901 Leisure Island Way, Knoxville, TN 37914 (“we” or “us”), and _____, a _____ formed and operating under the laws of the State of _____ (“you” or “Franchisee”). If the Franchisee is more than one individual, the obligations imposed upon each of you shall be joint and several. If Franchisee is a corporation, partnership, limited liability company, or other entity, the obligations imposed on the Franchisee are also imposed on the Principal Owners.

INTRODUCTION

- A. We have developed a system for the development and operation of a business that offers commercial and residential pool care, cleaning, maintenance, and repair services and related products and services under the Marks (defined in Section 1(E) below) and System (defined in Section 1(I) below).
- B. We grant qualified persons the right to develop, own and operate a franchised Ultra Pool Care Squad business using the System at a specific location.
- C. You desire to obtain the right to develop and operate a franchised Ultra Pool Care Squad business using the System at a specific location.
- D. We have agreed to grant to you the right to develop and operate a franchised Ultra Pool Care Squad business subject to the terms and conditions of this Agreement.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. DEFINITIONS

- A. “Designated Account” means those customers or accounts we designate, in our sole and absolute discretion, as desiring central billing accounts, or that have at least 20 locations, and such locations are located in more than one franchised or company-owned territory or market.
- B. “Designated Owner” means the Principal Owner we approved who will oversee the Franchised Business operations and represent you in interacting with us. The Designated Owner must successfully complete our initial training program and all mandatory follow-up training programs. The Designated Owner is listed on Exhibit A. The Designated Owner and Operating Manager may be the same person.
- C. “Franchised Business” means the franchised Ultra Pool Care Squad business you develop and operate under this Agreement that offers and sells commercial and residential pool care, cleaning, maintenance, and repair services and related services that we designated and require.
- D. “Gross Revenue” means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card or otherwise, made or provided at or in connection with the Franchised Business. “Gross Revenue” does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes that you pay or accrue. For the purposes of this Agreement, a sale occurs at the

time the goods are provided or installed or the services are performed. Gross Revenue will not be adjusted for uncollected accounts.

E. “Marks” means the “Ultra Pool Care Squad” trademark and service mark, and other trademarks, service marks, domain names, logos and commercial symbols that we have designated, or may in the future designate, for use in the System.

F. “Operating Manager” means the designated individual responsible for the day-to-day operation of the Franchised Business. We must approve the Operating Manager and the Operating Manager must successfully complete our initial training program and all mandatory follow-up training programs. The Designated Owner and Operating Manager may be the same person.

G. “Principal Owner” means any person or entity who directly or indirectly owns a 10% or greater interest in you. If any Principal Owner is a corporation, limited liability company, trust, or other entity (other than a partnership), the Principal Owner will include any individual person that is a direct or indirect shareholder or owner that owns or holds 10% or more ownership interest in such entity. If any Principal Owner is a partnership, a Principal Owner will include each general partner of such partnership and, if such general partner is an entity, any individual person that is a direct or indirect person that owns or holds 10% or more ownership interest in such general partner.

H. “Protected Territory” means one or more protected territories identified in Exhibit A.

I. “System” means the Ultra Pool Care Squad system which includes providing commercial and residential pool care, cleaning, maintenance, and repair services and related services, that we may designate in the future under the Marks, using certain distinctive types of equipment (including the Computer System (as defined in Section 5(D) below)), supplies, Confidential Information (as defined in Section 8(A) below), business techniques, any Proprietary Software (as defined in Section 5(D) below), servicing techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

2. GRANT OF FRANCHISE

A. Grant of Franchise, Franchised Business Location and Protected Territory. Subject to the provisions contained in this Agreement, we grant you a franchise (the “Franchise”) to own and operate the Franchised Business, and to use the Marks in operating the Franchised Business, within the Protected Territory. We recommend that you operate the Franchised Business from a home office within the Designated Owner’s residence; however, you are permitted to operate the Franchised Business from leased office space if you desire. Regardless of whether you lease a space for the Franchised Business or operate the Franchised Business from a home office: (i) the Franchised Business premises must be centrally located inside the Protected Territory, and (ii) the Franchised Business premises must meet our standards and requirements. You must have access to storage space located within the Protected Territory that meets our standards and requirements, which may include the premises of the Franchised Business. The location of the Franchised Business and your Protected Territory are identified in Exhibit A.

B. Nature of your Protected Territory.

1. During the Term of this Agreement (as defined in Section 3(A) below), provided you are in compliance with this Agreement, we will not locate or franchise another to locate another Ultra Pool Care Squad business that offers and sells pool care, cleaning, and maintenance within the Protected Territory, except as permitted under this Agreement. You understand and agree that we, our affiliates, and other Ultra Pool Care Squad businesses may offer and sell pool repair services within your Protect Territory, without notice or compensation to you.

2. The license granted to you under this Agreement is personal in nature. Unless we otherwise expressly authorize in writing, the Marks licensed to you under this Agreement: (i) may not be used at any location other than the Franchised Business, and (ii) may be used in connection with a vehicle we authorize, provided the vehicle is only used inside the Protected Territory. You may not sell products or services identified by the Marks at any location other than at or from the Franchised Business or from a vehicle that we approve that is operated solely inside the Protected Territory without obtaining our prior written consent. You may not offer or sell any products or services we do not approve. Except as expressly stated in this Agreement, you must concentrate your advertising and marketing efforts inside your Protected Territory. You will not have the right to subfranchise or sublicense any of your rights under this Agreement. You will not use the Franchised Business for any purposes other than the operation of a franchised Ultra Pool Care Squad business.

3. You may not, unless in connection with other Ultra Pool Care Squad franchisees and with our consent, market or advertise in telephone or similar online directories that directly target areas outside of your Protected Territory or establish a mailing address for your Franchised Business or make other representations to potential customers that would lead others to believe that you have facilities or authorization to operate outside the Protected Territory.

4. Except as outlined below or as it relates to Designated Accounts, there are no restrictions on the customers you may service, provided all sales and services must be provided to commercial and residential customers located inside your Protected Territory.

5. If neither we nor another franchisee operates in an area adjacent to your Protected Territory, then upon your receipt of our prior written consent, you may advertise, market and/or service customers located outside of your Protected Territory. In such instances, we reserve the right to require you in the future to cease all direct advertising and marketing efforts to those customers located outside your Protected Territory, and we reserve the right to require you to purchase the area adjacent to your Protected Territory in order to continue servicing that area upon written notice to you. In the event the area adjacent to your Protected Territory becomes an area we, our affiliates, or another franchisee operates an Ultra Pool Care Squad business, you must provide all information we require to us, our affiliates or the other Ultra Pool Care Squad franchisee, and you must transfer all customer accounts to us, our affiliate or the other Ultra Pool Care Squad franchisee.

C. Rights Reserved To Us. We (for ourselves and our affiliates) retain the right:

1. to operate, or to grant other persons the right to operate, Ultra Pool Care Squad businesses that offer and sell pool care, cleaning, and maintenance at locations outside the Protected Territory (except to the extent we may be restricted under a separate Ultra Pool Care Squad franchise agreement to which you are a party);

2. to offer and sell, or to grant other persons the right to offer and sell, pool repair services and/or pool cover services within and outside the Protected Territory under the Marks or other trademarks;

3. to service customers or offer products or services, or to grant other persons the right to service customers or offer products or services, located inside or outside the Protected Territory under any trademarks except for the Marks;

4. to sell products, equipment, and other materials under the Marks or other trademarks through dissimilar channels of distribution (i.e., other than the operation of an Ultra Pool Care Squad business), including by electronic means such as the Internet and by websites we establish, or through retail locations within and outside the Protected Territory;

5. to merge with, acquire, be acquired, or become associated with any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the Marks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your Franchised Business, and which may be located anywhere inside or outside the Protected Territory;

6. to provide services to Designated Accounts as described further below; and

7. to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks.

D. Designated Accounts. In addition to the reserved rights outlined in Sections 2(B) and 2(C) above, we or our affiliates have the right to sell and enter into agreements with Designated Accounts, both inside and outside the Protected Territory. You must participate in any regional or national accounts program (the “Designated Accounts Program”) we designate and comply with the terms of the Designated Accounts Program as described in the Manuals (as defined in Section 6(E) below) or as we otherwise describe in writing. You understand that we will establish the rules under which you will participate, and be compensated for participation, in the Designated Accounts Program and that we may terminate, modify or replace the Designated Accounts Program at any time. You must pay us any then-current fees associated with the Designated Accounts Program. We have the right to service a Designated Account or grant a third party (including another Ultra Pool Care Squad franchisee) the right to service a Designated Account in your Protected Territory for all of the following reasons: (i) you are in default of this Agreement; (ii) the Designated Account objects to you providing the services; (iii) you fail to timely notify us of your acceptance of the Designated Account business; or (iv) you cannot or will not service the Designated Account business for any reason. If a Designated Account contacts you directly, you must refer the Designated Account to us within 2 business days. We will negotiate all contracts with Designated Accounts and you will not have any right to negotiate any contract or provide services to the Designated Account without our express written consent.

E. Minimum Performance Requirement. The rights we have granted to you under this Agreement are dependent on your achieving certain minimum performance requirements. Beginning the 25th calendar month from the Effective Date, you must generate at least \$150,000 in Gross Revenue during each twelve-month period (the “Minimum Performance Requirement”). If you fail to meet the Minimum Performance Requirement, we have the right, but are not required, to: (i) modify or reduce the size of the Protected Territory; or (ii) terminate this Agreement in accordance with Section 16 of this Agreement. During the first 24 calendar months from the Effective Date, there is no Minimum Performance Requirement (the “Start-Up Period”). If, as of the Effective Date, the Franchised Business is already open and operating, there will be no Start-Up Period and you must satisfy the Minimum Performance Requirement upon the Effective Date.

3. TERM OF FRANCHISE; RENEWAL RIGHTS

A. Term. The term of this Agreement commences on the date of this Agreement (the “Effective Date”) and will automatically expire 5 years after the Effective Date (the “Term”), unless renewed in accordance with Section 3(B) below.

B. Renewal. You will have the right to renew the Franchise for the Franchised Business for up to 3 additional terms of 5 years, provided you meet the following conditions:

1. you have given us written notice of your intention to renew at least 3 months, but not more than 12 months, prior to the end of the then-existing term of this Agreement;

2. you have fully complied with all provisions of this Agreement, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures;

3. your Designated Owner, and any other employees we designate completes, to our satisfaction, any new training and refresher programs as we may reasonably require. You are responsible for all travel, living and compensation costs of attendees;

4. you have paid to us a fee equal to \$2,500 (the “Renewal Fee”) at least 30 days before the then-existing term of this Agreement expires; however, if you operate two (2) or more Approved Vehicles in the Protected Territory pursuant to this Agreement at the time of renewal, the Renewal Fee will be waived;

5. you sign our then-current form of Ultra Pool Care Squad franchise agreement; provided that you will be required to pay the Renewal Fee in lieu of the initial franchise fee stated in the then-current franchise agreement, and the then-current franchise agreement may contain terms materially different from those contained in this Agreement, including but not limited to the fee amounts, the minimum performance requirement, and the scope of territorial protections (if any);

6. you and each Principal Owner sign a general release, in a form acceptable to us, of all claims against us and our affiliates, officers, directors, employees, and agents; and

7. you have upgraded and modernized your Franchised Business, including purchasing any new equipment, materials, and supplies we designate, to reflect our then-current requirements and standards.

4. FRANCHISE FEES

A. Initial Franchise Fee. You will pay us an initial franchise fee (the “Initial Franchise Fee”) equal to the amount identified in Exhibit A to this Agreement. The Initial Franchise Fee is due and payable to us when you sign this Agreement. The Initial Franchise Fee is fully earned by us upon receipt and is non-refundable under any circumstances.

B. Technology On-Boarding Fee. You will pay us an initial technology fee (the “Technology On-Boarding Fee”) equal to \$2,500 when you sign this Agreement. The Technology On-Boarding Fee is used to set up your website, email addresses, and provide other start-up technology assistance as we deem necessary. The Technology On-Boarding Fee is fully earned by us upon receipt and is non-refundable under any circumstances.

C. Royalty Fee. Commencing on the earlier of 90 days after the Effective Date or the date you have been approved by us to open the Franchised Business, you must pay us a monthly royalty fee (the “Royalty Fee”) equal to the greater of (i) \$500, or (ii) 7.5% of Gross Revenue. Commencing on the 13th month from the Effective Date and for the remainder of the Term, you must pay us the Royalty Fee equal to the greater of (i) \$1,000 per month, or (ii) 7.5% of Gross Revenue. The Royalty Fee is due and payable each calendar month within 7 days after the end of the prior calendar month via electronic transfer. You will pay the Royalty Fee to us by electronic funds transfer where we will electronically debit your designated bank account, as described in Section 4(F).

D. Technology Fee. Commencing on the earlier of 90 days after the Effective Date or the date you have been approved by us to open the Franchised Business, you must pay us a monthly technology fee (the “Tech Fee”) equal to \$250. The Tech Fee may be used to assist with the costs we incur to maintain your website, email addresses, and other technology services we provide to you. The Tech Fee covers up to 5 hours of this technology assistance per month; however, if you require more than 5 hours of assistance per month regarding this technology, we will charge you \$50 per hour for additional assistance. The Tech Fee is payable in the same manner as the Royalty Fee as described in Section 4(C) above. We may increase the Tech Fee upon written notice to you, but we will not increase the Tech Fee more than once per calendar year.

E. Non-Compliance Fee. You must pay us a “Non-Compliance Fee” if you fail to comply on a timely basis with certain obligations under this Agreement and/or the Manuals. The Non-Compliance Fee is charged as consideration for the expenses we incur in addressing your failure to comply with the terms of this Agreement and the Manuals. All Non-Compliance Fees shall be imposed according to the schedule stated in the Manuals. The fees described in this Section 4(E) shall in no way limit our rights to put you in default or terminate this Agreement.

F. Electronic Transfer of Funds. We will require you to sign electronic transfer of funds authorizations and other documents as we periodically designate, in the form attached as Exhibit B, to authorize your bank to transfer, either electronically or through some other method of payment we designate, directly to our account and to charge your account for all amounts you owe us. Your authorizations will permit us to designate the amount to be transferred from your account. You will maintain a balance in your account sufficient to allow us to collect the amounts owed to us when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein.

G. Interest. All Royalty Fees and other amounts which you owe to us or our affiliates will bear interest after the due date at the lesser of: (a) 18% per year; or (b) the maximum contract rate of interest permitted by law in the state in which the Franchised Business is located.

H. Application of Payments. We may apply any payments received from you against any amounts due to us or any of our affiliates or any indebtedness you owe to us or any of our affiliates.

I. Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, Marketing Fee or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, Marketing Fees or any other amounts due.

J. Tax Indemnification. You will indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the Franchised Business is located imposes, or may in the future impose, as a result of your operation of the Franchised Business or the license of any of our intangible property in the jurisdiction in which the Franchised Business is located. If more than one Ultra Pool Care Squad franchisee is located in such jurisdiction, they will share the liability equally. If applicable, this payment is in addition to the Royalty Fee payments described above.

5. DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS

A. Your Development of the Franchised Business. Before you begin operating the Franchised Business, you will:

1. obtain an opening inventory of all signage, products, supplies, cleaning solutions and chemicals, materials, and equipment we require for the Franchised Business;
2. obtain the Computer System, an Approved Vehicle (as described in Section 5(B)), and any necessary state or local licenses, permits, or certifications required by applicable law to operate your Franchised Business; and
3. establish filing, accounting and inventory control systems complying with our requirements.

B. Vehicle. You must own or lease at least one vehicle that meets our standards and specifications for use in your Franchised Business (the “Approved Vehicle”). You must ensure that the Franchised Business has a sufficient number of Approved Vehicles to meet customer demand. All vehicles used in connection with the operation of your Franchised Business must meet our then-current standards and specifications, including without limitation, appearance. Before you open your Franchised Business, you must purchase the required decal package for your Approved Vehicle. If at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the Approved Vehicle(s) does not meet our then-current standards, we will notify you accordingly and specify the action(s) you must take promptly to correct the deficiency.

C. Equipment and Signs. You will use in operating the Franchised Business only those types of materials, supplies, equipment, and signs that we have approved for Ultra Pool Care Squad businesses as meeting our specifications and standards for appearance, function and performance. You may purchase approved types of supplies, materials, equipment, and signs from any supplier we approve or designate (which may include us and/or our affiliates). If you propose to purchase any supplies, materials, equipment, or signs we have not then approved, or any items from any supplier we have not then approved, you must notify us in writing and provide to us (at our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the supplies, materials, equipment, vehicle or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria, which determination we will make and communicate in writing to you within a reasonable time (generally 30 days). We reserve the right to charge you an evaluation and/or testing fee in connection with our review of any alternate supply or supplier you request.

