

FRANCHISE DISCLOSURE DOCUMENT



Insulation Commandos Franchising, LLC

a Delaware limited liability company

~~219 Industrial Drive, Suite B~~

~~1170 Dunlop Lane, Building 300~~

Clarksville, TN ~~37040~~37043

Phone: (615) 549-0727

franchise@insulationcommandos.com

www.insulationcommandos.com

We offer qualified individuals the right to operate a franchised business that (i) installs customized insulation and other ancillary solutions at customers' homes and commercial buildings, including blown-in and radiant barrier insulation, duct cleaning and maintenance, sound- and rodent-proofing services, disinfecting and sealing services, and rodent removal services (collectively, the "Approved Services") utilizing certain proprietary marks (including our current primary mark INSULATION COMMANDOS) and a proprietary operating system that we and our affiliates/principals have developed.

The total investment necessary to begin operation of an Insulation Commandos franchise ranges from ~~\$215,850~~220,350 to \$408~~514~~,750. This includes ~~\$150~~140,000 to ~~\$165~~185,000 that must be paid to the franchisor or its affiliate.

We may, in our discretion, also offer qualified individuals the right to open and operate the franchised business in multiple designated territories. ~~The total investment necessary to commence operations in multiple territories will vary based on the number of territories in which we grant you the right to operate.~~ The total initial investment necessary to operate in three (3) territories ranges from ~~\$325,850~~330,350 to ~~\$518~~624,750. This includes ~~a development fee amounting between \$250,000 to \$175~~295,000 that must be paid to the franchisor ~~when signing our form of multi-territory addendum, as well as the total initial investment to open and commence operations of your initial franchised business within your first designated territory or its affiliate.~~

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this disclosure document, the franchise agreement or any other related 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 our corporate office at ~~219 Industrial Drive, Suite B~~1170 Dunlop Lane, Building 300, Clarksville, Tennessee ~~37040~~37043, or via telephone at (615) 549-0727.

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 (the “FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: ~~March 31, 2025~~April 16, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Insulation Commandos 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 franchise 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 else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to

	better understand this franchise opportunity. See the table of contents.
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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 that franchise or has verified the information in this document. To

find out if your state has a registration requirements, or to contact your state, use the agency information in Exhibit E.

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 and/or litigation only in Tennessee. Out-of-state mediation 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 minimum royalty or advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Unopened Franchises.** The franchisor has signed a significant number of Franchise Agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.
5. **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.
6. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.

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.

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

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

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

(f) A provision requiring that arbitration or litigation is 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 sub-franchisor.

(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.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor is Insulation Commandos Franchising, LLC. For ease of reference this Disclosure Document will refer to Insulation Commandos Franchising, LLC as “we,” “us” “our” and “Insulation Commandos.” The words “you” and “your” refer to the person to whom we grant a franchise, whether you are a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of our franchise agreement attached as Exhibit A (the “Franchise Agreement”) also apply to your owners and will be noted.

The Franchisor

We were incorporated on April 10, 2023, under the laws of the State of Delaware. Our principal business address is ~~219 Industrial Drive, Suite B1170 Dunlop Lane, Building 300~~, Clarksville, Tennessee ~~3704037043~~. We do business only under our corporate name and our current primary mark INSULATION COMMANDOS.

The Franchised Business; Franchisor’s other Business Activities

We franchise the right to operate a franchised business that evaluates a customer’s needs and subsequently installs customized insulation and other solutions at that customer’s home, including blown-in and radiant barrier insulation, duct cleaning and maintenance, sound- and rodent-proofing services, disinfecting and sealing services, and rodent removal services (collectively, the “Approved Services”).

~~If you obtain a franchise, you will have the right to operate the foregoing business (the “Franchised Business”) utilizing our proprietary marks (the “Marks”) and proprietary operations system (“System”) within a territory as described more fully in Item 12 of this Disclosure Document (the “Designated Territory”).~~

~~Your Franchised Business must be operated from a location within the Designated Territory that we approve in writing (the “Approved Location”), which we typically recommend contain between 1,000 to 1,500 square feet with sufficient space and appropriate layout for an office, as well as warehouse space and room to store all required supplies, products and equipment and at least one (1) truck that meets our System standards and specifications for equipment, branding, capability and purpose (the “Approved Vehicle”). If you have a home office, garage, or other non-commercial location with a sufficient amount of storage space and that otherwise meets our requirements for an Approved Location, you may operate your Franchised Business from said home office, garage, or other non-commercial location.~~

~~The Franchised Business operates under our then-current proprietary marks, including our current primary mark INSULATION COMMANDOS, as well as our other related service marks, trademarks, or logos that we modify or supplement as we deem advisable (collectively, the “Marks”). The Franchised Business operates using the uniform standards, methods, procedures, and specifications developed by us, which may be modified from time to time (the “System”).~~

We first began offering and selling franchises for the right to own and operate a Franchised Business in August 2023. We are not engaged in any line of business or activities other than offering franchises in insulation services for homes and businesses.

~~As a franchisee and independent owner and operator of your Franchised Business, you will be solely responsible for providing the Approved Services. It is your responsibility to ensure that any individual personnel of the Franchised Business who are intended or expected to provide certain Approved~~

~~Services possess the applicable state and local contractor/insulation provider licenses and/or certifications necessary to provide those Approved Services. We will not be responsible for or liable in connection with any claims involving how the Approved Services were provided by you.~~

Multi-Territory Offering

We may, as we deem appropriate in our discretion, offer qualified parties the right to operate the Franchised Business in multiple, contiguous Designated Territories. If we extend you an offer to operate in multiple Designated Territories, you must enter into our then-current form of Multi-Territory Addendum attached to this Disclosure Document as Exhibit B (the “Multi-Territory Addendum”).

Typically, we will not grant a party the right to operate in more than ~~three (3)~~ five (5) Designated Territories under a signed Multi-Territory Addendum. Once you have (i) entered into the Multi-Territory Addendum, (ii) simultaneously entered into a Franchise Agreement for each Designated Territory in which you will operate the Franchised Business, and (iii) completed all pre-opening obligations under the Franchise Agreement for your initial Designated Territory, including attending and completing the Initial Training Program, you may operate your Franchised Business in each of the Designated Territories granted to you under the Multi-Territory Addendum. You will also be required to pay us a development fee immediately upon execution of your Franchise Agreements and Multi-Territory Addendum (the “Development Fee”), which will vary based on the number of Designated Territories in which we grant you the right to operate. Please see Item 5 for additional information on how the Development Fee is calculated. The Development Fee covers the Initial Franchise Fee due under the Franchise Agreement for the Franchised Business.

If you operate in multiple Designated Territories under a Multi-Territory Addendum, then you may operate your Franchised Business in those Designated Territories from the same Approved Location.

Our Parents, Predecessors and any Affiliates

We have no predecessors. We are wholly owned by our parent company, Commando Holdings, LLC, a Delaware limited liability company formed in April 2023, with a business address at ~~219 Industrial Drive, Suite B 1170 Dunlop Lane, Building 300~~, Clarksville, Tennessee ~~37040~~ 37043. Commando Holdings currently owns and operates one (1) corporate-owned outlet in Clarksville, Tennessee since September 2024.

Our affiliate, Commando IP, LLC (“TM Owner”), a Delaware limited liability company formed in April 2024 with a business address at ~~219 Industrial Drive, Suite B 1170 Dunlop Lane, Building 300~~, Clarksville, Tennessee ~~37040~~ 37043, is the owner of the Proprietary Marks and has licensed to us the right to license, and to sub-license to franchisees, the use of the Proprietary Marks in connection with the System and the operation of your Franchised Business (see Item 13 for additional information).

Our affiliate, Commandos CTN, LLC (“CTN”), is a Delaware limited liability company formed in August 2024 with a business address at 219 Industrial Drive, Suite B, Clarksville, Tennessee 37040. CTN has operated a business of the kind offered under this disclosure document in Clarksville, Tennessee since September 2024.

Our affiliate, Tactical Operations Center, LLC (“TOC”), is a Delaware limited liability company formed in August 2025 with a business address at 1170 Dunlop Lane, Building 300, Clarksville, Tennessee

37043. TOC currently operates our System Call Center and provides call center services to our System franchisees.

Neither our parent company nor our ~~affiliate~~affiliates currently offer, and have not previously offered, franchises ~~in the residential for~~ insulation services ~~business~~businesses or in any other line of business.

~~Neither~~Except as disclosed above, neither we nor any of our affiliates have ever: (i) offered or sold franchises in any other line of business; or (ii) ~~conducted~~operated a business of the type described in this Disclosure Document.

General Description of the Market and Competition

You will target your services to homeowners. You may have to compete with other businesses including franchised operations, national chains, and independently owned companies offering similar services to customers. You may also encounter competition from other Insulation Commandos franchises. Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply and demand, new technologies and competition from internet-based organizations that provide information and some related services or products. ~~Our ability to fulfill our obligations under the Franchise Agreement depends in part on our present and future financial condition. Litigation risks also exist, including future litigation that may not be predicted.~~

Regulations Specific to the Industry

Many states and local jurisdictions have set standards and regulations regarding the licenses and permits necessary to operate an insulation installation and repair business. In certain states, you and/or the personnel of your Franchised Business must obtain one of the following types of licenses and/or certifications in order to provide insulation services such as the Approved Services: (a) a contractor's license; (b) a "builder's" license; (c) a "specialty" contractor's license; or (d) a "registration" certificate. Other states do not require insulation providers to obtain a separate license or certification to conduct such work. You must investigate and comply with all of the applicable laws and regulations in your jurisdiction, as we have not investigated any laws or regulations to determine whether they are applicable to the operation of your Franchised Business. You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that we may give you.