D. Computer System, Proprietary Software, and Customer Data.

1. You will use in the Franchised Business the technology hardware and software meeting or exceeding the minimum specifications we designate, including all existing or future communication or data storage systems, components thereof and associated services, which we have developed and/or selected for the System (the “Computer System”). We reserve the right to change, update, enhance and modify the Computer System and maintenance required in the operation of the Franchised Business, and you must comply with all changes, updates, enhancements, and modifications, and upgrade your Computer System to the then-current standards, at your expense.

2. The Computer System developed for use in your Franchised Business will include one or more proprietary software programs or applications developed for us, including any security and remote support software that we specify, if any (the “Proprietary Software”). You must use

any Proprietary Software that we designate. The Proprietary Software will remain the confidential property of us or our third party supplier. You may be required to enter into our or a third party supplier's standard form computer software access or license agreement in connection with your use of the Proprietary Software or other software we determine is necessary for the Franchised Business. You must pay us or our third party suppliers the initial and ongoing then-current license fee(s) related to your use of any Proprietary Software or other required software. We reserve the right to assign our rights, title and interest in any Proprietary Software or any software license agreement to a third party we designate, or to replace the Proprietary Software. In such event, you may be required to enter into a separate computer software license agreement specified by us or the third party supplier of the Proprietary Software.

3. We may access financial information and customer data produced by or otherwise located on your Computer System (collectively the "Customer Data"). We periodically will establish policies respecting the use of the Customer Data.

4. You will have at the Franchised Business, Internet access with a form of high-speed connection as we require, and a dedicated telephone line for the Franchised Business. You will use an e-mail address we designate or approve for communication with us and customers.

5. We have the right to designate a single source, or approve multiple sources, from which you must purchase the Computer System and any other software or hardware components or associated services that are used in the Franchised Business, and you understand and agree that we or our affiliates may be one of, or the only, designated or approved supplier.

E. Franchised Business Opening. You will not open the Franchised Business for business without our prior written approval. You agree to complete the development and open the Franchised Business for business within 90 days of the Effective Date.

F. Opening Campaign. During the period beginning 60 days before the opening of your Franchised Business, you must spend the amount designated in Exhibit A to this Agreement (the "Opening Campaign Spend") on a Franchised Business opening campaign that we have approved in advance. You will use our designated media vendor (if any) and must implement our recommended media plan (if any) in conducting the Franchised Business opening campaign. We reserve the right to collect the Opening Campaign Spend directly from you and spend it on your behalf in connection with the Franchised Business opening campaign. On or before the day you open your Franchised Business, you must provide us with an accurate accounting of Franchised Business opening advertising and marketing expenses you incurred. If you failed to spend the Opening Campaign Spend, you must pay us the difference between the amount actually spent and the Opening Campaign Spend, and we will spend that amount in your Protected Territory as we determine.

G. Relocation of Franchised Business. You will not relocate the Franchised Business from the site without our prior written consent. If you relocate the Franchised Business under this Section, the "new" franchised location of the Franchised Business, including the real estate and building, must comply with all applicable provisions of this Agreement and with our then-current specifications and standards for Ultra Pool Care Squad businesses. We will not unreasonably withhold our consent to the proposed relocation, provided the "new" location for the Franchised Business is located within your Protected Territory and that you otherwise comply with any other conditions that we may require. If you must relocate the Franchised Business because the Franchised Business was destroyed, condemned or otherwise became untenable by fire, flood or other casualty, you must reopen the Franchised Business at the new franchised location in the Protected Territory within 90 days after you discontinue operation at the existing Franchised Business site.

6. TRAINING AND OPERATING ASSISTANCE

A. Initial Training. Your Designated Owner must attend our initial training program on the operation of a Franchised Business, provided at a place and time we designate. If the Designated Owner and Operating Manager are two different people, your Operating Manager must also attend our initial training program with the Designated Owner. We will not charge a fee for your Designated Owner (and, if applicable, your Operating Manager) to attend our initial training program. If we require, or you request that we provide the initial training program to any additional individuals we reserve the right to charge you our then-current initial training fee. You are solely responsible for the compensation, travel, lodging and living expenses your Designated Owner, your Operating Manager, and your employees incur in attending the initial training program and any supplemental or refresher training programs.

The initial training program will take place at our facilities in Knoxville, Tennessee, or such other place as we may designate. You must make arrangements and pay all expenses (including transportation, lodging, meals, wages, insurance, etc.) for the Designated Owner (and, if applicable, your Operating Manager) to attend the initial training program. The training requirements may vary depending on the experience of your Designated Owner and/or Operating Manager or other factors specific to the Franchised Business. Any new Designated Owner and Operating Manager must comply with our training requirements within a reasonable time as we specify. You will be responsible for all costs of such additional training, as specified above.

B. Required Ongoing Training. We may require the Designated Owner, Operating Manager, and/or such other employees we designate to attend or, when available, participate by Internet in, such additional training that we designate. You are responsible for the compensation, travel, lodging and living expenses your Designated Owner, your Operating Manager and your employees incur in attending any required ongoing training. We reserve the right to charge a reasonable fee in connection with any ongoing training we offer.

C. Operating Assistance. As the owner of your Franchised Business, you are solely responsible for the day-to-day operation of your Franchised Business. We will, however, provide you with operational advice and assistance in operating the Franchised Business as we deem appropriate. Operating assistance may include advice regarding the following:

1. products and services authorized for sale at Ultra Pool Care Squad businesses;
2. materials for marketing your Franchised Business and sales promotion program information;
3. selecting and purchasing the supplies, equipment and materials for the Franchised Business that we require of all Ultra Pool Care Squad franchisees;
4. employee relations and accountability of employees; and
5. establishing and operating administrative, bookkeeping, accounting, inventory control, sales and general operating procedures to properly operate an Ultra Pool Care Squad business.

We will provide such guidance through our Manuals, bulletins or other written materials, telephone conversations and/or meetings at our office or at the Franchised Business. We will also provide you with additional assistance or support as needed. We reserve the right to charge you a fee for such additional support or assistance.

D. Annual Conference. You must attend any annual franchise conference or conference that we sponsor or designate. You will not be required to pay any fee to attend the conference, but you are responsible for all travel and living expenses. If you fail to attend the annual franchise conference without our prior written consent, you must pay our then-current fee for two people for failing to attend the franchise conference.

E. Manuals. We will provide on loan to you, during the Term of this Agreement, one manual copy or electronic (Internet) access to an operations manual and other handbooks, manuals and written materials (collectively, the “Manuals”) for Ultra Pool Care Squad businesses. The Manuals will contain mandatory and suggested specifications, standards and operating procedures that we develop for Ultra Pool Care Squad businesses and information relating to your other obligations. We may add to, and otherwise modify, the Manuals to reflect changes in authorized products and services, and specifications, standards and operating procedures of an Ultra Pool Care Squad business. The master copy of the Manuals that we maintain electronically or at our principal office and make available to you will control if there is a dispute involving the contents of the Manuals.

7. MARKS

A. Ownership and Goodwill of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the Term of this Agreement. You agree that your use of the Marks and any goodwill established exclusively benefits us, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not, at any time during the Term of this Agreement or after termination or expiration of this Agreement, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. Limitations on Your Use of Marks. You agree to use the Marks as the sole identification of the Franchised Business, but you must identify yourself as the independent owner in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, and you cannot use any Mark in selling any unauthorized product or service or in any other manner unless we have expressly authorized such use in writing. You agree to display the Marks prominently and in the manner we direct on all signs and forms. You must use the Name identified in Exhibit A as the trade name of the Franchised Business (“Permitted Name”) and you may not use any other words to identify the Franchised Business without our prior written consent. You will file for a certificate of assumed name in the manner required by applicable state law so as to notify the public that you are operating the Franchised Business as an independent business pursuant to this Agreement. You will not use the words “Ultra Pool Care Squad” or any of the other Marks as part of the name of your entity, nor attempt to obtain any formal trademark or copyright registration of the Marks. You may use the Marks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Marks on the materials as we describe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, except as expressly permitted in writing by us, (iii) do not use the Marks alongside or in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Marks. You must post a prominent sign or notice on each Approved Vehicle and on all brochures, marketing materials, estimate forms, invoices and other, similar materials identifying you as an Ultra Pool Care Squad franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently owns and operates the Franchised Business under a license from us.

C. Restrictions on Internet and Website Use. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access our website. Except as we may authorize in writing, however, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any products or services on the Internet (or any other existing or future form of electronic communication) except through a webpage that we approve; (3) create or register any Internet domain name in any connection with your Franchise; and (4) use any e-mail address which we have not authorized for use in operating the Franchised Business. You will not register, as Internet domain names, any of the Marks or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote your Franchised Business or conduct any business on the Internet, including using social and professional networking sites to promote your Franchised Business, except as provided in our written social media policy (if any) or with our prior written approval. We will own and have administrative rights to any social and professional networking sites that you use in your Franchised Business.

D. Notification of Infringements and Claims. You must notify us in writing within 24 hours of learning of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

E. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, within 24 hours of learning of any alleged claim or complaint, notify us of such claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our legal counsel will have the right to control and conduct any litigation relating to the Marks.

F. Changes to Marks. You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after we notify you.

8. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. Definition of Confidential Information. In this Agreement, "Confidential Information" means all information, whether now in existence or hereafter developed, regardless of its form or the medium in which it is stored, that is treated by us as confidential and that is not generally known by third parties without reasonable restriction, and that is disclosed to you or of which you first become aware, whether before or after the Effective Date, either: (i) through disclosure by or on behalf of us or our affiliates to you in connection with this Agreement or your performance hereunder; or (ii) through your involvement with us or as a result of being created by you in performing your obligations under this Agreement or any other agreement between you and our affiliates.

Without limiting the foregoing, Confidential Information also includes the following, whether or not marked or designated as “confidential”: (a) any information related to customers, suppliers, business partners or service providers; (b) technical advice and testing results, if any, you provided to us or our affiliates, and any information jointly created by the parties that we or our affiliates treat or designate as confidential or proprietary; (c) all technology, including without limitation all formulations, inventions, discoveries, products, prototypes, research and development, specifications, design information and formulas and all services, processes, procedures, templates, test results and other information related thereto; (d) the Manuals; and (e) all documents or information related to costs, profit or margin information, employee skills, salaries, finances, financial statements, customer lists, consulting practices, marketing strategies and plans, future business plans and other information related thereto.

Under this Agreement, the term “Confidential Information” does not include information which is or becomes, through no fault or breach of you, generally and publicly available and in the public domain; provided, however, that the existence of a copyright notice on any Confidential Information will not cause, or be construed as causing, such Confidential Information to be publicly available or in the public domain and the public availability of one or more constituent pieces of information shall not negate the confidential nature of information that is not generally known in the aggregate.

B. Obligation of Confidentiality. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Franchised Business pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you agree that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Franchised Business employees; and (5) will require all Operating Managers and other employees with access to Confidential Information to sign such an agreement in a form we approve. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain Confidential Information in limited circumstances, as specified in the Manuals.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

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C. Generative AI. You will not, without our written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (“Generative AI”) directly or indirectly in the operation of the Franchised Business, including without limitation, in advertising, promotion, or marketing of the Franchised Business, communications with active, prospective, or former customers of the Franchised Business, business planning, analysis or optimization, or in any social media. You acknowledge and agree not to upload or share any Confidential Information (including any inputs of information containing trade secrets, sensitive confidential information or personal information) with any unapproved third-party platforms, including Generative AI, except as authorized in writing by us. In addition, you

shall prohibit your employees from using any Confidential Information in Generative AI. In the event you utilize any Generative AI, with or without our prior approval, you shall comply with all laws applicable to such use, including without limitation, all trademark and copyright laws, and shall not infringe upon or use intellectual property of a third party without appropriate authorization and attribution.

D. Improvements. You must fully and promptly disclose to us all ideas, concepts, methods, techniques, improvements, additions and Customer Data relating to the development and/or operation of an Ultra Pool Care Squad business or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Franchised Business, or any advertising or promotion ideas related to the Franchised Business (collectively the “Improvements”) that you and/or your employees conceive or develop during the Term of this Agreement. You agree to assign to us all rights to the Improvements without any obligation to you for royalties or other fees.

9. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. Relationship of the Parties. We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Franchised Business under a franchise agreement from us, and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require.

B. Subcontractors. You may appoint subcontractors to provide the approved services under this Agreement provided that the terms of any installation subcontract are consistent with the terms of this Agreement and contain confidentiality and intellectual property provisions in favor of us and our affiliates no less in scope and substance than the provisions in this Agreement, and which require the subcontractor to itself comply with such provisions. Any such installation subcontractors will operate as independent businesses and are not authorized to use the Marks licensed hereunder or to hold themselves out as agents of us or our affiliates. You will be liable to us and our affiliates for the performance by such installation subcontractors of your obligations under this Agreement and for any breach of the confidentiality and intellectual property provisions by subcontractor. You hereby agree to indemnify, defend and otherwise hold us and our affiliates and our respective officers, directors, managers, shareholders, members, unitholders, employees, agents, successors and assigns harmless from and against any and all liability, loss, claims, suits, damages, causes of action and costs, including without limitation reasonable attorneys’ and/or lawyers’ fees, allocable fees of in-house counsel, consulting and expert witness fees, costs and expenses, arising from, related to or incurred in connection with the performance by such subcontractor of installation services or any breach by such subcontractor of the confidentiality and intellectual property provisions.

B. YOUR INDEMNIFICATION OBLIGATIONS. YOU AGREE TO INDEMNIFY AND HOLD US AND OUR SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, STOCKHOLDERS, MEMBERS, DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES AND AGENTS HARMLESS AGAINST, AND TO REIMBURSE THEM FOR, ANY LOSS, LIABILITY OR DAMAGES ARISING OUT OF OR RELATING TO YOUR OWNERSHIP OR OPERATION OF THE FRANCHISED BUSINESS, AND ALL REASONABLE COSTS OF DEFENDING ANY CLAIM BROUGHT AGAINST ANY OF THEM OR ANY ACTION IN WHICH ANY OF THEM IS NAMED AS A PARTY (INCLUDING REASONABLE ATTORNEYS’ FEES) UNLESS THE LOSS, LIABILITY, DAMAGE OR COST IS SOLELY DUE TO OUR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

C. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

10. FRANCHISED BUSINESS IMAGE AND OPERATING STANDARDS

A. Condition of Franchised Business and Vehicle. You agree to replace worn out or obsolete fixtures, equipment, furniture, or signs, and you agree to repair the interior and exterior of the Franchised Business and periodically clean and redecorate the Franchised Business as we require. If at any time in our reasonable judgment, the general state of the fixtures, equipment, furniture or signs used in operating the Franchised Business do not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency.

You also agree to maintain the condition and appearance of the Approved Vehicle(s) you use in connection with operating the Franchised Business, and repair or replace the Approved Vehicle(s) as we may require, including any rebranding of the vehicle consistent with our requirements. If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Approved Vehicle(s) does not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency.

B. Your Hiring and Training of Employees. As the owner of your Franchised Business, you are solely responsible for the day-to-day operation of your Franchised Business, including all employment related matters and issues that may arise. You will hire all employees of the Franchised Business, be exclusively responsible for the terms of their employment and compensation and implement a training program for Franchised Business employees in compliance with our requirements. You will maintain at all times a staff of trained employees sufficient to operate the Franchised Business in compliance with our standards and applicable law, including ensuring that all of your employees are federally E-verified.

C. Products, Supplies and Materials. You agree that the Franchised Business will only offer for sale those products and services which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. We periodically may modify the lists of products and services, as described in the Manuals. You agree to immediately cease selling products, and offering and performing services, we no longer approve, and you agree to begin offering new or modified products and services within the time period(s) we describe in the Manuals. Certain products and services must be purchased from suppliers we have approved (which may include us and/or our affiliates). You may be required to enter into a supply agreement with such suppliers. We periodically may modify the lists of approved products, brands and suppliers, and you will comply with such modified lists of approved products, brands and suppliers. If you propose to offer for sale any products or services which we have not approved, you must first notify us in writing and provide sufficient information, specifications and samples concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you within a reasonable time (generally within 90 days) whether or not the proposed product, brand and/or supplier is approved. We reserve the right to charge an evaluation and/or testing fee in connection with this process. We may develop procedures for the submission of requests for approved brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We may impose limits on the number of suppliers and/or brands for any products and services to be used in the Franchised Business. You agree that certain products may only be available from one source, and we or our affiliates may be that source. You must, at all times, maintain an inventory of products sufficient in quantity and variety to realize the full potential of the Franchised Business or as we require or suggest in the Manuals. Neither we nor our affiliates, however, guaranty that product will be available from us or any third party supplier. YOU

ACKNOWLEDGE AND AGREE THAT WITH RESPECT TO ANY GOODS OR SERVICES SUPPLIED OR SOLD BY APPROVED SUPPLIERS OTHER THAN US OR OUR AFFILIATES, NOW AND IN THE FUTURE, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE.

ANY ULTRA POOL CARE SQUAD® GOODS OR SERVICES SUPPLIED OR SOLD BY US OR OUR AFFILIATES ARE SUBJECT TO THE LIMITED WARRANTY PROVIDED TO US OR OUR AFFILIATES BY OUR OR OUR AFFILIATES' SUPPLIERS AND MANUFACTURERS. THE TERMS OF THE LIMITED WARRANTY WILL BE PROVIDED TO YOU UPON THE PURCHASE OF THE GOODS AND SERVICES FROM US OR OUR AFFILIATES. WE AND OUR AFFILIATES DISCLAIM ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL WE OR OUR AFFILIATES BE LIABLE FOR ANY LOST PROFITS, LOST REVENUES, OR ANY CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND.

D. Standards of Service. You must at all times give prompt, courteous and efficient service to your customers. You must, in all dealings with your customers, suppliers and the public, adhere to the highest standards of honesty, integrity and fair dealing. We reserve the right to establish procedures and policies regarding customer feedback, whether through surveys, emails, telephone calls, comment cards, and other forms of customer communication, as may be set forth in the Manuals. You will fully participate in and comply with all such customer satisfaction systems we sponsor or maintain ("Customer Satisfaction Programs") and you agree to pay any fees or charges imposed by us for your participation in such programs, which will be set forth in the Manuals. We reserve the right to begin, modify, or discontinue any Customer Satisfaction Programs.

E. Specifications, Standards and Procedures. While you are solely responsible for the day-to-day operation of your Franchised Business, you acknowledge that we will impose certain mandatory specifications, standards and operating procedures (whether contained in the Manuals or any other written communication to you) that must be met to protect the Marks, customer experience and other Ultra Pool Care Squad businesses. You agree to comply with all mandatory specifications, standards and operating procedures we impose, including:

1. type and quality of products and services offered through the Franchised Business;
2. quality and uniformity of service and sales of all products and services at the Franchised Business;
3. methods and procedures relating to marketing, dealing with customers and providing services;
4. the hours and days during which the Franchised Business is open for business as specified in the Manuals;
5. the safety, maintenance, cleanliness, function and appearance of the Franchised Business and its trucks, equipment and signs;
6. the style, make and/or type of equipment used in operating the Franchised Business;

7. use of promotional or branded signs, posters, displays, standard formats and similar items;
8. Franchised Business advertising and promotion;
9. complying with all laws and regulations relating to privacy and data protection and complying with any and all privacy policies or data protection and breach response policies we periodically may establish; and
10. complying with all laws, regulations and certifications as we deem relevant.

F. Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us in writing within 24 hours of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, or award of decree by any court, agency or other governmental instrumentality, that may adversely affect the operation or financial condition of you or the Franchised Business. You must notify us immediately of any suspected data breach at or in connection with the Franchised Business. You will not conduct any business or advertising practice which injures other Ultra Pool Care Squad businesses, the System or the goodwill associated with the Marks.

G. Management of the Franchised Business/Conflicting Interests. The Franchised Business must at all times be under the direct supervision of the Designated Owner. The Designated Owner must at all times faithfully, honestly and diligently perform your obligations and continuously use his/her best efforts to promote and enhance the business of the Franchised Business. In addition, the Operating Manager must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments or otherwise may conflict with your obligations.

H. Insurance. You agree to purchase and maintain in force, at your expense, all of the insurance coverage we require in the types and amounts described in the Manuals. All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us; (2) will name us and our affiliates as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the minimum insurance coverage that we designate in the Manuals for each Ultra Pool Care Squad franchised business that you operate, including this Franchised Business; and (5) provide that we will receive 30 days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with copies of the certificate of insurance, insurance policy endorsements or other evidence of compliance with these requirements at least 2 weeks before you take possession and commence development of the Franchised Business premises, and at such other times as we may require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require.

I. Participation in Internet Website. We require you to participate in an Ultra Pool Care Squad® website listed on the Internet or other online communications and participate in any extranet system we designate. We will determine the content and use of an Ultra Pool Care Squad® website and extranet system and will establish rules under which franchisees will participate. We will retain all rights relating to the Ultra Pool Care Squad website and extranet system and may alter the website or extranet system upon 30 days' notice to you. Your general conduct on the Internet and any extranet system we designate, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation in the Internet), will be subject to the provisions of this Agreement. You acknowledge that certain information obtained through your online participation in the website or extranet system is considered Confidential Information, including access codes and identification codes. Your right to participate in the Ultra Pool Care Squad website or extranet system or otherwise use the Marks or the System on the Internet will terminate when this Agreement expires or terminates.

J. E-Commerce Programs. We reserve the right to establish e-commerce programs designed to expand the market for Ultra Pool Care Squad products and services through sales of product or equipment on a centralized Internet website. If we require and you meet our then-current qualifications for the program, you will participate in such programs in accordance with the rules and policies we establish.

K. Participation in Certain Programs and Promotions. You must use your best efforts to promote and advertise your Franchised Business and must participate in all advertising and promotional programs we establish in the manner we direct. You must participate in any mystery shopper program we designate and may be required to pay a fee in connection with any designated mystery shopper program. If you do not receive a passing score in connection with any mystery shopper program or quality assurance check we conduct, you must take all actions necessary to address any deficiency and we reserve the right to seek reimbursement from you for any costs and expenses we incur in connection with the mystery shopper program or quality assurance check.

L. Call Center and Centralized Customer Appointment Program; Toll Free Line. We may develop and maintain a call center (the "Call Center") and centralized system for processing customer inquiries, allocating customer leads, and/or setting appointments among Ultra Pool Care Squad businesses (the "Customer Appointment Program"). If established, you must participate in the current Customer Appointment Program, and any future System-wide call center, toll-free telephone number or other form of centralized customer contact portal that we, in our sole discretion, may develop for the System (together with any Call Center and/or Customer Appointment Program then in existence, the "System Call Center"). You must adhere to our guidelines in connection with the System Call Center. We reserve the right to require you to use the System Call Center as the sole form of communication for customers contacting the Franchised Business and to require that all advertising you conduct include the system-wide toll-free number or other identifying information for the System Call Center, to the exclusion of any other phone number(s) or contact information. We reserve the right to place reasonable conditions on your continued participation in the System Call Center, including without limitation the requirement that you are at all times in compliance with the Franchise Agreement. System Call Center guidelines shall be as specified in the Manual or as otherwise communicated by us to you from time to time in writing. We reserve the right, in our sole judgment, to modify the System Call Center guidelines and fees from time to time, or to discontinue the System Call Center, as we deem advisable.

M. Inspections by Governmental Authority. You will promptly advise us of any inspections of, or written or oral inquiries by a governmental authority about, the Franchised Business or any products or services sold and performed as part of the Franchised Business, and in any event no later than 2 days after you receive notice of such inspection or inquiry. You will provide us with any report or

correspondence issued by or provided to a governmental authority in connection with any inspection or inquiry referred to in this Section 10(M) within 2 days of your receipt or submission.

N. Investigation of Complaints. You will report all customer complaints to us within 1 day of your receipt of the complaint in accordance with the following: (i) if the complaint is received by telephone, you will report such complaint directly to our head office at (865) 219-2880; or (ii) if a written complaint is received, you will report such complaint by faxing or the written complaint to us at (865) 219-2889 or emailing the written complaint to us at complaints@ultrapoolcaresquad.com. We may revise the reporting process provided in this Section 10(N) from time to time and will notify you of any such changes in writing. All complaints arising from your supply and installation of the approved products and services to your customers will be your sole responsibility to correct; provided, however, in the event that we become aware of any customer complaint that has not been satisfactorily resolved within 30 days, we reserve the right, in our sole discretion but at your sole expense, to directly or indirectly resolve any such dispute involving amounts in controversy not exceeding \$5,000 upon such terms as it believes are most conducive to the goodwill and reputation of the Ultra Pool Care Squad Marks and System. Within 30 days of written demand therefor, you will remit to us or our affiliate reimbursement for any amount (or for the fair value of goods and services) advanced to resolve such issue.

11. ADVERTISING

A. Marketing Fund. Commencing on the earlier of 90 days after the Effective Date or the date you have been approved by us to open the Franchised Business, you will pay a fee (“Marketing Fee”) to be deposited in a national marketing fund (the “Marketing Fund”). As of the Effective Date, the Marketing Fee is equal to the greater of \$250 per month or 2.5% of Gross Revenue per month. The Marketing Fee may be updated upon 60 days’ written notice from us, but in no event shall exceed four percent (4%) of Gross Revenue. These contributions are not refundable. Required payments to the Marketing Fund will be made electronically at the same time and in the same manner as payment for the Monthly Royalty Fee. Such payment shall be made in addition to and exclusive of any sums that you may be required to spend on local marketing and promotion. The Marketing Fund shall be maintained and administered by us or our designee, as follows:

(i) We will oversee all Marketing Fund programs and have sole control over creative concepts, materials and media used in such programs including placement and allocation. We will use the Marketing Fund to develop marketing initiatives and to otherwise promote the Marks and System. We cannot and do not ensure that any particular franchisee will benefit directly or pro rata from the advertising.

(ii) We will administer and control the Marketing Fund and will have the absolute and unilateral right to determine how, when and where the monies in the Marketing Fund will be spent. This includes (but is not limited to) the right to use Marketing Fund monies for: (i) broadcast and print advertising; (ii) the creation, design, development, production and printing of advertising and promotional materials, including, but not limited to, ad slicks, radio, film and television commercials, videotapes, direct mail pieces, brochures and other print advertising; (iii) search engine optimization or other forms of Internet-based promotion; (iv) any marketing or related research and development; (v) promotional materials provided to franchised businesses; (vi) advertising and marketing expenses, including payment for research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, customer incentive programs, sponsorships, marketing meetings and sales incentives, development and enhancement of Web pages, Internet access provider costs, and administrative costs; (vii) the System Call Center; and (viii) administrative and overhead costs associated with operation of the Marketing Fund and System Call Center,

including without limitation salaries, benefits, and expenses of personnel and the internal labor costs attributable to the same. All sums paid by you to the Marketing Fund will be ~~maintained in a separate account~~ accounted for separately from our general funds and shall not be used to defray any of our general operating expenses, except for actual time spent designing and adapting the creation of advertising and promotional materials for the Ultra Pool Care Squad franchisees and such reasonable administrative costs and overhead, if any, as we may incur in activities reasonably related to the administration or direction of the Marketing Fund and advertising programs including, without limitation, costs incurred in collecting and accounting for assessments for the Marketing Fund, rent and related occupancy expenses of the marketing department, and salaries, benefits and expenses for marketing support personnel.

(iii) There is no requirement that contributions to the Marketing Fund be expended during the fiscal year within which contributions are made. Any monies not expended in the fiscal year in which they were contributed will be applied and used for Marketing Fund expenses in the following year.

(iv) Although we intend the Marketing Fund to be of perpetual duration, we reserve the right to terminate the Marketing Fund. We will not terminate the Marketing Fund, however, until all monies in the Marketing Fund have been expended for marketing and promotional purposes.

(v) Upon written request, we will provide you an unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent calendar year.

B. Local Marketing Expenditures, Approved Materials. In addition to the Marketing Fee, you must spend a minimum of 2.5% of Gross Revenue each calendar month on “approved” local marketing (“Minimum Local Marketing Expenditure”). Within 10 days of the end of each calendar year, you must provide us with itemization and documentation of the amounts that you have spent for approved local marketing. If you fail to spend the Minimum Local Marketing Expenditure during the previous calendar year on approved local marketing, you will pay us the difference between the Minimum Local Marketing Expenditure and what was actually spent for approved advertising during the calendar year. We will deposit that amount in the System Marketing Fund. For purposes of this Section, advertising and promotional activities are “approved” if they conform to our marketing policies as we may specify (and modify) from time to time in the Manuals or otherwise in writing, which guidelines may include restrictions regarding the areas in which you may conduct marketing activity, and must be primarily towards customers within its Protected Territory. You must use only such marketing materials as we furnish, approve in writing, or make available. From time to time, we or our affiliates may provide a marketing incentive to you based on your purchase of certain products. If such a program shall ever become available, you must abide by all of the requirements of the program in order to receive the marketing incentive. Such incentive(s) may be used to offset your required expenditures for the Minimum Local Marketing Expenditure, as we direct.

C. Mailer Program. Beginning on the Effective Date, (i) during the first 12-months of operating the Franchised Business, you must send between four (4) and six (6) mailings, that we approve, to existing and potential customers within your Protected Territory, and (ii) during each subsequent 12-month period, you must send up to six (6) mailings as we determine and that we approve, to existing and potential customers within your Protected Territory (collectively, the “Mailer Program”). The cost of the Mailer Program will count towards your Minimum Local Marketing Expenditure. We may modify, discontinue, or replace this program at any time upon written notice to you, and you must comply with such written notice.

D. Approved Advertising and Franchised Business Promotion Materials. You will use only our approved advertising and promotional materials approved by us in promoting the Franchised Business. If you desire to use any advertising or promotional materials in promoting the Franchised Business which we previously have not approved, it must be submitted to us and you must obtain written approval from us at least 10 days before using any such materials, which approval will not be unreasonably withheld. If no response is received it should be considered unapproved. If we later determine that your advertising materials do not satisfy our then-current advertising and promotional standards, you will immediately cease using such materials upon written notice from us.

E. Participation in Certain Programs and Promotions. You will use your best efforts to promote and advertise the Franchised Business and will participate in all advertising and promotional programs we establish in the manner we direct. We may provide you with advertising templates at no cost. If you order any advertising materials from us, we reserve the right to charge you a fee, plus any shipping expenses we incur. You will have the right to advertise and sell your services at the prices you determine, provided such prices are consistent with our general marketing and advertising guidelines.

12. RECORDS AND REPORTS

A. Accounting and Records. During the Term of this Agreement, you will, at your expense, maintain and retain for a minimum of 5 years from the date of their preparation, complete and accurate books, records and accounts (using such methods of bookkeeping and accounting as we may require) relating to the Franchised Business (the "Records"), in the form and manner we direct in the Manuals or otherwise in writing. The Records will include the following: (i) monthly profit and loss statements, (ii) a monthly chart of accounts and income statements in a format we designate; (iii) all tax returns relating to the Franchised Business; and (iv) such other records and information as we periodically may request. You will be permitted to preserve Records and submit reports electronically, consistent with our requirements. As noted in Section 5(D) of this Agreement, we may electronically access all financial information, Records and Customer Data located on your Computer System. We reserve the right to require you to work with a third-party accounting firm we designate if you fail to maintain the Records in the form we require.

B. Reports and Tax Returns. You will deliver to us, or provide us access to, the following: (1) within 30 days following the end of quarter, quarterly financial statements for the previous quarter that include a complete profit and loss statement and a balance sheet, a chart of accounts, and an income statement; (2) within 45 days following your Franchised Business' fiscal year end, an annual profit and loss statement and source and use of funds statement for the Franchised Business for the preceding calendar year and a balance sheet for the Franchised Business as of the end of the year, (3) within 15 days following the end of the previous quarter, quarterly royalty reports of weekly revenue and royalties due, and (4) by May 1 of each year a copy of your income tax return, sales tax return and/or payroll tax return for the preceding calendar year. If your filing date is extended, a copy of extension request must be submitted to us within 15 days of its filing. You also will provide to us copies of all Records and other information and supporting documents as we designate. All financial statements, reports and information must be on forms we approve and that you have signed and verified.

13. INSPECTION AND AUDITS

A. Our Right to Inspect the Franchised Business. To determine whether you are complying with this Agreement, we may, during regular business hours, inspect the Franchised Business, which may include riding along with you or your employees in the operation of the Franchised Business. You will fully cooperate with our representatives making any inspection and will permit our representatives to interview employees and customers of the Franchised Business.

B. Our Right to Examine Books and Records. We may, at all reasonable times and without prior notice to you, examine, audit, or request copies of the Records (including the books, records and state and/or federal income tax records of the Franchised Business) and the federal income tax returns of any Principal Owner. You must maintain all Records and supporting documents at all times at the Franchised Business premises or your corporate office. You will make financial and other information available at a location we reasonably request and will allow us (and our agents) full and free access to any such information at the Franchised Business or your corporate office. You must make copies of any Records we request and deliver those Records to us or our designee. You otherwise will fully cooperate with our representative and independent accountants hired to conduct any examination or audit.

C. Result of Audit; Unreported Gross Revenue. You must reimburse us for the cost of the audit or examination, including the charges of any independent accountants and the travel expenses, room and board and compensation of our employees, if: (1) an examination or audit is necessary because you failed to timely provide required information; or (2) any examination or audit results in a determination that Gross Revenue for any month is understated by more than 2% or \$2,500 in a 3 month period. The foregoing remedies are in addition to all other of our remedies and rights under applicable law.