Additionally, most states have enacted laws, rules, regulations and ordinances that may apply to the operation of your business, including those that: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the business premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as restrictions on smoking and availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) regulate matters affecting requirements for accommodations for disabled persons; and (e) set standards and requirements for fire safety and general emergency preparedness. ~~Additionally, you are required to comply with all state and federal laws, insulation codes, and standards as well as applicable contract laws where your Franchised Business is authorized to operate and provide the Approved Services, including those associated or applicable to the the form, validity, and enforceability of the form of service agreement you must (a) use to contract with clients, and (b) ensure we have a copy of and have not objected to it in writing.~~

~~The United States enacted the “Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001” (the “USA Patriot Act”). We are required to comply with the USA Patriot Act. To help us comply with the USA Patriot Act, we ask you in the Franchise Agreement to confirm for us that neither you, nor your directors, officers, shareholders, partners, members, employees, or agents are suspected terrorists or persons associated with suspected terrorists or are under investigation by the U.S. government for criminal activity. You may review the Patriot Act and related regulations at <http://www.ustreas.gov/offices/enforcement/ofac/programs>.~~

Agents for Service of Process

Our agents for service of process are listed in Exhibit F to this Disclosure Document.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer: Dustin Ingle

Dustin Ingle has served as our Chief Executive Officer since our inception. Prior to this role, Mr. Ingle served as Franchise Development Director at Belfor Franchise Group in Ann Arbor, Michigan from December 2020 to August 2023, and served as CEO of Ingle Services in Cumberland Furnace, Tennessee from September 2018 to December 2020.

President: Brock Adams

Brock Adams has served as President of Insulation Commandos Franchising, LLC since its inception. Mr. Adams served as Telemarketing Sales Manager at TruGreen in Memphis, Tennessee from December 2019 to August 2023, ~~and previously served as Senior District Manager at ATT Custom Communications in St. Louis, Missouri from March 2014 to February 2019.~~

Chief Creative Officer: Dan Antonelli

Dan Antonelli has served as our Chief Creative Officer since our inception. In addition to this role, Mr. Antonelli has served as President and Creative Director at KickCharge Creative in Washington, New Jersey since June 1997.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay us an initial franchise fee of \$65,000 (the “Initial Franchise Fee”) in a lump sum upon execution of your Franchise Agreement. You will receive a Designated Territory typically comprised of between 300,000 to 400,000 individuals based upon figures available from the United States Census Bureau.

Veteran’s Discount

We are a veteran-owned company, and for qualified veterans, we will proudly offer you a 20% discount on the Initial Franchise Fee you are required to pay in connection with your first Franchise Agreement you enter into with us to operate your Franchised Business (meaning your reduced Initial Franchise Fee will be \$52,000).

Pre-Opening Start-Up Package

Prior to opening your Franchised Business, you are required to purchase certain equipment, tools, apparel (including our distinctive “flight suit” uniforms), and marketing materials ~~and a designated quantity of lead-generation services~~ from us that will be used in the operation of your business. Specifically, you must purchase from us: (i) certain equipment, including but not limited to insulation blowing equipment, safety equipment, specialty cameras, tools, and the wrap for your Approved Vehicle; (ii) uniforms and other apparel that you will wear while providing the Approved Services at job sites; (iii) certain marketing materials, including brochures, business cards, yard signs, and vehicle magnets, and (iv) ~~approximately two (2) to three (3) months of Internet ad local marketing services and lead-generation services~~ search engine optimization services during your initial period of operations (collectively, the “Pre-Opening Startup Package”). We estimate the Pre-Opening Start-Up Package will cost between ~~\$85,000 to \$100,000~~ \$75,000 to \$120,000, depending in part on the quantity, quality, make and model of the equipment you choose to purchase.

Multi-Territory Addendum

Development Fee

You must pay us a Development Fee immediately upon execution of a Multi-Territory Addendum for the right to operate your Franchised Business in multiple Designated Territories. Your Development Fee will vary based on the number of Designated Territories in which you are granted the right to operate under the Multi-Territory Addendum and is calculated as follows: (i) \$65,000 for your initial Designated Territory; plus (ii) \$55,000 for the second and each additional Designated Territory in which you are granted the right to operate.

By way of example, if you enter into a Multi-Territory Addendum for the right to operate in three (3) Designated Territories, then your Development Fee will be \$175,000. Your Development Fee is deemed fully earned upon payment and is not refundable under any circumstances. Once your Development Fee is paid, you will not be required to pay us an Initial Franchise Fee in connection with the Franchised Business you open in accordance with your Franchise Agreements.

Other Relevant Disclosures

Except as provided in this Item, all fees paid to us that are disclosed in this Item are uniformly imposed on our franchisees. All other purchases disclosed in this Item must be paid to us prior to, or at, delivery of the required purchases, and these fees are non-refundable upon payment. These fees are also uniformly imposed on franchisees.

ITEM 6 OTHER FEES

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty	The greater of: (a) 6% of Gross Sales of your Franchised Business from the preceding reporting period; or (b) the applicable minimum royalty per month (the “Minimum Royalty”)	Currently, payable on or before the 5 th of each month based on the Gross Sales generated by the Franchised Business in the immediately prior calendar month.	Gross Sales includes all revenue generated by your Franchised Business. All royalty payments, rebates and any other fees due under the Franchise Agreement, shall be collected by us through Electronic Funds Transfer. See Note 3 below for additional information on the Minimum Royalty. The obligation to pay a Minimum Royalty (if applicable) begins in the seventh (7th) month after your Franchised Business has been opened and commenced operating. We offer franchisees that meet certain Gross Sales thresholds during a particular calendar year a reduced Royalty rate on the portion of Gross Sales exceeding such thresholds. The standard Royalty set forth in this Item 6 applies until Gross Sales reach specified thresholds, at which point the Royalty paid on Gross Sales in excess of such thresholds is reduced for the remainder of that calendar year. Our current structure for such reduced Royalty rates is as follows: For Gross Sales in excess of \$1 million: 5% For Gross Sales in excess of \$2 million: 4%

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Brand Development Fund Contribution	~~Currently, the~~ The greater of: (a) 1% of the Gross Sales from all Designated Territories in which the Franchised Business operates over the preceding reporting period; or (b) \$100 per month per Designated Territory.	Currently, payable at the same time and in the same interval as the Royalty.	You must pay us this amount on a monthly basis as consideration for certain (a) marketing campaigns we establish and implement on behalf of all System franchisees, and (b) any software and other technology we determine to provide you with access to and that is covered by Fund contributions. We reserve the right to increase the Brand Development Fund Contribution to up to 2% of Gross Sales upon 90 days' written notice to you. The obligation to pay a minimum Brand Fund Contribution (if applicable) begins in the seventh (7th) month after your Franchised Business has been opened and commenced operating.
Digital and Local Advertising Requirement (DLAR)	The greater of (i) 5% of Gross Revenue, or (ii) \$1,500 per month	As incurred each month	You must commence expending the DLAR in the fourth (4 th) month after opening your Franchised Business.
Ongoing Product Purchases	~~Varies based on sales within your~~ Designated Territory <u>Actual costs.</u>	Payable prior to, or at, delivery	You are required to purchase our certain designated inventory on an ongoing basis as necessary to service your customers. We may also require you to purchase additional items from us or our designated supplier as necessary to service your customers. See Item 8 of this disclosure document for additional information.
Required Software and Updates	The then-current fee charged by our designated supplier of CRM and other Required Software. ~~Currently,~~ \$250 per user per month, plus actual costs of updated software programs as incurred	Required Software fees are paid to ~~us on the 5th day of each month via EFT;~~ <u>software update costs are due to us at the same time or to the software vendor upon receipt of billing third parties.</u>	We have the right to designate various software for use in connection with your Computer System and Franchised Business via the Manuals or otherwise in writing (each, a "Required Software"), which we expect will typically be licensed from the Approved Supplier(s) we designate (third-party or otherwise). These fees may only increase up to the actual costs of such third-party vendors.

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Call Center <u>Fee</u>	~~Currently not assessed. If and as established, the then current fee charged by our approved supplier for call center services.~~ <u>\$150 per month, plus \$25 per booked estimate.</u>	As invoiced.	~~We may establish~~ Our affiliate operates a System-wide call center (the “Call Center”) that franchisees ~~have the right, but not the obligation, to~~ <u>must</u> utilize in connection with their operations. ~~We reserve the right to require System franchisees to participate in, and otherwise modify, We may increase the Call Center in the future. These fees may only increase Fee by up to 10% per annum during the actual cost~~ <u>term</u> of such third-party vendors. ~~We do not currently have a Call Center. the Franchise Agreement.~~
Technology Fee	\$250 per month	Currently, payable at the same time and in the same interval as the Royalty.	The Technology Fee currently includes but is not limited to fees related to your access to and usage of any intranet system we establish, business phone service setup, emails for you and the personnel of your Franchised Business, any mobile applications we develop, and the System website. You may purchase additional email addresses for <u>\$67</u> per month. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee. We may increase the Technology Fee by up to 10% per annum during the term of the ~~franchise — agreement.~~ <u>Franchise Agreement</u> . The first month will be assessed pro rata from the date on which you begin offering Approved Services.
Renewal Fee	\$5,000 (per Territory)	Upon your renewal of Franchise Agreement after the initial term.	You must meet certain criteria before we will allow you to renew your Agreement.
Transfer Fee	\$10,000 (per Territory)	Upon approved transfer or sale to another person or entity.	Payable when you sell or transfer your franchise with our approval.

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Training Fee	~~Our then-current training fee for the type of training at issue.~~ Currently, our fee ~~for~~For additional individuals to attend the Initial Training Program ~~will be:~~ \$500 per person. For Additional and/or Remedial Training, ~~we estimate this fee will be:~~ \$1,000 per day per trainer, plus costs and expenses of attending training	As incurred.	We may charge you our then-current training fee in the following circumstances: (i) if you or one (1) of your managers/personnel that is required to complete our initial training is replaced and/or fails to complete initial training and is required to re-attend; (ii) if you bring more than two (2) total individuals to the Initial Training Program; (iii) if you request that we provide you with any additional training or otherwise request that we provide you with any on-site assistance in connection with your Franchised Business that is not already covered by us as described more fully in Item 11; and (iv) any remedial training that we require you to attend and complete as part of the cure actions in connection with your default under the Franchise Agreement (“Remedial Training”). We may increase these fees by up to 10% per annum during the term of the franchise agreement. In other circumstances where we require you to attend additional or refresher training at our request, we will not charge you a Training Fee.
Regional Advertising Cooperative Contribution	As agreed upon by Regional, Participants, Regional Advertising Council and Us	As arranged by Regional Participants, Regional Advertising Council and Us.	We have the right, as we deem necessary in our sole discretion, to establish and maintain advertising cooperatives for the benefit of franchised businesses in a particular region. If established, the Regional Advertising Cooperative Contribution will not exceed the amount of the Digital and Local Advertising Requirement ~~—(5% of Gross Revenue per month)—.~~

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Conference/ Convention Fee	~~Our then-current enrollment fee to attend our annual summit or convention, if and when established (the "Convention").~~ Currently, we estimate this amount will be <u>\$750 per attendee.</u>	Prior to attending	We typically conduct an annual Conference/Convention each year and require that you attend. We reserve the right to charge our then-current enrollment fee in connection with any conference/ convention that we require you to attend. You will also be responsible for your costs/expenses associated with attending any conference/convention. If you fail to attend our annual Conference/Convention, we may assess a <u>\$12,000</u> non-attendance fee, unless you have obtained written permission from us that you are not required to attend. The enrollment fee for the first Conference/Convention you must attend is included in the Pre-Opening Start-Up Package. We may increase the convention registration fee by up to 10% per annum during the term of the franchise agreement.
<i>The fees below will only be charged if you fail to comply with the terms of your Franchise Agreement.</i>			
Audit Fee	Actual cost incurred by us.	Immediately after 2% or more understatement of sales receipts is determined by our inspection.	If underreporting of sales is determined, you pay the Royalty due plus interest, along with all the costs related to performing the audit. There is no charge for the audit if sales are reported accurately.
Insurance Reimbursement	~~Cost~~ <u>If we are forced to obtain the required insurance for you on your behalf: the cost</u> to obtain and maintain required insurance under the Franchise Agreement, plus an administrative fee ~~(if we are forced to obtain the required insurance for you on your behalf).~~ <u>of up to 10% of premiums.</u>	As incurred.	Payable only if you fail to maintain the minimum insurance we require and we choose to procure the required insurance for you.

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Insufficient Funds Fee	\$50 per occurrence	As incurred	Due if your credit or debit card payment is declined or your check or electronic payment is dishonored by the bank.
Late Payment	\$100 per incident	When payment is past due.	Payable on all overdue amounts to us.
Delinquency Charges and Interest	18% per year, or higher rate as permitted by applicable law	Immediately after date payment is due.	Charged on all fees and accounts receivable due to us when not paid timely.
Indemnification; Attorneys' Fee; Costs and Expenses of Enforcement	~~Will vary according to circumstance.~~ <u>Actual costs.</u>	Upon demand.	You must reimburse us for our attorneys' fees and other costs that we incur in connection with any claims and/or damages that we incur in connection with any third-party action or otherwise arising out of, or related to (a) your breach of misrepresentation of your Franchise Agreement, (b) management or operation of your Franchised Business, and/or (c) other specific actions or omissions on your or your representatives' part detailed more fully in your Franchise Agreement. You must also reimburse of all attorneys' fees and other costs we incur in connection with (a) enforcing the terms of the Franchise Agreement, and/or (b) any litigation we are required to initiate and/or defend against related to the Franchise Agreement, provided we prevail.

<u>Name of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Management Fee	Eight percent (8%) of the Gross Sales of the Franchised Business during the time period that Franchisor's representatives are operating the Franchised Business, plus ~~all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business. Franchisor's actual costs.~~	As incurred.	Due when we (or a third party) manage your Franchised Business after your default or abandonment.
Liquidated Damages	~~Will vary under the circumstances~~ <u>The combined monthly average of Royalty Fees and Brand Fund contributions from opening through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of months remaining in the term of the Franchise Agreement.</u>	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach.

NOTES

1. **Generally.** Unless otherwise set forth in this Item, all fees noted in this Item 6 are uniformly imposed and are payable to us and/or our designated suppliers and are non-refundable. All fees due under the Franchise Agreement shall be collected by us through our Electronic Funds Transfer ("EFT") Program from a bank account that you choose. You must execute the Electronic Funds Withdrawal Authorization in a form substantially similar to that attached as Schedule D to the Franchise Agreement

contemporaneously with the execution of the Franchise Agreement that authorizes us to collect all fees by EFT.

2. **Gross Sales.** “Gross Sales” includes all revenue from the sale of all products and performance of services from the Franchised Business, in any one or more Designated Territories in which it operates, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including any consideration that Franchisee receives from third-party vendors/suppliers. “Gross Sales” shall not include monies that are collected and submitted by Franchisee for transmittal to the appropriate taxing authority. In computing the Gross Sales, Franchisee shall be permitted to deduct the amount of cash refunds to, and coupons used by customers at the time the balance is fully paid to Franchisee, if such amounts have been included in Gross Sales of the Franchised Business.
3. **Minimum Royalty.** Beginning in the seventh (7th) month after the Franchised Business has been opened and commenced operating, you must pay a Minimum Royalty as set forth below:

Months of Operation of Franchised Business	Minimum Royalty (per Designated Territory per month)
Months 7-12	\$500
Months 13-24	\$1,000
Month 25 – 36	\$1,500
Month 37 – Duration of Term	\$2,000

4. **Audit Costs.** Following an audit, if we find you have underreported sales by 2% of your year to date sales or more, you will pay the Royalty Fee and all other past amounts due under the Franchise Agreement due to your underreporting, as well as interest and all our costs associated with conducting the audit. Audit costs vary depending upon where you are located, the condition of your financial records, what we audit and when. There are no audit costs to you if your records, reports and payment are in order and current.
5. **Late Fees.** Late fees begin from the date payment was due, but not received, or date of underpayment.
6. **Digital and Local Advertising; Regional Advertising Cooperative.** You must continuously promote the Franchised Business within your Designated Territory. Specifically, you must expend an amount equal to the greater of (i) ~~75~~5% of the Gross Sales of your Franchised Business, or (ii) \$1,500 each month on the digital and local advertisement and promotion of your Franchised Business (the “Digital and Local Advertising Requirement”). Your Digital and Local Advertising Requirement Expenditures will typically be paid directly to local, regional, or national vendors and providers, including our designated supplier(s) for such services, in accordance with our directives or approval, and commence four (4) months after the opening of your Franchised Business. We may, as we deem necessary in our sole discretion, provide general guidelines for conducting Digital and Local Advertising to better assist you. Upon our written request, you must provide us with

invoices and other documentation necessary to demonstrate that you are in compliance with your monthly expenditure requirement.

We have the right, but not the obligation, to create a cooperative advertising program for the benefit of Franchised Businesses located within a particular region (a “Cooperative”). We have the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative, and to require that you participate in and Cooperative that purchases advertising or promotions affecting your Designated Territory. Any amounts you contribute to a Cooperative will be credited towards your Digital and Local Advertising Requirement for the month(s) you are contributing.

7. **Brand Development Fund Contribution.** Your contribution to the Brand Development Fund (the “Fund”) helps cover the costs associated with various components of our franchise system that are designed to develop and promote our brand, Proprietary Marks and System, which may include (but is not necessarily limited to): (1) marketing materials designed by us and distributed on a national, regional and/or local level, advertising materials and public relations that promote, in our sole judgment, the services offered by System franchisees, as well as satisfy any and all costs of maintaining, administering, directing, preparing, producing, placing and distributing advertising, including (i) the cost of producing, implementing, and placing television, radio, magazine, and newspaper advertising campaigns, (ii) the cost of direct mail, outdoor billboard and other advertising strategies, (iii) the cost of public relations activities and employment of third-party agencies to manage advertising and public relations placement, (iv) other advertising, digital/social media marketing, promotional or public relations efforts we determine, in our sole judgment, to benefit the System and (v) personnel and other departmental costs for advertising that we internally administer or prepare; and (2) the cost of developing, maintaining, optimizing and marketing an Internet website; (3) the development of in-home sales support materials used by every salesperson; and (4) the expenses related to certain software programs selected by us for use in connection with the Franchised Business. See Item 11 of this disclosure document for additional information on the Brand Development Fund.
8. **Payment Period and Method.** We may, in our sole discretion, change your payment schedule with respect to the Royalty Fee and any other amounts due to us under your Franchise Agreement (i.e., modifying monthly payment to weekly), or require you to use any other method of payment, upon thirty (30) days written notice to you.
9. **Liquidated Damages.** Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees and Brand Fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date your open the Franchised Business through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of months remaining in the term of the Franchise Agreement.