14. COVENANTS

A. Non-Solicitation of Customers. You and each Principal Owner and their respective spouses will not, during the Term of this Agreement, and for a period of 2 years thereafter, directly or indirectly, divert or attempt to divert any business, account or customer of the Franchised Business or any other Ultra Pool Care Squad business or the System to any competing business.

B. Covenant Not to Compete During Term. You and each Principal Owner and their respective spouses will not, during the Term of this Agreement, directly, or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business offering commercial and/or residential pool care, cleaning, maintenance and/or repair services and/or related products that is competitive with an Ultra Pool Care Squad business, except: (i) with our prior written consent; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities.

C. Post-Term Covenant Not to Compete. You and each Principal Owner and their respective spouses will not, for a period of 2 years after this Agreement expires or is terminated or the date on which you cease to operate the Franchised Business under this Agreement, whichever is later, directly, or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity with any business offering commercial and/or residential pool care, cleaning, maintenance and/or repair services and/or related products that is competitive with an Ultra Pool Care Squad business: (i) from the Franchised Business premises, (ii) inside the (your former) Protected Territory; (iii) anywhere within a 10 mile radius of the outside boundary of your former Protected Territory; or (iv) within any other Ultra Pool Care Squad franchisees' protected territory. This Section 14(C) will not apply to: (a) other Ultra Pool Care Squad businesses that you operate under Ultra Pool Care Squad franchise agreements; or (b) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities. You agree that the length of time in this Section 14(C) will be tolled for any period during which you are in breach of the covenants or we must seek to enforce your obligations in this Section.

D. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section in that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section. The covenants stated in this Section will survive the termination or expiration of this Agreement.

15. ASSIGNMENT

A. By Us. This Agreement is fully assignable by us and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement.

B. Your Assignment to Corporation or Limited Liability Company. You (as an individual) may assign this Agreement to a corporation or a limited liability company that conducts no business other than the Franchised Business (or other Ultra Pool Care Squad business under franchise agreements with us), provided: (1) you or the Operating Manager actively manage the Franchised Business; (2) you own at least 51% of the ownership interest in the corporation or limited liability company and we approve all Principal Owners; (3) you and all Principal Owners of the assignee entity sign the Guaranty and Assumption of Obligations Agreement attached hereto as Exhibit C; (4) you provide us 15 days' written notice before the proposed date of assignment of this Agreement to the corporation or limited liability company; (5) you provide to us a certified copy of the articles of incorporation, bylaws, operating agreement, organizational documents, and a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee entity; and (6) the organizational documents and all issued and outstanding stock or membership certificates will bear a legend, in form acceptable to us, reflecting or referring to the assignment restrictions stated in Section 15(C) below. You will not pay a transfer fee for an assignment under this Section 15(B).

C. Your Assignment or Sale of Substantially All of Your Assets. You understand that we have granted the Franchise under this Agreement in reliance on your individual or collective character, attitude, business ability and financial capacity. You and your Principal Owners will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your business, the Franchised Business, substantially all or all of the assets of your business, this Agreement or any interest of 10% or more in you unless you obtain our prior written consent. We will not unreasonably withhold our consent to an assignment, provided you comply with any or all of the following conditions which we may deem necessary:

1. You have satisfied all of your accrued monetary obligations to us, our affiliates and your vendors, and you otherwise are in good standing under this Agreement;
2. The transferee (or the managing Principal Owners, if applicable) is approved by us and demonstrates to our satisfaction that he/she meets our managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to conduct the Franchised Business. You understand that we may communicate directly with the transferee during the transfer process to respond to inquiries, as well as to ensure that the transferee meets our qualifications;
3. The transferee signs our then-current standard form of franchise agreement (although such agreement may provide other rights and obligations from those provided in this Agreement);
4. The transferee successfully completes the initial training program required of new franchisees;

5. If required, the lessor of the Franchised Business premises consents to your assignment or sublease of the premises to the transferee;

6. You pay us an assignment fee equal to \$10,000 and you are responsible for any broker fees associated with any sale;

7. You (and each Principal Owner, if applicable) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

8. We approve the material provisions of the assignment or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset; and

9. You (and each Principal Owner, if applicable) sign an agreement, in form and substance satisfactory to us, in which you and each Principal Owner covenants to observe the post-termination covenant not to compete and all other applicable post-termination obligations.

D. Your Death or Disability. If you (or the Designated Owner) die or are permanently disabled, your executor, administrator or other personal representative, or the remaining Principal Owners, must appoint (if necessary) a competent Operating Manager acceptable to us within a reasonable time, not to exceed 30 days, from the date of death or permanent disability. The appointed Operating Manager must satisfactorily complete our designated training program. If you have been the designated Operating Manager and an approved Operating Manager is not appointed within 30 days after your death or permanent disability, we may, but are not required to, immediately appoint an Operating Manager to maintain Franchised Business operations on your behalf until an approved assignee can assume the management and operation of the Franchised Business. Our appointment of an Operating Manager does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses you incur in operating the Franchised Business or to any creditor of yours for any products, materials, supplies or services purchased by the Franchised Business while it is managed by our appointed manager. We may charge a reasonable fee for management services and may cease to provide management services at any time.

If you (or the Designated Owner) die or are permanently disabled, your executor, administrator, or other personal representative must transfer your interest within a reasonable time, not to exceed 12 months from the date of death or permanent disability, to a person we approve. Such transfers, including transfers by devise or inheritance, will be subject to conditions contained in Section 15(C) above.

E. Public or Private Offerings. Subject to Section 15(C) above, if you (or any of your Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any of your affiliates, you agree to submit to us any written information we request before its inclusion in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we, in our discretion, object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering.

The prospectus or other literature utilized in any offering must contain the following language in boldface type on the first textual page:

“NEITHER ULTRA POOL CARE SQUAD FRANCHISE USA, INC. NOR ANY OF ITS AFFILIATES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER ULTRA POOL CARE SQUAD FRANCHISE USA, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN. NEITHER ULTRA POOL CARE SQUAD FRANCHISE USA, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”

F. Our Right of First Refusal. If you or your Principal Owners at any time during the Term of this Agreement desire to sell or assign for consideration the Franchise, the Franchised Business, an ownership interest representing (in the aggregate) 50% or more of the ownership in you or all or substantially all of your assets, then you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within 30 days following receipt of the proposed offer, to purchase the interest in the Franchised Business or your ownership interest for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of 60 days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 15. If the sale to the proposed purchaser is not completed within 180 days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again have the right of first refusal.

G. Guaranty. All Principal Owners of you will sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit C (the “Guaranty Agreement”). Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of you under the provisions of this Section 15 or otherwise will, as a condition of becoming a Principal Owner, sign the Guaranty Agreement. You will furnish to us at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form we reasonably require, of all shareholders or members of record and all persons having a beneficial interest in any corporation or other entity that is or becomes a franchisee.

16. TERMINATION RIGHTS

A. Termination of Franchise Agreement - Grounds. You will be in default, and we may, at our option, terminate this Agreement, as provided herein, if: (1) you (or the Designated Owner) fail to satisfactorily complete the initial training program or fail to open and commence operations of the Franchised Business at such time as provided in this Agreement; (2) you violate any material provision or obligation of this Agreement; (3) you or any of your managers, directors, officers or any Principal Owner make a material misrepresentation or omission in the application for the Franchise; (4) you or any of your managers, directors, officers or any Principal Owner are convicted of, or plead guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith, or if we have proof that you have committed such a felony, crime or offense; (5) you fail to comply with the material requirements of the System or the material standards of uniformity and quality for the products and services as described in the Manuals or in other communications we have provided; (6) you fail to timely pay Royalty Fees, Marketing Fees or

any other obligations or liabilities due and owing to us or our affiliates or suppliers we approve as a source for required items; (7) you file, or indicate you will imminently file, for bankruptcy or you are otherwise insolvent within the meaning of any applicable state or federal law; (8) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors; (9) you voluntarily or otherwise “abandon” (as defined below) the Franchised Business; (10) you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with the name “Ultra Pool Care Squad,” any of the Marks, or the System; (11) you or a Principal Owner make an unauthorized assignment or transfer of this Agreement, the Franchised Business or an ownership interest in you; (12) you develop or use an unapproved website in connection with the Franchised Business or otherwise conduct any unauthorized activity on the Internet in violation of Section 7(C) above; (13) you are evicted from, or otherwise lose your lease; (14) you disclose Confidential Information, or (15) you fail to comply with the Minimum Performance Requirement outlined in Section 2(E) above;. “Abandon” means your failure to operate the Franchised Business during regular business hours for a period of 5 consecutive days without our prior written consent unless such failure is due to an event of “*force majeure*” as further described in Section 19(H) below.

B. Procedure. Except as described below, you will have 30 days, or such longer period as applicable law may require, after you receive from us a written notice of default within which to remedy any default hereunder, and to provide evidence thereof to us. If you fail to correct the alleged default within that time (or such longer period of time as applicable law may require), this Agreement will terminate without further notice to you effective immediately when the 30-day period (or such longer period as applicable law may require) expires. You will have 10 days, or such longer period as applicable law may require, after you receive from us a written notice of default within which to remedy any monetary default under this Agreement or any other agreement between you and us or our affiliates. If you fail to correct the alleged monetary default within that time (or such longer period of time as applicable law may require), this Agreement will terminate without further notice to you effective immediately when the 10-day period (or such longer period as applicable law may require) expires. We may terminate this Agreement immediately upon delivery of written notice to you, with no opportunity to cure, if the termination results from any of the following: (1) you fail to comply with one or more material requirements of this Agreement on 3 separate occasions within any 12 month period; (2) the nature of your breach makes it not curable; (3) you willfully and repeatedly deceive customers relative to the source, nature or quality of goods sold; (4) any default under items (3), (4), (7), (8), (9), (10), (11), (12), (13), or (14) in Section 16(A) above; or (5) you willfully and materially falsify any report, statement, or other written data furnished to us either during the franchise application process or after you are awarded a franchise. Any report submitted under Section 12(B) will be conclusively deemed to be materially false if it understates Gross Revenue by more than 5% or \$1,000 in a particular month.

C. Termination of Certain Territory Rights. In addition to our rights to terminate this Agreement as described in Sections 16(A) and (B) above, effective thirty 30 days following delivery of notice to you: (1) if you are in default under Section 2(E) of this Agreement for failing to meet the Minimum Performance Requirement, we may reduce or modify the Protected Territory; or (2) if you are unwilling or unable to service 10 or more referrals from the System Call Center in any 12 month period, we may reduce or modify the Protected Territory or service customers, or license others the right service customers, in your Protected Territory.

D. Applicable Law. If the provisions of this Section 16 are inconsistent with applicable law, the applicable law will apply.

17. OBLIGATIONS UPON TERMINATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason other than a termination as a result of our breach, you will:

1. within 10 days after termination or expiration, pay all amounts due and owing to us or our affiliates, including all Royalty Fees, Marketing Fees and accrued interest due under this Agreement;
2. discontinue using, and return to us by first class prepaid United States mail any hard copies of, and delete all electronic copies of, the Manuals, advertising materials, and all other printed materials relating to the operation of the Franchise;
3. cease using and assign to us or, at our discretion, disconnect the telephone number for the Franchised Business. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks or used in connection with operating the Franchised Business, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;
4. cease using and assign to us all email addresses and/or social media accounts used in connection with the Franchised Business;
5. remove from the Franchised Business premises and from any vehicle used in operating the Franchised Business, all signs, posters, fixtures, decals, wall coverings and other materials that are distinctive of a Franchised Business or bear the name Ultra Pool Care Squad or other Marks or any name or mark substantially similar to any Mark;
6. discontinue using the Proprietary Software, including the return of all materials relating to the Proprietary Software, and provide us or our designee with full access to your Computer System hard drive to delete the Proprietary Software and related content;
7. take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;
8. immediately cease using Confidential Information and return to us all documents, including those documents in electronic format, that contain Confidential Information;
9. cease using and transfer to us all Customer Data; and
10. comply with all other applicable provisions of this Agreement, including the non-compete provisions.

Upon termination of this Franchise Agreement for any reason, your right to use the name Ultra Pool Care Squad and the other Marks and the System will immediately terminate and you (and the Principal Owners) will not in any way associate yourself/themselves as being associated with us. If you fail to remove all signs and other materials bearing all or any portion of the Marks, we may do so at your expense.

B. Our Option To Purchase Franchised Business. If this Agreement expires or is terminated for any reason (other than our fault), we have the option, upon 30 days' written notice from the date of expiration or termination, to purchase from you any or all the tangible and intangible assets relating to the

Franchised Business, including the Franchised Business premises if you own the Franchised Business premises (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the “Purchased Assets”) and to an assignment of your lease for (1) the Franchised Business premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Franchised Business. If the landlord respecting the lease for the Franchised Business premises is an affiliate of you (controlling, controlled by or under common control with you) we will have the right to assume the lease on terms generally consistent with then-current market rates for space in the immediate area surrounding the Franchised Business location. We may assign to a third party this option to purchase and assignment of leases separate and apart from the remainder of this Agreement. While we have the option to have the lease for the Franchised Business premises assigned to us, we do not have the obligation to take over the lease for the Franchised Business premises.

The purchase price for the Franchised Business will be the fair market value of the Purchased Assets; provided that: (1) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (2) we may exclude from fair market value any provision for goodwill or similar value attributable to intangible property (such as the Marks and Confidential Information). If the parties cannot agree on fair market value within a reasonable time, we will designate an independent appraiser to determine the fair market value of the Purchased Assets. The determination of such appraiser will be binding on the parties hereto, and the costs of such appraisal will be divided equally between you and us. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed 60 days, after the fair market value is determined. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Franchised Business without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase the Franchised Business, we may, pending the closing, appoint a manager to maintain Franchised Business operations.

If we assume the lease for the Franchised Business under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interest and will pay in full all amounts due the lessor under the lease existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume the lease.

C. Continuing Obligations. All obligations of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

18. DISPUTE RESOLUTION

A. Mediation. Except as otherwise stated in Section 18(A) or 18(D), if you, your affiliates and their respective shareholders, members, owners, directors, managers, employees and/or agents (collectively, “Franchisee Parties”) and/or we, our affiliates, and their respective shareholders, members, owners, directors, managers, employees and/or agents, (collectively, “Franchisor Parties”) allege the existence of a dispute regarding or related to this Agreement, the Franchised Business, the franchise relationship, and any other dispute between the Franchisee Parties and Franchisor Parties, that party must promptly submit any claim, controversy, or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to a mediator agreed between the parties in writing, or failing such agreement within ten (10) calendar days, the parties will refer the claim, controversy, or dispute to a mediator appointed by the American Arbitration Association Mediation Services (“Mediator”) for resolution in accordance with the following provisions:

1. the parties will instruct the Mediator to work with them to attempt to resolve the dispute within the shortest time possible but, in any event, within 20 days after the date of appointment of the Mediator or such longer period as agreed between the Parties and Mediator (“Mediation Period”);

2. the Mediator will determine the time and place for mediation, and will conduct the mediation on the terms of the standard mediation agreement approved by the American Arbitration Association, or if no such agreement exists, on such terms as the Mediator may require; and

3. the parties will cooperate with the Mediator, act in good faith and use their respective reasonable commercial efforts (provided, however, such efforts will be without prejudice to each party’s right to nevertheless continue to assert and adhere to its view of its relative rights and duties) to attempt to resolve the dispute within the Mediation Period.

Either party may bring an action under the applicable provisions of this Section 18 without first submitting the action to mediation under this Section 18(A): (i) for monies owed, (ii) for injunctive relief, or (iii) involving the possession or disposition of, or other relief relating to, real property.

B. Arbitration. Should the mediation not result in a complete resolution of the dispute within the Mediation Period, except as qualified below, any dispute between Franchisee Parties and Franchisor Parties arising under, out of, in connection with or in relation to any dispute regarding or related to this Agreement, the Franchised Business, the franchise relationship, and any other dispute between Franchisee Parties and Franchisor Parties shall be submitted to binding arbitration under the authority of the Federal Arbitration Act (United States) and shall be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures (the “Rules”). Any arbitration must be on an individual basis. The parties and arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void, and the parties must submit all claims to the jurisdiction of the courts. The arbitration shall take place in Knoxville, Knox County, Tennessee or, if we have relocated our headquarters from Knoxville, Tennessee, then in the city where our headquarters are located at the time the dispute is filed for arbitration. The arbitrator must follow the law and not disregard the express terms of this Agreement. A neutral arbitrator knowledgeable in the subject matter of the dispute, with at least 5 years of significant experience in franchise law, shall be selected by the parties in accordance with the Rules. The arbitrator shall have the exclusive authority to determine the arbitrability of any dispute hereunder and, except as provided below, to resolve any dispute relating to the interpretation, applicability and enforceability of this Agreement.