ITEM 7 ESTIMATED INITIAL INVESTMENT

A. **Franchise Agreement – Single Territory**

YOUR ESTIMATED INITIAL INVESTMENT

CATEGORY OF EXPENDITURE	AMOUNT¹⁴	METHOD OF PAYMENT¹	WHEN DUE	TO WHOM PAID
Initial Franchise Fee ²	\$65,000	Lump sum	Upon execution of franchise agreement.	Us
Pre-Opening Start-Up Package ³	~~\$85~~ 75,000 - ~~\$100~~ <u>\$120</u> ,000	Lump sum	Prior to opening.	Us
Approved Vehicle ⁴	\$4,200 - ~~\$90~~ <u>\$120</u> ,000	As arranged	As arranged	Vehicle Provider
Approved Vehicle Upfit ⁵	~~\$23~~ ,000 - ~~\$67~~ ,000	As arranged	As arranged	Third Parties
Insurance – Approved Vehicle, Business and Other – (3 Months) ⁶	\$4,000 - \$7,000	As arranged	As arranged	Third parties
Computer System ⁷	\$650 - \$2,500	<u>As arranged</u>	<u>As arranged</u>	<u>Third parties</u>
Lease Deposit, Rent, Utility Deposits – 3 Months ⁸	\$0 - \$10,000	As arranged	Upon Execution and Utility Turn Ons	Landlord, Utility Companies
Opening Inventory ⁹	\$0 - \$10,000	As incurred	As incurred	Approved Supplier
Leasehold Improvements ¹⁰	\$0 - \$15,000	As incurred	As Incurred	Contractor and Architect
Required Software Subscription - 3 Months ¹¹	\$750 - \$3,750	As arranged	As arranged	Approved Supplier
Professional Fees ¹²	\$2,500 - \$10,000	As incurred	As Arranged	Third-Parties; Attorney(s); Accountants(s)
Business Licenses & Permits ¹³	\$250 - \$2,000	As arranged	As arranged	Government Agencies
Grand Opening Event/Launch Marketing ¹⁴	<u>\$12</u> ,500 - ~~\$217~~ ,500	As incurred	As Needed	Us/Vendors

CATEGORY OF EXPENDITURE	AMOUNT ¹⁴	METHOD OF PAYMENT ¹	WHEN DUE	TO WHOM PAID
Expenses Associated with our Initial Training Program ¹⁵	\$ ~~1,000~~ <u>2,500</u> - \$5,000	As Arranged	As Arranged	Hotels, Airlines, Other Vendors
Additional Funds – 3 months ¹⁶	\$50,000 - \$ ~~80~~ <u>120</u> ,000	As incurred	As needed	Suppliers/ Employees
TOTAL	~~\$215,850 - \$408,220,350 -~~ <u>\$514,750</u>			

Explanatory Notes:

- Generally.** Except as otherwise set forth in this Item, all fees noted in this Item 7 are payable to us and are non-refundable. Other than the Initial Franchise Fee (which is due by bank check at the time a franchise agreement is executed), all fees due us under the Franchise Agreement will be collected at the time they are incurred through our EFT Program from a bank account that you choose. You must execute the Electronic Funds Withdrawal Authorization in a form substantially similar to that attached as Schedule D to the Franchise Agreement contemporaneously with the execution of the Franchise Agreement that authorizes us to collect all fees by EFT. The total investment range disclosed in the Chart above is our estimate of the costs you will incur to open and commence operating a Franchised Business with one ~~14'16'~~ to ~~16'20'~~ box truck and the equipment and inventory necessary to provide our services. Many of the purchases you make to set up the business are paid to us or to our designated suppliers as noted in the far-right hand column above. The estimated initial investment set forth in this Item 7 Chart is for the operation of your Franchised Business in one (1) Designated Territory.
- Initial Franchise Fee.** ~~The Initial Franchise Fee, which is nonrefundable, is discussed in detail in Item 5.~~ We do not finance the initial franchise fee or any other fees due under the Franchise Agreement, or any other part of your investment in the business.
- Pre-Opening Start-Up Package.** ~~The Pre-Opening Start-Up Package fee, which is non-refundable, is discussed in detail in Item 5.~~ We do not finance any portion of the Pre-Opening Start-Up Package fee or any other fees due under the Franchise Agreement, or any other part of your investment in the business.
- Approved Vehicle.** You must lease or purchase at least one (1) ~~14'16'~~ to ~~16'20'~~ box truck (the "Approved Vehicle") in connection with the operation of your Franchised Business. If you are granted the right to operate in multiple Designated Territories under our form of Multi-Territory Addendum, you may wish to lease or purchase more than one Approved Vehicle. The estimate above is for the lease or purchase of one Approved Vehicle. The low end of this estimate assumes that you will lease your Approved Vehicle, while the high end assumes that you will purchase the Approved Vehicle outright.
- Approved Vehicle Upfit.** You must purchase and fit for your Approved Vehicle a liftgate and ramp system.
- Insurance – Approved Vehicle, Business and Other (3 Months).** This estimate includes three months of vehicle, property, liability, and other required insurance. You must obtain, annually renew

and submit proof to us that you have obtained the minimum insurance coverage policies as specified in the Franchise Agreement, the Manuals, or otherwise in writing. You are also required to obtain and annually renew workers compensation insurance and vehicle insurance. You must name us as an additional insured party on all of your required policies. The cost of insurance varies by market and experience. We recommend you consult a local insurance professional to determine the exact cost.

7. **Computer System.** You must purchase (if you do not already have) at least one (1) laptop or desktop computer capable of running our Required Software, and at least one (1) iPad or tablet computer for use in the operation of your Franchised Business. If you already have these required hardware components, your costs may be lower.
8. **Lease Deposit, Rent, Utility Deposits – (3 Months).** The cost per square foot of commercial space varies considerably depending upon the location and market conditions. Lease costs vary based upon square footage, the cost per square foot, required maintenance costs and other lease variables. It is difficult to estimate real estate costs. We are not real estate professionals, and we encourage you to consult one locally. You will need approximately 1,000 to 1,500 square feet of storage space. The low end of this estimate assumes that you will operate your Franchised Business from a home office or other non-commercial location you own, in which case you will not pay a lease deposit, rent, or separate utility deposit. These costs may not be refundable, but your security deposit may be refundable under certain circumstances.
9. **Opening Inventory.** You are not required to purchase an initial supply of inventory at the time you open and commence operating your Franchised Business, however, you may wish to make an initial purchase of inventory to have on hand for the initial jobs you perform for the customers of your Franchised Business. The low end of the estimate above assumes that you will order the inventory necessary to provide the Approved Services to customers on an as-needed basis, while the high end of the estimate above assumes you will purchase an initial stock of inventory sufficient for the first one (1) week to four (4) weeks of operation of the Franchised Business. You may choose to replenish inventory on a regular basis, or you may choose to order inventory on an “as-needed” basis. Product costs vary over time based upon raw materials and manufacturing costs, the size and geographic location of your Designated Territory, freight and other related factors. Although you will not purchase these materials from us, you are required to purchase only products approved by us. ~~The price of these products is subject to change for reasons that may or may not be within our control.~~
10. **Leasehold Improvements.** You will need to comply with all specifications required by us. Estimates should be used only as a guide. The low end of this range assumes you will operate your Franchised Business from a home office or other non-commercial location that already has sufficient storage space and that otherwise meets our requirements for an Approved Location. Your actual costs may vary considerably depending on the size of any commercial premises you lease for the Franchised Business, the cost of financing and other local conditions, including labor, material costs, architectural fees, and local government requirements. You may also be required to retain licensed construction management services. Local governments and agencies typically charge you fees for such things as construction permits and operating licenses. Costs may vary based on the requirements of local government agencies. These fees are typically not refundable.
11. **Required Software Subscription – (3 Months).** The estimate provided above is for three months of subscription to our Required Software provider(s), including our designated and required CRM software provider. The low end of the estimate assumes that you will enroll one user in such software, while the high end assumes you will enroll five (5) users in such software.

12. **Professional Fees.** You may need the assistance of an attorney, accountant or other consultants to assist in establishing your franchised business. These fees may vary from location to location depending upon the prevailing local rate of attorneys', accountants' and consultants' fees. These fees are typically not refundable.
13. **Business Licenses and Permits.** Depending on the jurisdiction(s) and the Designated Territor(ies) in which you operate your Franchised Business, you may be required to obtain contractors' licenses or other specialty licenses, permits, or certifications to provide the Approved Services to customers of the Franchised Business. You are required to comply with all licensure, permitting, and/or certification requirements of your jurisdiction, and it is your responsibility to investigate such requirements to ensure your Franchised Business remains compliant with all such requirements.
14. **Grand Opening Event/Launch Marketing.** You must expend a certain amount on the "grand opening" or initial launch of your Franchised Business. See Item 11 for additional information.
15. **Expenses Associated with our Initial Training Program.** All components of our Initial Training Program will be provided to you and your Designated Manager (if applicable), and if you do not have a Designated Manager, one (1) other individual you designate, without us charging you any training fee, provided both individuals attend training at the same time prior to the opening of the Franchised Business. You will be required to cover all costs and expenses associated with you and your personnel attending or otherwise participating in all required training appropriate for such personnel, including the travel, food, lodging and employee salaries for the approximately five (5) business days of training at our designated training facility in ~~Van Nuys, California~~ Clarksville, Tennessee, or other training facility we designate. We will also provide, as we deem appropriate or necessary, up to two (2) days of on-site assistance at the location of your Franchised Business (with no tuition cost to you), around the time you launch the Franchised Business and commence operations. The total costs and expenses to attend our Initial Training Program will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. Please recall that you and your Designated Manager (if applicable) must attend and complete the appropriate training we designate prior to opening your Franchised Business. If required by the jurisdiction(s) where you operate your Franchised Business, you may be required to attend, successfully complete, and achieve certification and accreditation in certain training courses required by different local, state, and federal legislation, all at your own expense.
16. **Additional Funds – 3 Months.** We recommend that you have a minimum amount of additional funds available to cover certain expenses incurred before you open and in your first three (3) months of operation, including operating expenses and employee salaries (for between one to two additional employees, in addition to the franchise owner/operator). We relied on our management team's experience in developing these figures. You must be prepared to reorder inventory and supplies as necessary and to cover the costs of operations. ~~We cannot guarantee that you will not have additional expenses. We also cannot guarantee that our recommendation will be sufficient. These expenses are typically not refundable. The required funds will vary by market, how closely you follow our methods and procedures; your management skills, experience, and business acumen; the relative effectiveness of your staff; local economic conditions; competition in your market; the prevailing wage rate; your investment in marketing programs and the sales level you reach during the initial period. This estimate for "Additional Funds" does not include any of your personal living expenses and does not include any fees associated with debt services. These expenses are typically not refundable.~~