Notwithstanding anything to the contrary herein, federal law under the Federal Arbitration Act shall govern the arbitrability of disputes regarding the formation of this Agreement, including but not limited to any claim that all or part of this Agreement is void or voidable, which disputes shall be determined by the arbitrator pursuant to such federal law under the Federal Arbitration Act. A judgment may be entered upon the arbitration award by any federal, provincial or state court in the state or province where we maintain our headquarters or the state or province where your Franchised Business is located. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

Notwithstanding the foregoing, the parties agree that the following claims will not be subject to the arbitration requirements of this Section 18(B), (i) for monies owed, (ii) any action for declaratory or equitable relief, including injunctive relief as described in Section 18(E) below, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder, and (ii) any action in ejectment or for possession of any interest in real or personal property.

C. Governing Law. Subject to our rights under federal trademark laws, this Agreement will be governed by and construed under the procedural and substantive laws of the state of Tennessee, without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws.

D. Injunctive Relief. You recognize that a single franchisee's failure to comply with the terms of this Agreement could cause irreparable damage to us and/or to some or all other Ultra Pool Care Squad franchisees. Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' and/or lawyers' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrator. This right is provided to us in addition to and without prejudice to any other remedies we may have under this Agreement, at law or in equity, including without limitation the right to sue for damages. You agree that we may petition any court of competent jurisdiction that we elect for the entry of temporary and permanent injunctions and/or decrees of specific performance, without complying with the negotiation, mediation or arbitration requirements of this Section 18.

E. Continued Performance. Each party will continue to perform this Agreement notwithstanding the existence of any dispute or proceeding under this Section 18; provided, however, that this provision will not affect the termination rights set forth in Section 18.

F. Attorneys' Fees. The non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

G. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or your Franchised Business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one year limitation of time is prohibited or invalid under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

H. Statutes of Limitation; Statutes of Repose. If the time period for initiating a claim will expire prior to the end of the Negotiation Period or Mediation Period, then the party bringing the claim may proceed to initiate arbitration, but agrees to have the arbitration proceeding stayed until after the expiration of the Negotiation Period and/or the Mediation Period, as applicable.

19. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the

termination or non-renewal of this Agreement than is required, or the taking of some other action not required, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach. In addition, acceptance by us of any payments or partial payments due to us under this Agreement shall not be deemed a waiver by us of any preceding or succeeding breach by you of any terms, provisions, covenants, or conditions of this Agreement, or other amounts due.

C. Rights of Parties are Cumulative. The rights that we and you have are cumulative and no exercise or enforcement by either party of any right or remedy precludes such party from exercising or enforcing any other right or remedy to which such party is entitled by law or equity to enforce.

D. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

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

1. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

F. WAIVER OF PUNITIVE DAMAGES. YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

G. WAIVER OF JURY TRIAL. YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

H. Force Majeure. If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, pandemics, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

I. Notice of Our Potential Profit. We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the Franchised Business on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights licensed to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

J. Entire Agreement. The “Introduction” section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we provided to you.

20. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be delivered by hand, sent by a recognized overnight delivery service or by registered U.S. Mail, or by other means which provides the sender with evidence of delivery, or of rejected delivery, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party. Any notice by a means which provides the sender with evidence of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

21. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

A. Franchisee Warranties. You represent, warrant, and covenant to us that:

1. if you are an entity, you are (i) duly organized, validly existing and in good standing and has all requisite power and authority to carry on its business as now conducted; and (ii) duly qualified to transact business and in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its business or properties;

2. all action on the part of you, your officers, directors, managers, members and shareholders, if any, necessary for the authorization, execution, and delivery of this Agreement has been taken, and the performance of all your obligations hereunder constitute valid and legally binding obligations of you, enforceable against you in accordance with the respective terms hereof; and

3. Your execution, delivery and performance of this Agreement will not (i) violate, conflict with or result in a breach of any applicable law; (ii) require the consent, authorization or approval of any other person or entity not a party to this Agreement; (iii) permit the acceleration of the maturity of any indebtedness of you; or (iv) violate or conflict with any provisions of the certificate or articles of incorporation, charter, bylaw or similar organizational instruments, if any, of you.

B. Success of Franchised Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owner's) ability as an independent businessman, and your active participation in the daily affairs of the Franchised Business as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

C. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, potential earnings or profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce you to accept this franchise and sign this Agreement.

D. Receipt of Documents. You represent and acknowledge that you have received our Franchise Disclosure Document at least 14 calendar days before the date of the execution of this Agreement. In addition, you represent and acknowledge that you received from us a copy of this Agreement with all material blanks filled in at least 7 calendar days before the date of execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

E. Other Franchises. You acknowledge that our other franchisees of the Company have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

COMPANY/US:

FRANCHISEE/YOU:

Ultra Pool Care Squad Franchise USA, Inc.

By: _____
Name: David Pain
Title: Chief Executive Officer

By: _____
Name: _____
Title: _____

EXHIBIT A

TO FRANCHISE AGREEMENT

FRANCHISED BUSINESS LOCATION AND PROTECTED TERRITORY

This Exhibit is attached to and is an integral part of the Ultra Pool Care Squad Franchise Agreement dated _____, 20____ (the "Franchise Agreement"), between us and you.

- 1. Initial Franchise Fee. The Initial Franchise Fee is \$_____.
- 2. Franchised Business Location. The Franchised Business will be located at the following premises: _____.

If the premises for the Franchised Business has not been designated as of the Effective Date, we will update this Exhibit A to include the address for the Franchised Business premises once determined.

- 3. Protected Territory. The Protected Territory includes the following geographic area:

_____.

- 4. Opening Campaign Spend. The Opening Campaign Spend is \$_____.
- 5. Designated Owner. The Designated Owner is: _____.
- 6. Permitted Name. The Permitted Name is: Ultra Pool Care Squad of _____.
- 7. Defined Terms. All capitalized terms contained in this Exhibit A and not defined herein will have the same meaning as provided in the Franchise Agreement.

COMPANY/US:

FRANCHISEE/YOU:

Ultra Pool Care Squad Franchise USA, Inc.

By: _____
Name: David Pain
Title: Chief Executive Officer

By: _____
Name: _____
Title: _____

EXHIBIT B
TO FRANCHISE AGREEMENT
ELECTRONIC TRANSFER OF FUNDS FORM

Date: _____, 20_____

I, the undersigned officer of _____ (“Franchisee”), hereby authorize Ultra Pool Care Squad Franchise USA, Inc. to withdraw or deposit funds, utilizing the following account, by ACH draft or electronic debit for payment or receipt of funds relating to Royalty Fees, Tech Fees, Marketing Fees and any other fees or amounts due under the Ultra Pool Care Squad Franchised Agreement. If Franchisee has not established an account for ACH/debit payments as of the execution date of the Franchise Agreement, Franchisee agrees to provide to Ultra Pool Care Squad Franchise USA, Inc. the missing information before commencement of the initial training program.

Name on the Account: _____

Address: _____

City, State, Zip: _____

Bank Routing Number: _____

Bank Account Number: _____

E-mail Confirmation: _____

Signature: _____

Name: _____

Title: _____

EXHIBIT C

TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS AGREEMENT

In consideration of the execution of the Franchise Agreement dated _____ (the "Agreement") by Ultra Pool Care Squad Franchise USA, Inc. (the "Company," "we" or "us"), each of the undersigned (a "Guarantor") personally and unconditionally guarantees to us, and our successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement that _____ (the "Franchisee" or "you") will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he/she may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and your other Guarantors;

(2) Guarantor will make any payment or perform any obligation required under the Agreement upon demand if you fail to do so;

(3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;

(4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in Section 14 and the dispute resolution provisions contained in Section 18 of the Agreement.

(7) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses we incur in enforcing this Guaranty and Assumption of Obligations Agreement (this "Guaranty Agreement") against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Guarantor(s), Company, and Franchisee agree that the following Sections of the Agreement apply to Guarantor(s) and to this Guaranty Agreement: Section 17(C) (Survival); Section 19(B) (Waiver of Obligations); Section 18(A) (Mediation); Section 18(B) (Arbitration); Section 18(C) (Governing Law); Section 18(D) (Injunctive Relief); Section 18(F) (Attorneys' Fees); Section 19(F) (Waiver of Punitive Damages); Section 19(G) (Waiver of Jury Trial); Section 19(D) (Binding Effect); Section 19(E) (Interpretation of Rights and Obligations); Section 19(J) (Entire Agreement); and Section 20 (Notices).

Each of the undersigned has signed this Guaranty Agreement as of the same day and year as the Agreement was executed.

GUARANTOR(S) (PERCENTAGE OF OWNERSHIP)

_____ ()

_____ ()

_____ ()

_____ ()

_____ ()

EXHIBIT D
TO FRANCHISE AGREEMENT
POOL COVER ADDENDUM

This Pool Cover Addendum (“Addendum”) is entered into this _____, 20____ by and between Ultra Pool Care Squad Franchise USA, Inc., a Nevada corporation (“we” or “us”), and _____, a _____ formed and operating under the laws of the State of _____ (“you”), and _____ (“Guarantors”).

INTRODUCTION

A. You and we are parties to an Ultra Pool Care Squad® franchise agreement dated the same date as this Addendum (together with all exhibits, addenda, and amendments, the “Franchise Agreement”), and the Guarantors agreed to personally guarantee Franchisee’s obligations under the Franchise Agreement.

B. You desire to offer pool cover installation and repair products and services (“Pool Cover Services”) as part of your Franchised Business, and we agree to permit you to provide the Pool Cover Services in accordance with the Franchise Agreement and this Addendum.

C. You and we desire to enter into this Addendum to reflect our agreement regarding the Pool Cover Services.

AGREEMENT

1. Initial Fee. In connection with granting you the right to offer and sell Pool Care Services in the Franchised Business, and in connection with providing the training described in Section 4 below, you will pay us a pool cover services fee (the “Pool Cover Services Training Fee”) equal to \$7,500. The Pool Cover Services Training Fee is due and payable to us when you sign this Addendum. The Pool Cover Services Training Fee is fully earned by us upon receipt and is non-refundable under any circumstances.

2. Pool Cover Services. Subject to the provisions contained in this Addendum, we grant you the right to offer and sell Pool Cover Services as part of the Franchised Business within the Protected Territory. So long as you are in compliance with the terms of the Franchise Agreement and this Addendum, we will not locate or franchise another to locate another Ultra Pool Care Squad business that offers and sells Pool Cover Services within the Protected Territory.

3. Training. In addition to the initial training program described in Section 6(A) of the Franchise Agreement, your Designated Owner and two pool cover specialists must attend our initial training program regarding Pool Cover Services, provided at a place and time we designate. If the Designated Owner and Operating Manager are two different people, your Operating Manager must also attend our initial training program with the Designated Owner. If we require, or you request that we provide the pool cover services initial training program to any additional individuals, then we reserve the right to charge you our then-current initial training fee. You are solely responsible for the compensation, travel, lodging and living expenses your Designated Owner, your Operating Manager, and your

employees incur in attending the initial training program and any supplemental or refresher training programs. The pool cover services initial training program will take place at our facilities in Knoxville, Tennessee, or such other place as we may designate. You must make arrangements and pay all expenses (including transportation, lodging, meals, wages, insurance, etc.) for the Designated Owner (and, if applicable, your Operating Manager) to attend the pool cover services initial training program. Any new Designated Owner and Operating Manager must comply with our training requirements within a reasonable time as we specify. You will be responsible for all costs of such additional training, as specified above.

4. Non-Compete. The parties understand and agree that Sections 14(B) and 14(C) of the Franchise Agreement are amended such that Pool Care Services are included in the commercial and residential pool care or repair services or products that is competitive with an Ultra Pool Care Squad business.

5. Assignment. If you desire to assign your business, the Franchised Business, substantially all or all of the assets of your business, the Franchise Agreement or any interest of 10% or more in you pursuant to Section 15 of the Franchise Agreement, then we may require the transferee to sign our the-current form of Pool Cover Addendum, pay the then-current Pool Cover Services Training Fee, and attend the pool cover services initial training program as a condition to such proposed transfer.

6. Gross Revenue. You understand and agree that the aggregate amount of all sales of goods and services, whether for cash, by check, credit card or otherwise, made or provided at or in connection with the Pool Care Services is included in the definition of “Gross Revenue” under the Franchise Agreement.

7. General Terms. The recitals set forth above are incorporated in this Addendum as if fully set forth herein. All capitalized terms contained in this Addendum not defined herein will have the same meaning as provided in the Franchise Agreement. This Addendum may be signed in counterparts, and each counterpart when so signed and delivered will be deemed an original.

COMPANY/US:

FRANCHISEE/YOU:

Ultra Pool Care Squad Franchise USA, Inc.

By: _____

Name: David Pain

Title: Chief Executive Officer

By: _____

Name: _____

Title: _____

ATTACHMENT C

TO ULTRA POOL CARE SQUAD FDD

LIST OF CURRENT FRANCHISEES
AS OF December 31, ~~2022~~2023

Franchise Name	Address / Location	Phone Number
Jason Craycraft*	4445 Weaver Court North, Hilliard, OH 43026	614.778.1208
Louis Zarzour*	2293 Red Tail Ln., Chattanooga, TN 37421	423.313.4393
<u>Slater Chapa</u>	<u>1725 Cox Lane, San Angelo, TX 76903</u>	<u>325.939.9230</u>
Caden Jensen*	62 North 800 West, Springville, UT 84663.	385.219.8360

~~*Signed Franchise Agreement, but Outlet not Open.~~

LIST OF FORMER FRANCHISEES
AS OF December 31, ~~2022~~2023

Franchise Name	Address / Location	Phone Number
<u>Angel Rocha</u>	<u>3904 Gentle Mdw, New Braunfels, TX 78130</u>	<u>805.205.3619</u>
Slater Chapa	San Angelo, Texas	325.939.9230

**ATTACHMENT D
TO ULTRA POOL CARE SQUAD FDD
STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

ATTACHMENT E
TO ULTRA POOL CARE SQUAD FDD
STATE ADDENDA

CALIFORNIA ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW (CAL. CORP CODE § 31119) REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

OUR WEBSITE <HTTPS://ULTRAPOOLCARESQUAD.COM> HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT <WWW.DFPI.CA.GOV>.

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.

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.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement and multi-territory franchise agreement require franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement and multi-territory franchise agreement. California Corporations Code Section 31512

provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement and multi-territory franchise agreement require application of the laws of Tennessee. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement and multi-territory franchise agreement contain a provision that is inconsistent with the law, the law will control.

The franchise agreement and multi-territory franchise agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 *et seq.*)

The franchise agreement and multi-territory franchise agreement require binding arbitration. The arbitration will occur in Tennessee with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement and multi-territory franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement and multi-territory franchise agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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.

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.

Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

CALIFORNIA ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement requires application of the laws of Tennessee. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Tennessee with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchise is open for business.

2. Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

CALIFORNIA ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI-TERRITORY FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Territory Franchise Agreement, to the extent that the Multi-Territory Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Multi-Territory Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Multi-Territory Franchise Agreement requires application of the laws of Tennessee. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Multi-Territory Franchise Agreement is inconsistent with the law, the law will control.

The Multi-Territory Franchise Agreement requires binding arbitration. The arbitration will occur in Tennessee with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Multi-Territory Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchise is open for business.

2. Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Territory Franchise Agreement.

4. Except as expressly modified by this Addendum, the Multi-Territory Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Multi-Territory Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Territory Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: Ultra Pool Care Squad Franchise USA, Inc. **FRANCHISEE:** _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

HAWAII ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

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.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

HAWAII ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

HAWAII ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI-TERRITORY FRANCHISE AGREEMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

For each territory developed under this agreement, a pro rata portion of the territory fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business in that territory.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ILLINOIS ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 5 Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on our financial statements.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement and Multi-Territory Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement and multi-territory franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement and multi-territory 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 and multi-territory franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Attachment H, Additional Disclosure:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

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 section 19 and 20 of the Illinois Franchise Disclosure Act.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General’s Office based on our financial statements.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

Ultra Pool Care Squad Franchise USA, Inc.

FRANCHISEE:

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

ILLINOIS ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI-TERRITORY FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the multi-territory franchise agreement, to the extent that the multi-territory franchise agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the multi-territory franchise agreement.

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 section 19 and 20 of the Illinois Franchise Disclosure Act.

Payment of initial franchise/development fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Multi-Territory Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Multi-Territory Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Territory Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

Ultra Pool Care Squad Franchise USA, Inc.

FRANCHISEE:

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

~~E-17~~

~~2023~~

2024 Ultra Pool Care Squad FDD

E-17

~~63480016v1~~

63480016v2

MARYLAND ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payment payments by area developers shall be deferred until the first franchise under the multi-territory franchise agreement opens.

Item 17, Additional Disclosures:

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this form selection requirement is legally enforceable.

Our termination of the Franchise Agreement and Multi-Territory Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit 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.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Additional Disclosure:

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.

MARYLAND ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this form selection requirement is legally enforceable.

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.

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 incurred under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, payment of initial fees are deferred until such time as franchisor completes its initial 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.

Sections 21(B), 21(C) and 21(D) of the Franchise Agreement are deleted in their entirety.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: Ultra Pool Care Squad Franchise USA, Inc. **FRANCHISEE:** _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MARYLAND ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI-TERRITORY FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Territory Franchise Agreement, to the extent that the Multi-Territory Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

This multi-territory franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this form selection requirement is legally enforceable.

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.

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 incurred under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Multi-Territory Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Multi-Territory Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the Territory Fee is deferred until the first franchise under the Multi-Territory Franchise Agreement begins operations.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by the area developer shall be deferred until the franchisor

completes its pre-opening obligations under the Multi-Territory Franchise Agreement and the first franchise opens.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Territory Franchise Agreement.

3. Except as expressly modified by this Addendum, the Multi-Territory Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Multi-Territory Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Territory Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise

to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

Attachment H, Additional Disclosure:

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.

MINNESOTA ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days’ notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee’s use of franchisor’s trademarks (“Marks”) infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee’s use of franchisor’s trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee’s use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor’s standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days’ notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor’s trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for

in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: Ultra Pool Care Squad Franchise USA, Inc. **FRANCHISEE:** _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI-TERRITORY FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Territory Franchise Agreement, to the extent that the Multi-Territory Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days’ notice for non-renewal of this Multi-Territory Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee’s use of franchisor’s trademarks (“Marks”) infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee’s use of franchisor’s trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee’s use of the Marks in accordance with the requirements of the Multi-Territory Franchise Agreement and franchisor’s standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days’ notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Multi-Territory Franchise Agreement; or (3) failure of the franchisee to cure a default under the Multi-Territory Franchise Agreement which materially impairs the goodwill associated with the franchisor’s trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Multi-Territory Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Multi-Territory Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Multi-Territory Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Territory Franchise Agreement.

3. Except as expressly modified by this Addendum, the Multi-Territory Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Multi-Territory Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Territory Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____ By: _____
Its: _____ Its: _____
Date: _____ Date: _____

NEW YORK ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

~~To the extent the New York General Business Law, Article 33, §§680–695 applies, the terms of this Addendum apply.~~

Cover Page, Additional

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT ~~DE~~ OR YOUR PUBLIC LIBRARY FOR ~~SOURCES OF~~ SERVICES OR 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~~ THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND ~~NEW YORK~~ THE APPROPRIATE STATE ~~DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005~~ OR PROVINCIAL AUTHORITY. 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~~ THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

~~Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the~~

2. The following is to be added at the end of Item 3:

~~1. Neither we, nor any of our predecessors, nor any~~ Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2 above, nor any or an affiliate offering franchises under ~~our~~ the franchisor's principal trademark.;

A. No such party has ~~any~~ an administrative, criminal, or ~~a material~~ civil ~~or arbitration~~ action pending against ~~him~~ that person alleging: a felony, a violation of ~~any~~ a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, ~~restraint~~ misappropriation of ~~trade~~ property, unfair or deceptive practices, ~~misappropriation of property~~, 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. 2. ~~Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark,~~ No such party has been convicted of a felony or pleaded nolo contendere to ~~any other~~ a felony charge or, ~~during~~ within the ~~ten~~ 10-year period immediately preceding the application for registration, has been convicted of ~~a misdemeanor~~ or pleaded nolo contendere to ~~any~~ a misdemeanor charge or ~~been found liable in an arbitration proceeding or a civil action by final judgment, or~~ has been the subject of ~~any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge,~~ a civil action, complaint, or other such proceeding involving a alleging: violation of any franchise law, antifraud, or securities law; fraud; embezzlement; fraudulent conversion, restraint of trade, or misappropriation of property; or unfair or deceptive practices; misappropriation of property; or comparable ~~allegation~~ allegations.

D. 3. ~~Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark,~~ No such party is subject to any currently effective injunctive or restrictive order or decree relating to ~~franchises~~ the franchise, or under ~~any federal, state~~ a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law ~~as a result of,~~ 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.

Item 4, Additional Disclosure. ~~Item 4 is deleted and replaced with the following:~~

~~4. — Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (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 one year after the officer or general partner of the franchisor held this position in the company or partnership.~~

Item 17, Additional Disclosures.

3. The following is added to the end of the “Summary” sections of Item 17 ~~(e)~~ (c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”: ~~—To~~

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 ~~Section 687.4~~Sections 687(4) and ~~687.5~~687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d) ~~is deleted and replaced with the following language, titled “Termination by franchisee”~~: You may terminate the agreement on any grounds available by law.
 5. The following is added to the end of the “Summary ~~section of Item 17(j): 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 and Multi-Territory Franchise Agreement.~~
- ~~The following is added to the Summary”~~ sections of ~~Items~~Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NEW YORK ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

NEW YORK ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI-TERRITORY FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Territory Franchise Agreement, to the extent that the Multi-Territory Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Multi-Territory Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Multi-Territory Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Territory Franchise Agreement.

3. Except as expressly modified by this Addendum, the Multi-Territory Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Multi-Territory Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Territory Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

NORTH DAKOTA ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement and multi-territory franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement and Multi-Territory Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement and Multi-Territory Franchise Agreement include a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement and Multi-Territory Franchise Agreement stipulate that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement and Multi-Territory Franchise Agreement require the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document, Franchise Agreement and Multi-Territory Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document, Franchise Agreement and Multi-Territory Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement and Multi-Territory Franchise Agreement require the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

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.

NORTH DAKOTA ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

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.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: Ultra Pool Care Squad Franchise USA, Inc. _____ **FRANCHISEE:** _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

NORTH DAKOTA ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI-TERRITORY FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Territory Franchise Agreement, to the extent that the Multi-Territory Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Multi-Territory Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Multi-Territory Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Multi-Territory Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

The Multi-Territory Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

Payment of the territory fee is deferred until such time as the franchisor completes its initial obligations and franchisee opens its first territory.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Territory Franchise Agreement.

3. Except as expressly modified by this Addendum, the Multi-Territory Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Multi-Territory Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Territory Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: Ultra Pool Care Squad Franchise USA, Inc. **FRANCHISEE:** _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

RHODE ISLAND ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

RHODE ISLAND ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

RHODE ISLAND ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI- TERRITORY FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Territory Franchise Agreement, to the extent that the Multi-Territory Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Territory Franchise Agreement.

3. Except as expressly modified by this Addendum, the Multi-Territory Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Multi-Territory Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Territory Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

Ultra Pool Care Squad Franchise USA, Inc.

FRANCHISEE:

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

SOUTH DAKOTA ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE DISCLOSURE DOCUMENT

To the extent the South Dakota Franchise Investment Act, S.D. Codified Laws §§37-5B-53 – 37-5B-53 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

SOUTH DAKOTA ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the South Dakota Franchise Investment Act, S.D. Codified Laws §§37-5B-53 – 37-5B-53 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

VIRGINIA ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and multi-territory franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Franchisee Questionnaires and Acknowledgments:

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.

VIRGINIA ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires franchisor to defer payment of the initial franchise fee and other initial payments owed by franchisee to franchisor until the franchisor has completed its 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **FRANCHISEE:**
Ultra Pool Care Squad Franchise USA, Inc. _____

By: _____ By: _____
Its: _____ Its: _____
Date: _____ Date: _____

VIRGINIA ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI- TERRITORY FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Territory Franchise Agreement, to the extent that the Multi-Territory Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the multi-territory franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires franchisor to defer payment of the initial franchise fee and other initial payments owed by franchisee to franchisor until the franchisor has completed its pre-opening obligations under the multi-territory 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Territory Franchise Agreement.

3. Except as expressly modified by this Addendum, the Multi-Territory Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Multi-Territory Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Territory Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

Ultra Pool Care Squad Franchise USA, Inc.

FRANCHISEE:

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

WASHINGTON ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

Item 17, Additional Disclosure:

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for

inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or 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.

WASHINGTON ADDENDUM TO ULTRA POOL CARE SQUAD FRANCHISE
AGREEMENT AND RELATED AGREEMENTS

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or 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.

Dated this _____ day of _____ 20_____.

Ultra Pool Care Squad Franchise USA, Inc.

FRANCHISEE

WASHINGTON ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI- TERRITORY FRANCHISE AGREEMENT

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

RCW 19.100.180 may supersede the multi-territory 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 multi- territory 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 multi-territory franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the multi- territory 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 multi-territory 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.

For each territory developed under this agreement, a pro rata portion of the territory fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business in that territory.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

Ultra Pool Care Squad Franchise USA, Inc.

FRANCHISEE

WISCONSIN ADDENDUM TO
ULTRA POOL CARE SQUAD FDD

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement, Multi-Territory Franchise Agreement, or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Ultra Pool Care Squad Franchise USA, Inc.

FRANCHISEE: _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

WISCONSIN ADDENDUM TO
ULTRA POOL CARE SQUAD MULTI-TERRITORY FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Territory Franchise Agreement, to the extent that the Multi-Territory Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Territory Franchise Agreement.

3. Except as expressly modified by this Addendum, the Multi-Territory Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Multi-Territory Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Territory Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Ultra Pool Care Squad Franchise USA, Inc.

FRANCHISEE: _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ATTACHMENT F
TO ULTRA POOL CARE SQUAD FDD
GENERAL RELEASE FORM

RELEASE OF CLAIMS

NOTE TO THE PROSPECTIVE FRANCHISEE: THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Ultra Pool Care Squad Franchise USA, Inc. (“Franchisor”) and _____ (“Franchisee”) enter into this Release of Claims (“Agreement”).

RECITALS

- A. Franchisor and Franchisee entered into an Ultra Pool Care Squad Franchise Agreement dated _____, _____.
- B. [NOTE: Describe the circumstances relating to the release.]

AGREEMENTS

- 1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
- 4. **Release.** Franchisee hereby releases Franchisor, its officers, directors, shareholders, members, managers, and agents, and their respective successors, assigns, heirs, and personal representatives, from all debts, representations, agreements, liabilities, actions, and causes of action of every kind and nature arising out of or relating to the Franchise Agreement between Franchisor and Franchisee, the offer and sale of that franchise and the franchise relationship between the parties.
- 5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.] 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.

FRANCHISEE:

FRANCHISOR:

Ultra Pool Care Squad Franchise USA, Inc.

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

ATTACHMENT G

TO ULTRA POOL CARE SQUAD FDD

MANUALS TABLE OF CONTENTS AND TOTAL NUMBER OF PAGES PER SECTION

UPCS OPERATIONS MANUAL

- Preface (1 page)
- Section A: Introduction (24 pages)
- Section B: Pre-Opening (22 pages)
- Section C: Sales and Marketing (44 pages)
- Section D: HR (81 pages)
- Section E: Office and Management (30 pages)
- Section F: Accounting & Technology (25 pages)
- Section G: Pool Tech Service (35 pages)

ATTACHMENT H
TO ULTRA POOL CARE SQUAD FDD
DISCLOSURE ACKNOWLEDGMENT AGREEMENT

Do not sign this Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.

FRANCHISEE DISCLOSURE DOCUMENT QUESTIONNAIRE

Applicant _____
(If corporation) State of Incorporation _____
Address of Applicant _____
Location (Territory) Applied For _____

1. I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to Ultra Pool Care Squad Franchise USA, Inc. (“Franchisor”) the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of Franchisor’s covenants and obligations and my obligations as a franchisee of the Ultra Pool Care Squad System. I understand that the Franchise Agreement contains all obligations of the parties and that Franchisor does not grant to me under the Franchise Agreement any right of first refusal.

4. I understand that this franchise business, as in all business ventures, involves risk and despite assistance and support programs, the success of my business will depend primarily upon me and my ability. In addition, I understand that this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption.

5. Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.

6. I understand that Franchisor has a national marketing and promotional program which is not directed towards any specific franchise territory but is intended to benefit the entire Ultra Pool Care Squad System nationwide. I further understand that amounts from the national marketing and promotional fund will be used, among other purposes, to offset in-house expenses incurred in providing marketing services, media planning and network marketing support, and providing market intelligence through analytics to the Ultra Pool Care Squad System.

7. The financial performance figures do not reflect the exact costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

8. The representations under this Franchise Disclosure Document Questionnaire are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

9. If I was referred to Franchisor by a franchise broker or referral source, the name of that franchise broker(s) or referral source(s) is

_____.

10. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write "None").

The representations under this Franchisee Disclosure Document Questionnaire are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

For California prospective franchisees: You are not required to sign this Questionnaire.

Applicants' Acknowledgment:

Name: _____
Date: _____

Name: _____
Date: _____

*This questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

ATTACHMENT I
TO ULTRA POOL CARE SQUAD FDD
MULTI-TERRITORY FRANCHISE AGREEMENT

**ULTRA POOL CARE SQUAD®
MULTI-TERRITORY FRANCHISE AGREEMENT**

FRANCHISEE

DATE OF AGREEMENT

TABLE OF CONTENTS

<u>Section</u>	<u>Description</u>	<u>Page</u>
1.	REFERENCES AND DEFINITIONS.....	1
2.	USE OF SYSTEM.....	2
3.	DEVELOPMENT RIGHTS AND OBLIGATIONS.....	3
4.	STORE CLOSINGS.....	4
5.	GRANT OF FRANCHISES TO MULTIPLE UNIT FRANCHISEE.....	4
6.	MULTIPLE UNIT FRANCHISE FEE.....	4
7.	SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT.....	4
8.	CONFIDENTIAL INFORMATION.....	5
9.	LICENSED MARKS.....	5
10.	MANAGEMENT OF BUSINESS.....	5
11.	MULTIPLE UNIT FRANCHISEE'S RECORDS AND REPORTS.....	6
12.	RELATIONSHIP OF THE PARTIES.....	6
13.	TERMINATION BY FRANCHISOR.....	6
14.	EFFECT OF TERMINATION AND EXPIRATION.....	8
15.	COVENANTS.....	8
16.	ASSIGNMENT.....	9
17.	DISPUTE RESOLUTION.....	11
18.	ENFORCEMENT.....	13
21.	NOTICES.....	14
22.	ACKNOWLEDGEMENTS.....	15

EXHIBITS

- A - DESIGNATED AREA
- B - DEVELOPMENT SCHEDULE
- C - GUARANTY AND ASSUMPTION OF OBLIGATIONS
- D - FORM FRANCHISE AGREEMENT

**ULTRA POOL CARE SQUAD®
MULTI-TERRITORY FRANCHISE AGREEMENT**

THIS MULTI-TERRITORY FRANCHISE AGREEMENT (this “Agreement”) is made this _____ day of _____, 20____ (the “Effective Date”) between Ultra Pool Care Squad Franchise USA, Inc., a Nevada corporation, with a principal place of business at 2901 Leisure Island Way, Knoxville, TN 37914 (“Franchise”, “we” or “us”), and _____, a _____ formed and operating under the laws of the State of _____ (“Multi-Territory Franchisee” or “you”). If the Multi-Territory Franchisee is more than one individual, the obligations imposed upon each of you shall be joint and several. If Multi-Territory Franchisee is a corporation, partnership, limited liability company, or other entity, the obligations imposed on the Multi-Territory Franchisee are also imposed on the Principal Owners.

INTRODUCTION

A. We have developed a system for the development and operation of a business that offers commercial and residential pool care, cleaning, maintenance, and repair services and related products and services under the Marks (defined in Section 1(E) below) and System (defined in Section 1(I) below).

B. We grant qualified persons the right to develop, own and operate an Ultra Pool Care Squad franchised business using the System at specific locations, and to develop multiple Ultra Pool Care Squad franchised businesses under separate Franchise Agreements.

C. You desire to obtain the right to develop multiple franchised Ultra Pool Care Squad businesses in multiple territories, and we have agreed to grant to you the right to develop multiple franchised Ultra Pool Care Squad businesses in multiple territories subject to the terms and conditions of this Agreement.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. REFERENCES AND DEFINITIONS

A. Franchised Business. “Franchised Business” means an Ultra Pool Care Squad franchised business that you or your affiliated entity has developed and operates, or will develop and operate, in one protected territory under a separate Franchise Agreement.

B. Confidential Information. “Confidential Information” means all information, whether now in existence or hereafter developed, regardless of its form or the medium in which it is stored, that is treated by us as confidential and that is not generally known by third parties without reasonable restriction, and that is disclosed to you or of which you first become aware, whether before or after the Effective Date, either: (i) through disclosure by or on behalf of us or our affiliates to you in connection with this Agreement or your performance hereunder; or (ii) through your involvement with us or as a result of being created by you in performing your obligations under this Agreement or any other agreement between you and our affiliates. Without limiting the foregoing, Confidential Information also includes the following, whether or not marked or designated as “confidential”: (a) any information related to customers, suppliers, business partners or service providers; (b) technical advice and testing results, if any, you provided to us or our affiliates, and any information jointly created by the parties that

we or our affiliates treat or designate as confidential or proprietary; (c) all technology, including without limitation all formulations, inventions, discoveries, products, prototypes, research and development, specifications, design information and formulas and all services, processes, procedures, templates, test results and other information related thereto; (d) the Manuals; and (e) all documents or information related to costs, profit or margin information, employee skills, salaries, finances, financial statements, customer lists, consulting practices, marketing strategies and plans, future business plans and other information related thereto.