Unless otherwise stated, all fees are non-refundable by us or your suppliers. Some pre-payments, return items, or deposits in which the conditions have been fulfilled may be refundable by local suppliers.

B. Multi-Territory Addendum (Three (3) Designated Territories as Example)

YOUR ESTIMATED INITIAL INVESTMENT¹

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee ²	\$175,000	Lump Sum	Upon execution of the Multi-Territory Addendum	Franchisor
Initial Investment for Your Franchised Business ³	~~\$150,850~~ ~~\$343,155,350 -~~ ~~\$449,750~~	See Chart 7(A) above. This total represents the low and high range of Chart 7(A) above, minus the Initial Franchise Fee, which you will not pay if you enter into a Multi-Territory Addendum and pay us a Development Fee.		
TOTAL	~~\$325,850~~ ~~\$518,330,350 -~~ ~~\$624,750~~			

Explanatory Notes:

- Generally.** The estimates set forth in this Chart 7(B) assume that you will be entering into a Multi-Territory Addendum for the right to operate the Franchised Business in three (3) contiguous Designated Territories (which is typically the maximum number of Designated Territories in which we will grant a prospective multi-territory operator the right to operate under a Multi-Territory Addendum). All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.
- Development Fee.** ~~The~~Your Development Fee will vary based on the number of Designated Territories in which ~~we grant you~~ are granted the right to operate under the Multi-Territory Addendum and is calculated as described more fully follows: (i) \$65,000 for your initial Designated Territory; plus (ii) \$55,000 for the second and each additional Designated Territory in Item 5 of this Disclosure Document. The Development Fee set forth in Chart 7(B) above assumes which you will be purchasing are granted the right to operate ~~in a total of three contiguous (3) Designated Territories.~~
- Initial Investment for Your Franchised Business.** This figure represents the total estimated initial investment required to open your Franchised Business under the Franchise Agreement you must enter into with us contemporaneously with the execution of your Multi-Territory Addendum. This range includes all the estimated fees set forth in Chart 7(A), except for the Initial Franchise Fee because you will not be required to pay an Initial Franchise Fee under any Franchise Agreement you enter into in connection with your Multi-Territory Addendum.

4. **Total.** This total estimate set forth in Chart 7(B) above encompasses the investment you might incur in connection with signing a Multi-Territory Addendum to operate the Franchised Business in three (3) Designated Territories, as well as the total investment to open and commence operations of your Franchised Business in your initial Designated Territory.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Business in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing when we evaluate your proposed location for the Franchised Business during training, before you conduct your Initial Marketing Spend, during on-site opening assistance, during periodic visits to your Franchised Business and through periodic bulletins and the Operations Manual and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Services

You may only market, offer, sell and provide the Approved Services at your Franchised Business in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Services, along with their standards and specifications, as part of the Operations Manual or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time.

~~As a franchisee, you will be solely responsible for providing the Approved Services. We will not be responsible for or liable in connection with any claims involving how the Approved Services are provided by you.~~

If you wish to offer any service in your Franchised Business other than our Approved Services, or use any item in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item. We do not provide material benefits to franchisees based on franchisees' purchase of particular products or services or of franchisees' use of particular suppliers.

Approved Suppliers

We have the right to require you to purchase or lease any items or services necessary to operate your Franchised Business, including but not limited to equipment, fixtures, and inventory from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Operations Manual or otherwise in writing, and we may update or modify this list as we deem appropriate.

Currently, we have Approved Suppliers for insulation materials and the equipment, apparel, ~~and lead-generation~~ and marketing services provided as part of your Pre-Opening Start-Up Package. We reserve the right to sell the foregoing products and start-up package directly to you or designate a different supplier from which you must buy this equipment and start-up package. We may, but are not required to, negotiate

purchase arrangements with suppliers, including price terms, for the benefit of franchisees. ~~As~~Except for us and our affiliates, as of the issuance date, none of our officers own an interest in any of our Approved Suppliers.

As of the issuance date, our affiliate, Tactical Operations Center, LLC, is our Approved Supplier of call center services. Except as disclosed, neither we nor our ~~affiliate~~affiliates are currently ~~thean~~ Approved Supplier for any ~~items except as listed above~~goods or services required to be purchased by System franchisees.

As of the issuance date, we also have Approved Suppliers for the following items that you must use in connection with your Franchised Business: (i) insulation and other inventory/supplies necessary to provide the Approved Services, including but not limited to radiant barrier insulation, air-sealing foam insulation, rockwool insulation, and related products; (ii) certain equipment with which you must outfit and equip your Approved Vehicle as well as any vehicle wrap or other trade dress; and (iii) the customer record management system (“CRM”) software that you must use in connection with your Franchised Business.

As of the issuance date, we do not have any purchasing or distribution cooperatives, but we reserve the right to establish them in the future.

Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Franchised Business other than the Approved Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using the non-approved product or offering the non-approved service in connection with your Franchised Business; or (ii) purchasing from a non-approved supplier. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies, or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier’s production and delivery capability, overall business reputation and financial condition. Our criteria for approving alternative suppliers is not available to franchisees. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier’s facilities and test its products, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 30 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request. Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously approved product or alternative supplier is effective immediately

when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

Insurance

Prior to opening your Franchised Business, you must purchase and maintain the minimum insurance coverage that we specify. This includes (a) commercial general liability insurance, including personal injury, completed operations, contractual liability, and products liability, in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; (b) comprehensive property insurance, including fire, vandalism, and extended coverage insurance with coverage for equipment and the trailer and truck used in the Franchised Business; (c) worker's compensation insurance with coverage limits of \$1,000,000 for bodily injury by disease per accident, \$1,000,000 policy limit, and \$1,000,000 per employee (the policy must be in place regardless of state laws and cannot exclude owner-operators); (d) automobile insurance for all vehicles used in connection with operating the Franchised Business, including (i) Franchisee-owned vehicles, in the minimum amount of \$1,000,000 combined single limit per year, including owned, hired, and non-owned coverage and (ii) for hired and non-Franchisee-owned vehicles, coverage and liability coverage in the minimum amount of \$250,000 per person and \$500,000 per accident per year, or the minimum required by state regulations, whichever is greater; (e) Employment Practices Liability Insurance with minimum coverage limits of \$250,000 per occurrence and \$250,000 aggregate, which policy must include 3rd party liability and wage & hour coverage of at least \$25,000, with a maximum deductible not in excess of \$10,000; (f) business interruption insurance; and (g) any other insurance we may specify from time to time. Each policy must be written only by carriers rated A-VIII or better by A.M. Best and Company, Inc., and unless otherwise specified must name us and our respective officers, directors, partners, agents and employees as additional insured parties, as their interests may appear along with a waiver of subrogation in favor of the franchisor. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

Required Purchases and Right to Derive Revenue

We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specifications, may range from 80% to 90% of the costs of establishing your Franchised Business, and approximately 50% to 70% of the total cost of operating your Franchised Business after that time. We may designate sources, including affiliated entities, for additional goods and services in the future. If we designate sources for additional goods and services, we may receive revenue, rebates, commissions or other material consideration from franchisee purchases.

We and/or our affiliates may derive revenue and/or other material consideration as a result of required purchases or leases by you, including, without limitation, ~~for~~ purchases made in accordance with specifications or standards required by us, or from suppliers approved by us. As of the issuance date, except as noted above, there are no goods or services required in the operation of the Franchised Business for which we or persons affiliated with us are the only approved suppliers.

During our fiscal year ending December 31, ~~2024~~2025, we derived ~~\$31,416,801,338,101~~, or ~~2.99~~52.67% of our total revenue of ~~\$1,049,319,162,540,325~~, on account of franchisees' required purchases.

During its fiscal year ending December 31, 2025, our affiliate, Tactical Operations Center, LLC, derived \$53,525 in revenue on account of franchisees' required purchases.

Under some circumstances, we may derive income in the form of rebates or marketing allowances paid to us by certain approved vendors or distributors, which you must use. These rebates or marketing allowances may be used to purchase certain marketing, promotion, and creative services for the benefit of the System network. ~~During our fiscal year ended December 31, 2024, we did not~~We currently receive ~~any~~ rebates ranging from ~~any third party suppliers~~one percent (1%) to three percent (3%) from ~~which franchisees are required to purchase our approved supplier of insulation materials in connection with out franchisees' purchases of such materials.~~ We reserve the right to obtain additional rebates in the future, which we expect will be based on a percentage of the total sales volume of purchases made by our franchisees from third-party suppliers in the past fiscal year.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in the Franchise Agreement/Multi-Territory Agreement	Item Number in this Disclosure Document
a. Site selection and acquisition/lease	FA: Sections 2(B), 2(C), 5(E), and 6(A) and Exhibit A	Items 11 and 12
b. Pre-opening purchases/leases	FA: Sections 6(B), 6(G), 6(I) and 6(J)	Items 7 and 8
c. Site development and other pre-opening requirements	FA: Sections 6(C), 6(D) and 6(E)	Items 6, 7 and 11
d. Initial and ongoing training	FA: Sections 5(A), 5(B), 5(C) and 5(G); MTA: Section 4	Items 6, 7 and 11
e. Opening	FA: Section 6(C); MTA: Section 3	Items 7 and 11
f. Fees	FA: Section 4(A); MTA: Sections 2, 6, 7	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	FA: Sections 5(D), 6 and 8; MTA: N/A	Items 8 and 16
h. Trademarks and proprietary information	FA: Section 7; MTA: N/A	Items 13 and 14

Obligation	Section in the Franchise Agreement/Multi-Territory Agreement	Item Number in this Disclosure Document
i. Restrictions on products/services offered	FA: Sections 6(F), 6(J), 6(K), 6(L) and 6(S); MTA: N/A	Items 8 and 16
j. Warranty and customer service requirements	FA: Section 6(T); MTA: N/A	Item 16
k. Territorial development and sales quotas	FA: Sections 2(C) and 6(Z); MTA: Section 3	Item 12
l. Ongoing product/service purchases	FA: Sections 6(G), 6(H), 6(K), 6(I) and 6(J); MTA: N/A	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	FA: Sections 3(B)(7) and 6(G); MTA: N/A	Items 6 and 17
n. Insurance	FA: Section 11; MTA: N/A	Items 6, 7 and 8
o. Advertising	FA: Sections 5(F), 5(H) and 9; MTA: N/A	Items 6, 7 and 11
p. Indemnification	FA: Sections 7(P) and 12(B); MTA: N/A	Item 6
q. Owner's participation/management/ staffing	FA: Sections 6(V) and 6(Y); MTA: N/A	Item 15
r. Records and reports	FA: Sections 4(D) and 10; MTA: Section 5	Item 11
s. Inspections and audits	FA: Sections 5(L), 6(C), 6(K) 6(R), 6(U), 10(b) and 10(G); MTA: N/A	Items 6, 11 and 13
t. Transfer	FA: Section 13; MTA: Sections 6 and 9	Item 17
u. Renewal	FA: Section 3(B); MTA: Section 7	Item 17
v. Post-termination obligations	FA: Sections 14(B) and 16; MTA: Section 8	Item 17
w. Non-competition covenants	FA: Section 14; MTA: N/A	Item 17
x. Dispute resolution	FA: Section 21; MTA: Section 11	Item 17

ITEM 10 FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease, or other obligations.

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

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

A. Pre-Opening Obligations

Prior to the opening of your Franchised Business, we (or our designee) will, as applicable, provide you with the following assistance:

1. If you have entered into a Multi-Territory Addendum for the right to operate the Franchised Business in two (2) or more Designated Territories, we will designate such Designated Territories where you will have the right to secure a Premises (each of which we must approve) for each of the Designated Territories using our then-current site selection criteria, though upon our written approval, you may operate in multiple Designated Territories from the same Premises. (Franchise Agreement, Section 2(B)).

2. We will provide site selection guidelines and assistance, ~~as we deem appropriate in our discretion~~, in connection with selecting the Premises for each of your Franchised Business(es). The general site selection and evaluation criteria or factors that we consider in approving your site include, among other things, the condition of the premises, vehicular and pedestrian access, population demographics of the surrounding area and general suitability. ~~We do not assist you with conforming your premises to local ordinances and building codes, nor with obtaining and required permits.~~ (Franchise Agreement, Sections 2(B) and 5(E)).

3. We will also review, and subsequently approve/reject within thirty (30) days of receiving all reasonably requested information from you, any proposed lease or purchase agreement, if applicable, for each location that you propose as a Premises for the Franchised Business. (Franchise Agreement, Sections 2(B) and 5(E));

4. Once you secure a Premises that we approve for a Franchised Business, we will define your Designated Territory for that Franchised Business and include its boundaries in a Data Sheet attached as an Exhibit to your Franchise Agreement. (Franchise Agreement, Section 2(C));

5. We will provide you with online access to, or otherwise loan you, one (1) copy of our confidential and proprietary Operations Manual. You must operate your Franchised Business in accordance with the Operations Manual and all applicable laws and regulations. ~~The Operations Manual may be amended or modified by us to reflect changes in the System. You must keep the Operations Manual confidential and current, and you may not copy any part of the Operations Manual. You are required to keep a copy of the Operations Manual at your Premises, and if there is a dispute relating to the contents of the Operations Manual, then the master copy (which we maintain at our corporate headquarters) will control. We reserve the right to disclose updates to the Operations Manual in writing in any manner, including electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. We expect the Operations Manual will include attachments or exhibits that contain, among other things: (i) our then current template form of services agreement that you will be required to (a) have your own counsel review and, if determined appropriate to ensure the validity and enforceability of the agreement, make proposed modifications to the same, and (b) provide us with a copy of a such proposed modifications for our records, review, and opportunity to object; and (ii) the then-current, standard terms and conditions used by our Approved Supplier for the Proprietary/Approved Products and, if reduced to writing, other agreements we determine appropriate.~~ You may review the current

terms and condition used by the Approved Supplier prior to entering into any Franchise Agreement with us, so long as you (a) provide us with a written request, and (b) execute an appropriate form of confidentiality agreement agreeing not to disclose the reviewed document. The Operations Manual consists of many different manuals that cover a variety of specific topics. -The tables of contents from all of our subject-specific manuals are attached to this Disclosure Document as Exhibit C and together total approximately 138 pages. (Franchise Agreement, Sections 5(D) and 6(N));

6. We will provide you with a list of our Required Items and Approved Suppliers (to the extent we have designated them), either as part of our proprietary Operations Manual or otherwise in writing. (Franchise Agreement, Section 5(D)) We will also supply you with the Pre-Opening Start-Up Package necessary to establish and commence operations of the Franchised Business, so long as you pay us the appropriate fees for these items at, or prior to, delivery. (Franchise Agreement, Sections 4(A)(3) and 5(S));

7. We will review and approve your proposed layout and design of your Premises as well as the signage, equipment, furniture and fixtures used in connection with your Franchised Business, as we deem appropriate and advisable in our discretion. Franchise Agreement, Section 6(D));

8. We will provide you with guidance and/or directives in connection with how to expend the required funds associated with the promotion and advertisement of the initial launch of your Franchised Business. (Franchise Agreement, Section 5(F)); and

9. We will provide you with our initial training program that covers material aspects of the operation of the franchised business (the "Initial Training Program"). (Franchise Agreement, Section 5(A)).

B. Initial Training Program and Other Training

Initial Training Program

~~Before you may open~~ At least one day prior to opening your Franchised Business you must complete, to our satisfaction the Initial Training Program. The topics covered are listed in the chart below. This training is offered at our designated training facility in Clarksville, Tennessee, or another location we designate. Currently, we offer the Initial Training Program at least four (4) times per year, but also on an as-needed basis. You and your Designated Manager (if applicable) must attend and complete the Initial Training Program prior to you opening the Franchised Business. (Franchise Agreement, Sections 5(A)).

We expect that attendees will advance through the training program at different rates depending on a variety of factors including background and experience. The time frames set forth in the chart are an estimate of the time it will take to complete training and the number of hours required may vary based on (a) the experience of the trainee at issue, and (b) the schedules and availability of our training staff. Initial training must be completed to our satisfaction prior to the scheduled or contemplated opening of your Franchised Business. We do not charge any tuition or training fee for up to two (2) individuals to attend the Initial Training Program, provided both individuals attend at the components that are provided at our headquarters or other designated training facility at the same time prior to the opening of your Franchised Business. You will be responsible for all costs and expenses associated with you and your personnel attending initial training, as well as any other ongoing training that we or any third-party provides once your Franchised Business is open.

Either you, your Crew Chief, and/or your Designated Manager who has completed the initial training must be the individual(s) that provide the Approved Services to the clientele of the Franchised Business, unless you have another personnel member that has completed the operational components of our Initial Training Program that we designate as necessary to provide the kind of Approved Services at issue. This will typically include specific training and authorization to provide those Approved Services.

Prior to attending any portion of the Initial Training Program that takes place at our designated training facility, you must (i) demonstrate that you have pre-paid all amounts in connection with the Pre-Opening Start-Up Package or are in a position to do so in the near future, (ii) undertake all steps to establish your EFT Account, including providing us with all authorizations and approvals necessary to access such EFT Account, (iii) demonstrate that you have obtained all required insurance coverages set forth in the Franchise Agreement and Manuals, (iv) have your own counsel review and, if determined appropriate, ensure the validity and enforceability of any then-current template form of services agreement, and (v) provide us with completed copies of all agreements and contracts that are attached as Exhibits to the Franchise Agreement.

INITIAL TRAINING PROGRAM

Subject	Classroom Hours	On the Job Hours	Location
PHASE 1 - VIRTUAL TRAINING PROGRAM (PRE-OPENING & ON-BOARDING FOCUS) • On-Boarding Checklist Reviews ▪ Monitoring Your Pre-Opening Obligations; Topic Specific • Office Administration • CRM Training • <u> </u>	24	N/A	Remote

Subject	Classroom Hours	On the Job Hours	Location
PHASE 2 - CORPORATE TRAINING - Welcome & Introductions ~~Zero Tolerance Policies, Dress Code~~ ~~Human Resources~~ ~~Local Marketing~~ ~~Sales Call Dialogue & responding to Customer Questions~~ <u>Building Science</u> <u>Insulation Types</u> <u>Products and Services</u> <u>Truck and Shop Setup</u> <u>TTPs and SOPs</u> <u>Sales Process</u> <u>Sales Role-Plays</u> - Job ~~Safety/Vehicle~~ <u>Safety Site Diagnostic Walk-Through</u> ~~Facility Layout~~ ~~Vehicle Equipment Layout~~ ~~OSHA Regulations~~ ~~Standard Codes~~ ~~Software System~~ ~~Estimating~~ ~~Trouble Shooting~~ <u>Hands-On</u> <u>Ventilation Corrections and Prep</u> <u>Blown Material Install</u> <u>QC/Photos and Duct Insulation/Repairs</u> <u>Grassroots Business Development</u>	2420	N/A20	Our designated training facility in Clarksville, Tennessee, or other location we designate.
PHASE 3 — EXPERIENCE ~~“Ride-Along” Shadow Management~~	N/A	16	At customers’ facility/residence
TOTAL	~~4844~~	~~1620~~	

You, your Designated Manager (if applicable), and your Crew Chief must attend and complete the Initial Training Program. We expect that Phases 2 and 3 of our Initial Training Program will take five (5) business days to complete. Before attending the in-person portion of our Initial Training Program at our training facility or another location we designate, you, your Designated Manager (if applicable), and your Crew Chief must attend and complete the remote training portion of the Initial Training Program, which will be provided online over the course of approximately six (6) weeks.

~~Our President, Brock Adams will oversee and be the primary instructor managing the various subjects of the, supervises our~~ Initial Training Program. Mr. Adams has over twenty-~~one (21)~~three (23) years of experience in all areas of business operations, which will include the operations of your Franchised Business, and he has served as our President since our inception.

If circumstances require, a substitute trainer may provide training to you. We may periodically name additional trainers if the training schedule requires them. There are no limits on our right to assign a substitute to provide training. Substitute trainers currently have a minimum of one ~~years~~year of training experience.

On-Site Assistance

Once you and your required trainees have completed the components of our Initial Training Program that take place at our designated training facility we may provide you, as we determine in our sole discretion, with up to two (2) days of on-site assistance at your Franchised Business that is designed to provide additional on-the-job instruction around the time you initially launch operations of your Franchised Business.

C. Typical Length of Time Before Operation

Single Unit Franchise

Except as provided in this Item, you must open and commence operations of your Franchised Business within four (4) months of the date you execute your Franchise Agreement for that Franchised Business. We estimate that it will take between two (2) months to three (3) months to open your Franchised Business from the time you execute your Franchise Agreement. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable Premises, to obtain financing, to obtain the permits and licenses for operation of the Franchised Business, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, and to complete preparation for operating the Franchised Business, including purchasing any inventory or supplies needed prior to opening. If you do not open or operate your Franchised Business within this four (4) month period, then we may terminate your Franchise Agreement (unless we agree to extend your opening deadline in a writing signed by both parties) (Franchise Agreement, Section 6(C)).

Multi-Territory Addendum

If you have entered into a Multi-Territory Addendum to open and operate your Franchised Business in multiple Designated Territories, you may commence operations in each of the Designated Territories under your Multi-Territory Addendum upon (i) the execution of a Franchise Agreement for each Designated Territory in which you will operate your Franchised Business, (ii) the payment of the applicable Development Fee, and (iii) the completion of all of your pre-opening obligations under the Franchise Agreement(s) including but not limited to completion of the Initial Training Program by all individual(s) required to attend. (Multi-Territory Addendum, Section 3).

D. Post-Opening Obligations

After the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We may offer and require you and your management to attend additional training programs and/or refresher courses, as we deem necessary in our sole discretion ("Additional Training"). ~~We will not require you and/or your management to attend more than: (i) two (2) sessions of~~

~~additional/refreshers training year, which combined will not exceed seven (7) total days and may take place at our designated training facility (or other location that we designate); and (ii) twenty-four (24) hours of additional or refresher training via webinar, Skype or other medium that allows for remote attendance and completion. You will also be solely responsible for all expenses incurred in attending Additional Training. We may also provide remedial training to you if you are in default of your Franchise Agreement or if your required trainees fail to complete any Additional Training as described more fully in Item 6 of this Disclosure Document ("Remedial Training"), and we reserve the right to charge you our then-current Training Fee in connection with such Remedial Training. For both Additional Training and Remedial Training, you will be responsible for all expenses incurred in connection with you and your personnel attending. Additionally, if we provide any Additional Training or Remedial Training at your Approved Location, we may require you to pay us our then-current training fee for such training (which is currently \$1,000 per trainer per day).~~ (Franchise Agreement, Section 5(C));

2. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, facsimile, intranet communication, Skype or any other communication channel, as we deem advisable and subject to the availability of our personnel. ~~Certain of this advice and consultation may be provided based on certain reports, guest satisfaction surveys and other brand quality measurements we impose in connection with the operation of your Franchised Business, and such advice/consultation will be subject to your timely provision of any reports we require you to submit.~~ (Franchise Agreement, Section 5(G));

3. We will approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Business as described more fully below in this Item 11 under the heading "Advertising and Marketing." (Franchise Agreement, Section 5(H));

4. We will list the contact information of the Franchised Business on our Website, ~~provided you are not in material default of your Franchise Agreement.~~ (Franchise Agreement, Section 5(I));

5. We will, as we deem appropriate, conduct inspections and/or audits of the Franchised Business and, upon 48 hours' notice, of the Premises and/or Approved Vehicle(s) to ensure that you are operating the Franchised Business in compliance with the terms of the Franchise Agreement, the Operations Manual and the System standards and specifications. (Franchise Agreement, Section 5(L));

6. We will approve or disapprove your requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers other than our then-current Approved Suppliers. (Franchise Agreement, Section 6(L));

7. We or our designee will administer and maintain the Fund (as defined below) for the benefit of the System, as we deem necessary in our sole discretion. (Franchise Agreement, Sections 5(M) and 9(E));

8. We may schedule and hold a franchise conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. ~~In the event we schedule a conference, we may require you to attend for up to five (5) days each year. You will be responsible for the costs and expenses you incur in connection with any franchise conference, but your attendance/registration fee for~~

~~your first franchise conference is covered in your Pre-Opening Start-Up Package. (Franchise Agreement, Section 5(Q)); and (Franchise Agreement, Section 5(Q)); and~~

9. We or our ~~designee may establish and maintain a affiliate will operate the~~ System-wide call center (the “Call Center”) ~~and, if we do so, you will be required to pay related subscription fees at Franchisor’s then current rate, or the then current rate charged by Franchisor’s Approved Supplier for call center services.”)~~ (Franchise Agreement, Section 5(R)).

E. Advertising and Promotion

1. You must spend an amount equal to the greater of (i) 5% of the Gross Sales of your Franchised Business, or (ii) \$1,500 per month each calendar month as your “Digital and Local Advertising Requirement” on the local advertising and promotion of your Franchised Business within your Designated Territor(ies), with such obligations commencing in the fourth (4th) month of operations of the Franchised Business. You will pay for your advertisements and promotions directly. We will approve the advertising, promotions and public relations plan and its creative execution on a periodic basis, as we deem necessary in our discretion. (Franchise Agreement, Section 9 (D)).

2. As part of our System, you are required to contribute to our Brand Development Fund each month in an amount equal to the greater of: (i) 1% of the monthly Gross Sales of your Franchised Business from the preceding reporting period; or (ii) \$100 per month per Designated Territory (the “Brand Fund Contribution”). (Franchise Agreement, Section 9(E)). We will administer the Brand Development Fund as follows:

(a) The Brand Development Fund (or “Fund”) contributions may be expended to cover the following: (i) the cost of, producing, maintaining, administering and directing consumer advertising for our System on a national level; (ii) the costs to develop and maintain the website www.insulationcommandos.com; (iii) the cost to develop and maintain support materials for in-home sales presentations; (iv) consumer surveys fees, co-op expenses, market research, an (800) number, and public relations; (v) training tools designed to assist franchisees in the training of their respective personnel; (vi) email address usage for System franchisees and, if applicable, their respective personnel; and (vii) the license for a business management software platform which you will use in the operation of your Franchised Business. (Franchise Agreement, Section 9(E)). We are not ~~obligated, in administering the Fund, required~~ to: (i) make expenditures for you or any other franchisee that are equivalent or proportionate to your contribution; (ii) make expenditures in your, or any other franchisee’s, geographical area; or (iii) ensure that you or any other franchisee benefit directly or on a pro rata basis from expenditures or activities of the Fund.

(b) With respect to the advertising side of the Fund, we control the creative concepts and the materials and media to be used, and we determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the marketing fund. We may, in our sole discretion, establish an advisory board consisting of franchisees to assist us in determining how the Fund contributions are spent with respect to marketing and promotional programs (the “National Advertising Council”). If we establish a National Advertising Council, you may submit a written request to become a member thereof after the Franchised Business has been open for a period of six (6) months. (Franchise Agreement, Section 9(E)).

(c) We may use your contributions to the Fund to develop, produce, and distribute national, regional and/or local advertising and to create advertising materials and public relations which promote, in our sole judgment, the services offered by our franchisees. Fund Contributions may be used to meet the costs of, or reimburse ourselves for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting direct mail, television, video, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; creating pitch books, sales contracts, work orders and media buys; creating and distributing digital and/or social media marketing content and campaigns; developing and/or hosting an Internet web page or site, web development and similar activities; employing advertising agencies to assist therein; creating retail brochures; marketing training, meetings, education and other related activities; and providing promotional brochures, direct mail advertising pieces and other marketing materials to franchisees). All Fund contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray our general operating expenses other than the costs and expenses that we may incur in activities reasonably related to the administration of the Fund and/or the Fund activities. We will not use (and have not previously used) Fund contributions for advertising that principally is a solicitation for the sale of franchises, except that we may use/display the phrase "Franchises Available" on any advertising/marketing that is covered by the Fund. Any affiliate-owned locations will not be required to contribute to the Fund at the same rate or in the same intervals as franchisees. (Franchise Agreement, Section 9(E)).

(d) We will attempt to spend all Fund contributions on marketing programs and promotions during our fiscal year within which the contributions are made, however, we have no obligation or duty to do so. We intend for the Fund to be perpetual, but we have the right to terminate it if necessary. (Franchise Agreement, Section 9(E)).

(e) An unaudited statement of the operations of the Fund will be prepared annually by us. If you submit a written request to us requesting to review the statement on or before March 31, we will provide you with a copy of the statement after its preparation for the most recently completed fiscal year. We may require that the annual statement be reviewed or audited and reported on by an independent certified public accountant at the expense of the Fund, but are under no obligation to do so. (Franchise Agreement, Section 9(E)). During our fiscal year ending December 31, ~~2024~~2025, we expended System Brand Fund contributions as follows: ~~Social Media: 31%~~Administrative/Payroll: 49.08%; Digital Advertising: 5.63%; Creative and Content Production: 20.84%; Website Development: 2.41%; Marketing Collateral: 28%. Software: 6.36%; Brand Assets and Design: 14.19%; Media Production Equipment: 1.49%.

~~(f) Notwithstanding our option to create a National Advertising Council to assist us in our management of the Fund, we have the right to administer the Fund at our sole discretion as long as we materially adhere to the objectives described in items (a) – (f) above and in the Franchise Agreement.~~

(f) ~~We have not established an advertising council.~~ The Fund is not a trust, and we assume no fiduciary duty to the franchisees in administering the Fund. (Franchise Agreement, Section 9(E)).

3. Cooperatives and Advertising Councils. Although we are not obligated to do so, we may create a cooperative advertising program for the benefit of all System franchises located within a particular region. We have the right to (a) allocate any portion of the Fund to a cooperative advertising program; and (b) collect and designate all or a portion of the local advertising for a cooperative advertising program, in each case, in such amounts as we determine in our sole discretion. We will determine the geographic territory and market areas for each cooperative advertising program. You must participate in any cooperative advertising program established in your region. We may also establish a council to provide

advice and guidance regarding the administration of the Fund and various other advertising/marketing matters (an “Advertising Council”). (Franchise Agreement, Sections 9(F) and 9(H)).

4. Grand Opening Event/Launch Marketing. During your first ninety (90) days of operation, you must spend between \$~~12~~,500 and \$~~217~~,500 on the initial advertising and promotion of your Franchised Business. This range includes approximately three (3) months of third-party lead generation services during your initial period of operations. You may choose to spend more. Factors that may affect your decision on the actual amount to spend includes local media cost, location of the franchised business, time of year and customer demographics in the surrounding area. The amounts you spend in connection with your Grand Opening Event/Launch Marketing are typically not refundable. We may provide you with guidance with respect to conducting these activities, as we deem appropriate in our discretion, and we will review and approve the materials you use as part of your Grand Opening Event/Launch Marketing. ((Franchise Agreement, Section 9(C)).

~~5. Local Listings. You must list the telephone number for the franchised business in your local business directory as we may specify from time to time. You must place the listings together with other franchised businesses operating within the distribution area of the directories. (Franchise Agreement, Section 9(D)). For further information about your costs, see Item 6 of this disclosure document.~~

F. Computer System

You must purchase and use any hardware and software programs we require. You must purchase and use all of the hardware and software set forth below in connection with the operation of the Franchised Business. The use of your desktop computer must be exclusively designated for operation of the Franchised Business and may not be used or shared for any other purpose, including without limitation, personal or home use. (Franchise Agreement, Section 6(I)). The required computer hardware and software is as follows:

HARDWARE
New or recent-model desktop or laptop computer with 500GB hard drive and 16GB memory. Must have the capability to install and run the software described below
~~1 Tablet~~ <u>2 Tablets</u> or iPad with Bluetooth wireless connectivity
SOFTWARE
Most Recent Version of QuickBooks Online ~~(first six months are included as part of the Pre-Opening Start-Up Package).~~
Then-current Required Software, including our designated Customer Record Management (CRM) Software Platform
Additional software we may designate or specify in the future for use in connection with your Franchised Business

The estimated cost of purchasing the computer hardware system above is approximately \$650 to \$2,500, depending on whether you already own some of this hardware and software that meets our System standards. You must enter into ongoing maintenance and/or support agreements for maintenance and upgrades to the computer system. From time to time, you may have to update or upgrade your computer hardware and/or software. There are no contractual limitations on our right to require you to upgrade or update your computer system during the term of the franchise agreement. Neither we, our affiliate, nor any third party is required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. We may introduce new requirements for computer systems and the cost would be allocated to our

franchises as disclosed in Item 6. We also reserve the right to require you to purchase QuickBooks online for use in connection with the Franchised Business and you would then be required to pay all fees associated with such software. There are no limits on our rights to do so, except as disclosed in Item 16. We estimate that you will spend approximately \$250 to \$500 annually on maintenance and support contracts for your computer system, which includes any upgrades.

You ~~shall~~must, at your expense, lease or purchase the necessary equipment and software and ~~shall~~must have arrangements in place with Visa, MasterCard, Discover, and such other credit card or gift card issuers as we may designate from time to time.

We have the right to independently access all information you collect or compile at any time without first notifying you.

We may establish and maintain a website portal or other intranet for use by you and other franchisees (the “Web Portal”), wherein we may post content that will automatically become part of, and constitute a supplement to, the Operations Manual, all of which you must strictly comply with promptly after such content is posted or otherwise listed on the Web Portal. (Franchise Agreement, Sections 5(D)).

G. Website and Internet Use

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Instagram, LinkedIn, Pinterest, X, YouTube or any other social media and/or networking site. Any such Internet website or presence is considered “advertising” and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of the above presences on the Internet, you must: (i) establish and operate your website in accordance with System standards and any other policies we designate in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). (Franchise Agreement, Section 9(G)).

We have the right to establish and maintain a website, that may, without limitation, promote the Proprietary Marks and/or the System (the “Website”), including the contact information of your Franchised Business. We agree to establish an interior page on our corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) the Franchise Agreement governing that Franchised Business is not subject to termination. (Franchise Agreement, Section 9(G)). We have sole control over all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Franchised Business as we deem necessary or appropriate in the best interest of the System. We (or our affiliate) are the sole registrant of the Internet domain name www.insulationcommandos.com, as well as any other domain names that we or our affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

ITEM 12 TERRITORY

You will operate from one site located in your Designated Territory (defined below) and you may not relocate the Franchised Business without our prior written consent, which we will not unreasonably withhold, provided: (i) you secure an alternate location for the Franchised Business within the Designated Territory (as defined below); and (ii) you reimburse us for the reasonable costs and expenses that we incur in connection with evaluating and approving the proposed relocation. If you can no longer use the location due to circumstances beyond your control, including unreasonable lease terms or destruction of the premises, we will not unreasonably withhold our written consent to relocate. Our standard franchise offering does not permit you to operate a Franchised Business within your Designated Territory unless you have secured an Approved Location that is within your Designated Territory and properly staffed to meet our System standards.

Franchise Agreement: Designated Territory

You will typically receive a territory consisting of up to 300,000 to 400,000 people (the “Designated Territory”). The size of your Designated Territory will be determined by reference to our third-party demographic mapping software. Under certain circumstances, we may permit you to accept customers from outside your Designated Territory as long as these customers do not reside in the Designated Territory of another franchisee (unless that other franchisee consents). We may revoke such permission at any time in our sole discretion.

In the event you fail to pay the Minimum Royalty when due three (3) or more times in any twelve (12) month period, then we may, in our sole discretion: (i) terminate your Franchise Agreement; and/or (ii) reduce the size of your Designated Territory. If we elect to reduce the size of your Designated Territory as an alternative to terminating your Franchise Agreement, we will provide you with an updated Exhibit reflecting the size and boundaries of your reduced territory. Once your Designated Territory is effectively reduced, we may own or operate, or license another to operate, additional System businesses anywhere outside your revised Designated Territory. If we reduce the size of your Designated Territory under the terms of Item 12, you do not have the right to nor will you receive compensation for any value of the forfeited portion of your Designated Territory. If the zip codes used to define your territory should be changed in the future by the U.S. Post Office or other government agency, we may require you to execute an addendum to your franchise agreement to redefine the physical territory using new zip code numbers. Redefinition of your territory to comply with the U.S. Post Office or other government agency’s definition does not constitute a material change to the franchise agreement. Except as set forth in this Item 12, we may not modify your Designated