C. Designated Area. “Designated Area” means the geographic area described in Exhibit A.

D. Development Schedule. “Development Schedule” means the period of time and cumulative number of Franchised Businesses you must open and operate as established in the Development Schedule (Exhibit B to this Agreement).

E. Franchise Agreement. “Franchise Agreement” means the then-current form of franchise agreement and any exhibits and other documents referenced therein that we customarily use in granting franchises to own and operate an Ultra Pool Care Squad franchised business. You acknowledge that the Franchise Agreement attached as Exhibit D is the current form of Franchise Agreement and we, in our sole discretion, may modify the standard form of Franchise Agreement customarily used in granting an Ultra Pool Care Squad franchise.

F. Marks. “Marks” means the “Ultra Pool Care” and “Ultra Pool Care Squad” trademarks and service marks, and other trademarks, service marks, domain names, logos and commercial symbols that we have designated, or may in the future designate, for use in the System.

G. Operating Manager. “Operating Manager” means any manager you select, and we approve, to manage the development of the Franchised Businesses pursuant to this Agreement.

H. Principal Owner. “Principal Owner” means any person or entity who directly or indirectly owns a 10% or greater interest in you. If any Principal Owner is a corporation, limited liability company, trust, or other entity (other than a partnership), the Principal Owner will include any individual person that is a direct or indirect shareholder or owner that owns or holds 10% or more ownership interest in such entity. If any Principal Owner is a partnership, a Principal Owner will include each general partner of such partnership and, if such general partner is an entity, any individual person that is a direct or indirect person that owns or holds 10% or more ownership interest in such general partner.

I. System. “System” means the Ultra Pool Care Squad system which includes providing commercial and residential pool care and repair services and other related services, that we may designate in the future under the Marks, using certain distinctive types of equipment, computer system, supplies, Confidential Information, business techniques, proprietary software, servicing techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

2. USE OF SYSTEM, MARKS

You acknowledge, and do not contest, our exclusive ownership and rights to each and every aspect of the System and the Marks, as we may in the future, modify or further develop. Your right to use the System and Marks is specifically limited to the provisions of this Agreement and the Franchise Agreements executed by the parties hereto, and is subject to our supervision and control.

3. DEVELOPMENT RIGHTS AND OBLIGATIONS

A. Term of Agreement/Reservation of Rights.

1. Subject to earlier termination as provided herein, this Agreement commences on the Effective Date executed and will end on the last day of the last Development Period as stated in the Development Schedule.

2. We, for ourselves and our affiliates, retain the right: (1) to operate, or to grant other persons the right to operate, Ultra Pool Care Squad businesses that offer and sell pool care, cleaning, and maintenance at locations outside the Designated Area (except to the extent we may be restricted under a separate Ultra Pool Care Squad franchise agreement to which you are a party); (2) to offer and sell, or to grant other persons the right to offer and sell, pool repair services and/or pool cover services within and outside the Designated Area under the Marks or other trademarks; (3) to service customers or offer products or services, or to grant other persons the right to service customers or offer products or services, located inside or outside the Designated Area under any trademarks except for the Marks; (4) to sell products, equipment, and other materials under the Marks or other trademarks through dissimilar channels of distribution (i.e., other than the operation of an Ultra Pool Care Squad business), including by electronic means such as the Internet and by websites we establish, or through retail locations within and outside the Designated Area; (5) to merge with, acquire, be acquired, or become associated with any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the Marks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your Franchised Business, and which may be located anywhere inside or outside the Designated Area; (6) to provide services to Designated Accounts as described further below; and (7) to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks. A “Designated Account” means those customers or accounts we designate, in our sole and absolute discretion, as desiring central billing accounts, or that have at least 20 locations, and such locations are located in more than one franchised or company-owned territory or market.

B. Rights During Development Periods. If you are in full compliance with the terms and conditions contained in (1) this Agreement, including the satisfaction of all development obligations as stated in Exhibit B, and (2) each franchise agreement entered into between you and your affiliates and us for individual Franchised Businesses; then, during the Development Schedule, we will: (i) grant to you or your affiliate that we approve Franchise Agreements to develop, own, and operate Franchised Businesses located within the Designated Area; and (ii) not develop and operate (directly or through an affiliate), nor grant a franchise to a third party to develop and operate, any Ultra Pool Care Squad business that offers and sells pool care, cleaning, and maintenance within the Designated Area, except franchises granted to you. Notwithstanding the foregoing, we reserve the right to develop and operate (directly or through an affiliate), or grant a franchise or license to a third party to develop and operate, an Ultra Pool Care Squad business that offer and sell pool repair services within the Designated Area. If you fail to comply with the Development Schedule, we may terminate this Agreement under Section 13 below or grant individual or multiple unit franchises within the Designated Area to third parties.

C. Development Obligations. During the term of this Agreement, you will honestly and diligently perform your obligations and you will continuously exert your best efforts to promote and enhance the development of Franchised Businesses within the Designated Area. You agree to open and continue to operate the cumulative number of Franchised Businesses as required in the Development Schedule.

D. Extension Fee. If you cannot comply with the Development Schedule, you may request in writing an extension of up to 6 months of the time in which you must open a Franchised Business. You will pay us a nonrefundable extension fee of \$5,000 when you request an extension to the Development Schedule for any Franchised Business. If we grant such an extension, the extension will be limited to the period we permit, but which will not to exceed 6 months from the date of the request. You will not receive more than one (1) extension per Franchised Business (whether under this Agreement or under the Franchise Agreement governing the applicable Franchised Businesses).

4. BUSINESS CLOSINGS

A Franchised Business which is permanently closed, with our written approval, after having been open is deemed open and in operation for purposes of the Development Schedule if a replacement Franchised Business is open and in operation within 6 months from the date of closing. A replacement Franchised Business does not otherwise count toward quotas.

5. GRANT OF FRANCHISES

Subject to the provisions of Sections 3 and 4 of this Agreement, we will grant franchises to you such that you will develop and operate the number of Franchised Businesses stated in Exhibit B and located in the Designated Area under the following conditions:

A. Financial Capability Criteria. You meet the standard financial capability criteria we develop. To this end, you must furnish to us your financial statements and other information regarding the development and operation of the proposed Franchised Business (including pro forma statements and investment and financing plans for the proposed Franchised Business) as we reasonably require.

B. Franchise Agreement; Initial Franchise Fee. You (and your Principal Owners (if any)) must sign the Franchise Agreement and pay the initial franchise fee for a specific Franchised Business (other than the Franchise Agreement for your initial Franchised Business) and return them to us at least 3 months prior to the date by which you must open the Franchised Business pursuant to the Development Schedule. You must sign the Franchise Agreement and pay the initial franchise fee for the initial Franchised Business (unless such Franchised Business previously was developed and currently is in operation) at the time you sign this Agreement.

6. MULTIPLE UNIT FRANCHISE FEE

Upon execution of this Agreement, you must pay to us, as a nonrefundable "Territory Fee," the sum of \$10,000 for each Franchised Business that you agree to establish pursuant to the Development Schedule, which will be credited toward the initial franchise fee under each franchise agreement you execute in connection with this Agreement. The Territory Fee is deemed fully earned by us upon execution of this Agreement and is nonrefundable. The number of Franchised Businesses that you commit to open is described on the Development Schedule.

7. SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT

Each individual Franchise Agreement that you and we sign are independent of this Agreement. The continued effectiveness of any individual Franchise Agreement does not depend on the continued effectiveness of this Agreement. If any conflict arises between this Agreement and any individual Franchise Agreement as to any individual Franchised Business, the applicable Franchise Agreement will control.

8. CONFIDENTIAL INFORMATION

A. Ownership and Use of Confidential Information. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating Franchised Businesses pursuant to this Agreement and each Franchise Agreement. You acknowledge and agree that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is disclosed to you solely on the condition that you agree that you will: (i) not use the Confidential Information in any other business or capacity; (ii) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) not make unauthorized copies of any portion of the Confidential Information disclosed in written form; (iv) adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Franchised Business employees; and (v) require your Principal Owners, Operating Manager, and each of your officers, managers of each Franchised Business, and other employees and agents with access to Confidential Information to sign a non-disclosure agreement in a form we direct or approve.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts, and provide us with the opportunity, to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment of the information required to be so disclosed.

9. MARKS

A. Ownership of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the Term of this Agreement. You agree that your use of the Marks and any goodwill established exclusively benefits us, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not, at any time during the Term of this Agreement or after termination or expiration of this Agreement, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. No Rights to Use of Marks. This Agreement is not a franchise agreement, and does not grant you any right to use in any manner our Marks.

C. Litigation. You must immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and maintain the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark.

10. MANAGEMENT OF BUSINESS

You (or a Principal Owner or Operating Manager) must exert full-time efforts to the obligations respecting this Agreement and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments. You (or the Principal Owner or Operating Manager) must supervise the development and operation of Franchised Businesses and must be engaged in the day-to-day operations of any Franchised Business. You must operate the business respecting this Agreement in full compliance with all applicable laws, ordinances

and regulations. If you desire to designate an Operating Manager, you must provide us with all relevant information available to you concerning the financial background, employment history and experience of the designated manager no later than 15 days before the date upon which the designated manager assumes responsibility as “Operating Manager.” You will obtain our written consent to any Operating Manager. The Operating Manager will devote full time, energy and effort to the management and operation of your business.

11. MULTIPLE UNIT FRANCHISEE’S RECORDS AND REPORTS

You must furnish to us monthly written reports regarding its progress on the development of Franchised Businesses. In addition, you must keep accurate financial records and other records relating to the development and operation of Franchised Businesses in the Designated Area. We may at all reasonable hours examine and make photocopies of all such records or request that you deliver, at your expense, such records to us. All records must be kept available for at least 3 years after preparation.

12. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. Independent Contractor. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture, employer or employee of the other. Neither party will obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You acknowledge and agree that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of ours will have any liability for (i) any of our obligations or liabilities relating to or arising from this Agreement, (ii) any claim against us based on, in respect of, or by reason of, the relationship between you and us, or (iii) any claim against us based on any alleged unlawful act or omission of us.

B. Your Indemnification Obligations. YOU AGREE TO INDEMNIFY AND HOLD US AND OUR SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, STOCKHOLDERS, MEMBERS, DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES AND AGENTS HARMLESS AGAINST, AND TO REIMBURSE THEM FOR, ANY LOSS, LIABILITY OR DAMAGES ARISING OUT OF OR RELATING TO YOUR OWNERSHIP OR OPERATION OF THE FRANCHISED BUSINESSES, AND ALL REASONABLE COSTS OF DEFENDING ANY CLAIM BROUGHT AGAINST ANY OF THEM OR ANY ACTION IN WHICH ANY OF THEM IS NAMED AS A PARTY (INCLUDING REASONABLE ATTORNEYS’ FEES) UNLESS THE LOSS, LIABILITY, DAMAGE OR COST IS SOLELY DUE TO OUR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

C. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

13. TERMINATION BY FRANCHISOR

A. Automatic Termination. You shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you if any one or more of the following occur: (1) you become insolvent or make a general assignment for the benefit of creditors; (2) a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; (3) you are adjudicated bankrupt or insolvent; (4) a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; (5) a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (6) proceedings for a composition with creditors under

any state or federal law should be instituted by or against you; (7) a final judgment remains unsatisfied or of record for 30 calendar days or longer, unless appealed or a *supersedeas* bond is filed; or (8) you are dissolved.

B. Compliance with Development Schedule. You shall be deemed to be in default under this Agreement, and we may immediately take any of the actions described in Section 13(C) and 13(D) below, effective upon providing notice to you if one or more of the following occurs: (1) if you miss a deadline set forth in the Development Schedule; or (2) if a Franchise Agreement executed pursuant to this Agreement is terminated.

C. Termination with Opportunity to Cure. Except as otherwise provided in Sections 13(A) and 13(B) above for any other default by you of your obligations hereunder, including those identified below, upon written notice from us, you will have 30 calendar days to cure such default. If any such default is not cured within the specified time, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the 30 calendar day period or such longer period as applicable law may require. Notwithstanding the foregoing, in the event a default under a Franchise Agreement executed pursuant to this Agreement is not cured, or not curable as provided for in the Franchise Agreement, we may terminate this Agreement upon the expiration of the 30 calendar day period, or immediately, as applicable. If any such default is not cured within the specified time, this Agreement and all rights granted hereunder will terminate without further notice to you, effective immediately upon the expiration of the 30 calendar day period.

D. Remedies Other Than Termination. If we are entitled to terminate this Agreement, we have the right to undertake any one or more of the following actions:

(1) Terminate or modify any rights that you may have with respect to “exclusivity” or protection in the Designated Area, effective immediately upon written notice to you by us.

(2) Modify, or eliminate completely, the Designated Area.

(3) Reduce or modify the remaining number of Franchise Agreements that you (or a person or entity affiliated with or controlled by you) may execute and the remaining number of Franchised Businesses to be developed and operated pursuant to this Agreement.

If any of such rights, options, arrangements, or areas are terminated or modified, such action will be without prejudice to our right to terminate this Agreement, and we will have the right to retain all Development Fees paid by you, and/or to terminate any other rights or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

E. Post-Termination Rights. Upon termination or expiration of this Agreement, you will have no right to establish or operate a Franchised Business for which a Franchise Agreement has not been executed by us at the time of termination. Thereafter, we will be entitled to establish, and to license others to establish Ultra Pool Care Squad businesses in the Designated Area, except as may be otherwise provided under any Franchise Agreement that has been executed pursuant to this Agreement.

F. Cross-Defaults. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto. A default under any Franchise Agreement executed pursuant to this Agreement shall constitute a default under this Agreement.

G. Effect of Other Laws. To the extent the provisions of this Section 13 respecting permissible grounds, cure rights or minimum periods of notice for termination of this franchise are inconsistent with applicable law, the applicable law will supersede such provision of this Agreement.

14. EFFECT OF TERMINATION AND EXPIRATION

All obligations of the parties under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

15. COVENANTS

A. Non-Solicitation of Customers. You and each Principal Owner and their respective spouses will not, during the Term of this Agreement, and for a period of 2 years thereafter, directly or indirectly, divert or attempt to divert any business, account or customer of the business operated under this Agreement, any other Franchised Business, any other Ultra Pool Care Squad business, or the System to any competing business.

B. Covenant Not to Compete During Term. You and each Principal Owner and their respective spouses will not, during the Term of this Agreement, directly, or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business offering commercial and/or residential pool care, cleaning, maintenance and/or repair services and/or related products that is competitive with an Ultra Pool Care Squad business, except:(i) with our prior written consent; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities.

C. Post-Term Covenant Not to Compete. You and each Principal Owner and their respective spouses will not, for a period of 2 years after this Agreement expires or is terminated directly, or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity with any business offering commercial and/or residential pool care, cleaning, maintenance and/or repair services and/or related products that is competitive with an Ultra Pool Care Squad business: (i) within the (your former) Designated Area; (ii) anywhere within a 10 mile radius of the outside boundary of your former Designated Area; or (iii) within any other Ultra Pool Care Squad franchisees' protected territory. This Section 15(C) will not apply to: (a) other Ultra Pool Care Squad businesses that you operate under a Franchise Agreement; or (b) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities. You agree that the length of time in this Section 15(C) will be tolled for any period during which you are in breach of the covenants or we must seek to enforce your obligations in this Section.

D. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section in that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section. The covenants stated in this Section will survive the termination or expiration of this Agreement.

16. ASSIGNMENT

A. By Us. This Agreement is fully assignable by us and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement.

B. Your Assignment to Corporation or Limited Liability Company. You (as an individual) may assign this Agreement to a corporation or a limited liability company that conducts no business other than the business operated under this Agreement (or other Ultra Pool Care Squad businesses under Franchise Agreements), provided: (1) you or the Operating Manager actively manage the Franchised Businesses; (2) you own at least 51% of the ownership interest in the corporation or limited liability company and we approve all Principal Owners; (3) you and all Principal Owners of the assignee entity sign the Guaranty and Assumption of Obligations Agreement attached hereto as Exhibit C; (4) you provide us 15 days' written notice before the proposed date of assignment of this Agreement to the corporation or limited liability company; (5) you provide to us a certified copy of the articles of incorporation, bylaws, operating agreement, organizational documents, and a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee entity; and (6) the organizational documents and all issued and outstanding stock or membership certificates will bear a legend, in form acceptable to us, reflecting or referring to the assignment restrictions stated in Section 16(C) below. You will not pay a transfer fee for an assignment under this Section 16(B).

C. Your Assignment or Sale of Substantially All of Your Assets. You understand that we have granted this Agreement in reliance on your individual or collective character, attitude, business ability and financial capacity. You and your Principal Owners will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your business, the Franchised Businesses, substantially all or all of the assets of your business, this Agreement, or any interest of 10% or more in you unless you obtain our prior written consent. We will not unreasonably withhold our consent to an assignment, provided you comply with any or all of the following conditions which we may deem necessary:

1. You have satisfied all of your accrued monetary obligations to us, our affiliates and your vendors, and you otherwise are in good standing under this Agreement and all Franchise Agreements signed between you and us;

2. The transferee (or the managing Principal Owners, if applicable) is approved by us and demonstrates to our satisfaction that he/she meets our managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to conduct the business operated under this Agreement. You understand that we may communicate directly with the transferee during the transfer process to respond to inquiries, as well as to ensure that the transferee meets our qualifications;

3. The transferee assumes this Agreement and all of your rights and obligations under this Agreement;

4. You pay us an assignment fee equal to \$25,000 and you are responsible for any broker fees associated with any sale;

7. You (and each Principal Owner, if applicable) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

8. We approve the material provisions of the assignment or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset; and

9. You (and each Principal Owner, if applicable) sign an agreement, in form and substance satisfactory to us, in which you and each Principal Owner covenants to observe the post-termination covenant not to compete and all other applicable post-termination obligations.

D. Your Death or Disability. If you (or the Designated Owner) die or are permanently disabled, your executor, administrator or other personal representative, or the remaining Principal Owners, must appoint (if necessary) a competent Operating Manager acceptable to us within a reasonable time, not to exceed 30 days, from the date of death or permanent disability. The appointed Operating Manager must satisfactorily complete our designated training program. If you have been the designated Operating Manager and an approved Operating Manager is not appointed within 30 days after your death or permanent disability, we may (1) immediately appoint an Operating Manager to maintain your operations on your behalf until an approved assignee can assume the management and operation of the business operated under this Agreement, (2) immediately terminate this Agreement, or (3) take other such action we deem appropriate, in our sole discretion. Our appointment of an Operating Manager does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses you incur in operating the Franchised Businesses or to any creditor of yours for any products, materials, supplies or services purchased by the Franchised Businesses while it is managed by our appointed manager. We may charge a reasonable fee for management services and may cease to provide management services at any time.

If you (or the Designated Owner) die or are permanently disabled, your executor, administrator, or other personal representative must transfer your interest within a reasonable time, not to exceed 12 months from the date of death or permanent disability, to a person we approve. Such transfers, including transfers by devise or inheritance, will be subject to conditions contained in Section 16(C) above.

E. Public or Private Offerings. Subject to Section 16(C) above, if you (or any of your Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any of your affiliates, you agree to submit to us any written information we request before its inclusion in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we, in our discretion, object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering.

The prospectus or other literature utilized in any offering must contain the following language in boldface type on the first textual page:

“NEITHER ULTRA POOL CARE SQUAD FRANCHISE USA, INC. NOR ANY OF ITS AFFILIATES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER ULTRA POOL CARE SQUAD FRANCHISE USA, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF

THE INFORMATION CONTAINED HEREIN. NEITHER ULTRA POOL CARE SQUAD FRANCHISE USA, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”

F. Guaranty. All Principal Owners of you will sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit C (the “Guaranty Agreement”). Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of you under the provisions of this Section 16 or otherwise will, as a condition of becoming a Principal Owner, sign the Guaranty Agreement. You will furnish to us at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form we reasonably require, of all shareholders or members of record and all persons having a beneficial interest in any corporation or other entity that is or becomes a franchisee.

17. DISPUTE RESOLUTION

A. Mediation. Except as otherwise stated in Section 17(A) or 17(D), if you, your affiliates and their respective shareholders, members, owners, directors, managers, employees and/or agents (collectively, “Franchisee Parties”) and/or we, our affiliates, and their respective shareholders, members, owners, directors, managers, employees and/or agents, (collectively, “Franchisor Parties”) allege the existence of a dispute regarding or related to this Agreement, the Franchised Businesses, the franchise relationship, and any other dispute between the Franchisee Parties and Franchisor Parties, that party must promptly submit any claim, controversy, or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to a mediator agreed between the parties in writing, or failing such agreement within ten (10) calendar days, the parties will refer the claim, controversy, or dispute to a mediator appointed by the American Arbitration Association Mediation Services (“Mediator”) for resolution in accordance with the following provisions:

1. the parties will instruct the Mediator to work with them to attempt to resolve the dispute within the shortest time possible but, in any event, within 20 days after the date of appointment of the Mediator or such longer period as agreed between the Parties and Mediator (“Mediation Period”);
2. the Mediator will determine the time and place for mediation, and will conduct the mediation on the terms of the standard mediation agreement approved by the American Arbitration Association, or if no such agreement exists, on such terms as the Mediator may require; and
3. the parties will cooperate with the Mediator, act in good faith and use their respective reasonable commercial efforts (provided, however, such efforts will be without prejudice to each party’s right to nevertheless continue to assert and adhere to its view of its relative rights and duties) to attempt to resolve the dispute within the Mediation Period.

Either party may bring an action under the applicable provisions of this Section 17 without first submitting the action to mediation under this Section 17(A): (i) for monies owed, (ii) for injunctive relief, or (iii) involving the possession or disposition of, or other relief relating to, real property.

B. Arbitration. Should the mediation not result in a complete resolution of the dispute within the Mediation Period, except as qualified below, any dispute between Franchisee Parties and Franchisor Parties arising under, out of, in connection with or in relation to any dispute regarding or related to this Agreement, the Franchised Businesses, the franchise relationship, and any other dispute

between Franchisee Parties and Franchisor Parties shall be submitted to binding arbitration under the authority of the Federal Arbitration Act (United States) and shall be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures (the “Rules”). Any arbitration must be on an individual basis. The parties and arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void, and the parties must submit all claims to the jurisdiction of the courts. The arbitration shall take place in Knoxville, Knox County, Tennessee or, if we have relocated our headquarters from Knoxville, Tennessee, then in the city where our headquarters are located at the time the dispute is filed for arbitration. The arbitrator must follow the law and not disregard the express terms of this Agreement. A neutral arbitrator knowledgeable in the subject matter of the dispute, with at least 5 years of significant experience in franchise law shall be selected by the parties in accordance with the Rules. The arbitrator shall have the exclusive authority to determine the arbitrability of any dispute hereunder and, except as provided below, to resolve any dispute relating to the interpretation, applicability and enforceability of this Agreement.

Notwithstanding anything to the contrary herein, federal law under the Federal Arbitration Act shall govern the arbitrability of disputes regarding the formation of this Agreement, including but not limited to any claim that all or part of this Agreement is void or voidable, which disputes shall be determined by the arbitrator pursuant to such federal law under the Federal Arbitration Act. A judgment may be entered upon the arbitration award by any federal, provincial or state court in the state or province where we maintain our headquarters or the state or province where your first Franchised Business is located. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

Notwithstanding the foregoing, the parties agree that the following claims will not be subject to the arbitration requirements of this Section 17(B), (i) for monies owed, (ii) any action for declaratory or equitable relief, including injunctive relief as described in Section 17(D) below, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder, and (ii) any action in ejectment or for possession of any interest in real or personal property.

C. Governing Law. Subject to our rights under federal trademark laws, this Agreement will be governed by and construed under the procedural and substantive laws of the state of Tennessee, without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws.

D. Injunctive Relief. Notwithstanding Sections 17(A) and (B) above, you recognize that a single multiple unit franchisee’s failure to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all other Ultra Pool Care Squad franchisees and multiple unit franchisees. Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys’ fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

E. Attorneys' Fees. The nonprevailing party will pay all costs, expenses, and interest, including reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

F. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or your Franchised Business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one year limitation of time is prohibited or invalid under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

G. Statutes of Limitation; Statutes of Repose. If the time period for initiating a claim will expire prior to the end of the Negotiation Period or Mediation Period, then the party bringing the claim may proceed to initiate arbitration, but agrees to have the arbitration proceeding stayed until after the expiration of the Negotiation Period and/or the Mediation Period, as applicable.

18. ENFORCEMENT

Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination or non-renewal of this Agreement than is required, or the taking of some other action not required, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach. In addition, acceptance by us of any payments or partial payments due to us under this Agreement shall not be deemed a waiver by us of any preceding or succeeding breach by you of any terms, provisions, covenants, or conditions of this Agreement, or other amounts due.

C. Rights of Parties are Cumulative. The rights that we and you have are cumulative and no exercise or enforcement by either party of any right or remedy precludes such party from exercising or enforcing any other right or remedy to which such party is entitled by law or equity to enforce.

D. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

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

1. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise “reasonable business judgment” in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of “reasonable business judgment,” even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

F. WAIVER OF PUNITIVE DAMAGES. YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

G. WAIVER OF JURY TRIAL. YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

H. Force Majeure. If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, pandemics, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

I. Notice of Our Potential Profit. We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the Franchised Businesses on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights licensed to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

J. Entire Agreement. The “Introduction” section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we provided to you.

19. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be delivered by hand, sent by a recognized overnight delivery service or by registered U.S. Mail, or by other means which provides the sender with evidence of delivery, or of rejected delivery, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party. Any notice by a means which provides the

sender with evidence of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

20. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

A. Developer's Warranties. You represent, warrant, and covenant to us that:

1. if you are an entity, you are (i) duly organized, validly existing and in good standing and has all requisite power and authority to carry on its business as now conducted; and (ii) duly qualified to transact business and in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its business or properties;

2. all action on the part of you, your officers, directors, managers, members and shareholders, if any, necessary for the authorization, execution, and delivery of this Agreement has been taken, and the performance of all your obligations hereunder constitute valid and legally binding obligations of you, enforceable against you in accordance with the respective terms hereof; and

3. your execution, delivery and performance of this Agreement will not (i) violate, conflict with or result in a breach of any applicable law; (ii) require the consent, authorization or approval of any other person or entity not a party to this Agreement; (iii) permit the acceleration of the maturity of any indebtedness of you; or (iv) violate or conflict with any provisions of the certificate or articles of incorporation, charter, bylaw or similar organizational instruments, if any, of you.

B. Success of Franchised Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owner's) ability as an independent businessman, and your active participation in the daily affairs of the Franchised Businesses as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

C. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, potential earnings or profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce you to accept this franchise and sign this Agreement.

D. Receipt of Documents. You represent and acknowledge that you have received our Franchise Disclosure Document at least 14 calendar days before the date of the execution of this Agreement. In addition, you represent and acknowledge that you received from us a copy of this Agreement with all material blanks filled in at least 7 calendar days before the date of execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

E. Other Franchises. You acknowledge that our other franchisees have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

COMPANY/US:
Ultra Pool Care Squad Franchise USA, Inc.

FRANCHISEE/YOU:

By: _____
Name: David Pain
Title: Chief Executive Officer

By: _____
Name: _____
Title: _____

**EXHIBIT A
TO MULTI-TERRITORY FRANCHISE AGREEMENT**

DESIGNATED AREA

This Exhibit is attached to and is an integral part of the Ultra Pool Care Squad Multi Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”), between us and you.

1. Designated Area. The Designated Area will be located within the following zip codes:

APPROVED:

COMPANY/US:

FRANCHISEE/YOU:

Ultra Pool Care Squad Franchise USA, Inc.

By: _____

By: _____

Name: David Pain

Name: _____

Title: Chief Executive Officer

Title: _____

**EXHIBIT B
TO MULTI-TERRITORY FRANCHISE AGREEMENT**

BUSINESS DEVELOPMENT SCHEDULE

This Exhibit is attached to and is an integral part of the Ultra Pool Care Squad Multi Unit Franchise Agreement dated _____, 20_____, between us and you.

1. Development Schedule.

You agree to timely open Ultra Pool Care Squad Businesses under separate Franchise Agreements in compliance with the following development schedule.

BUSINESS #	DATE OF SIGNING FRANCHISE AGREEMENT	DATE OF BUSINESS OPENING	CUMULATIVE NUMBER OF BUSINESSES TO BE OPENED BY DATE OF BUSINESS OPENING

APPROVED:

COMPANY/US:

Ultra Pool Care Squad Franchise USA, Inc.

By: _____
Name: David Pain
Title: Chief Executive Officer

FRANCHISEE/YOU:

By: _____
Name: _____
Title: _____

EXHIBIT C

TO MULTI-TERRITORY FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of the Multi-Territory Franchise Agreement dated _____ (the "Agreement") by Ultra Pool Care Squad Franchise USA, Inc. (the "Company," "we" or "us"), each of the undersigned (a "Guarantor") personally and unconditionally guarantees to us, and our successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement that _____ (the "Franchisee" or "you") will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he/she may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

- (1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and your other Guarantors;
- (2) Guarantor will make any payment or perform any obligation required under the Agreement upon demand if you fail to do so;
- (3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;
- (4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;
- (5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and
- (6) Guarantor will be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in Section 15 and the dispute resolution provisions contained in Section 17 of the Agreement.
- (7) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses we incur in enforcing this Guaranty and Assumption of Obligations Agreement (this "Guaranty Agreement") against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Guarantor(s), Company, and Franchisee agree that the following Sections of the Agreement apply to Guarantor(s) and to this Guaranty Agreement: Section 18(B) (Waiver of Obligations); Section 17(A) (Mediation); Section 17(B) (Arbitration); Section 17(D) (Governing Law); Section 17(C) (Injunctive Relief); Section 17(E) (Attorneys' Fees); Section 18(F) (Waiver of Punitive Damages); Section 18(G) (Waiver of Jury Trial); Section 18(D) (Binding Effect); Section 18(E) (Interpretation of Rights and Obligations); Section 18(J) (Entire Agreement); and Section 19 (Notices).

Each of the undersigned has signed this Guaranty Agreement as of the same day and year as the Agreement was executed.

GUARANTOR(S) (PERCENTAGE OF OWNERSHIP)

_____ ()

_____ ()

_____ ()

_____ ()

_____ ()

EXHIBIT D
TO MULTI-TERRITORY FRANCHISE AGREEMENT
ULTRA POOL CARE SQUAD FRANCHISE AGREEMENT
(Current Form)

ATTACHMENT J
TO ULTRA POOL CARE SQUAD FDD
STATE EFFECTIVE DATES AND RECEIPTS

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	June 20, 2023 Pending
Hawaii	December 28, 2023 Pending
Illinois	July 3, 2023 Pending
Indiana	July 6, 2023 Pending
Maryland	July 13, 2023 Pending
Michigan	June 8, 2023 Pending
Minnesota	July 21, 2023 Pending
New York	August 22, 2023 Pending
North Dakota	July 25, 2023 Pending
Rhode Island	June 28, 2023 Pending
South Dakota	July 6, 2023 Pending
Virginia	July 12, 2023 Pending
Washington	August 18, 2023 Pending
Wisconsin	June 8, 2023 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

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 Ultra Pool Care Squad Franchise USA, Inc. (“Franchisor”) offers you a franchise, Franchisor must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Franchisor or its affiliate in connection with the proposed franchise sale. Iowa and New York require that Franchisor gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in 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 Franchisor gives 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 Franchisor does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Attachment D.

The franchisor is Ultra Pool Care Squad Franchise USA, Inc. located at 2901 Leisure Island Way, Knoxville, TN 37914 and at 865-219-2880.

Issuance Date: ~~June 15~~ April 26, 2023 2024

The franchise seller involved in offering and selling the franchise to you is: David Pain and Amy Lawhorne, each located at 2901 Leisure Island Way, Knoxville, TN 37914 and at 865-219-2880, or is listed below (with address and telephone number) or will be provided to you separately before you sign a franchise agreement: _____.

Franchisor authorizes the respective state agencies identified on Attachment D to receive service of process for us in the particular state.

I have received a disclosure document dated ~~June 15~~ April 26, 2023 2024, that included the following Attachments:

- | | |
|---|---|
| (A) Financial Statements | (E) State Addenda |
| (B) Franchise Agreement | (F) General Release Form |
| (C) Current and Former Franchisees | (G) Manuals Table of Contents |
| (D) List of State Administrators; Agents for Service of Process | (H) Disclosure Acknowledgment Agreement |
| | (I) Multi-Territory Franchise Agreement |
| | (J) State Effective Dates and Receipts |

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

This copy to be retained by Prospective Franchisee

RECEIPT

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

If Ultra Pool Care Squad Franchise USA, Inc. (“Franchisor”) offers you a franchise, Franchisor must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Franchisor or its affiliate in connection with the proposed franchise sale. Iowa and New York require that Franchisor gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in 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 Franchisor gives 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.

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| | (J) State Effective Dates and Receipts |

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

This copy to be returned to Ultra Pool Care Squad Franchise USA, Inc.

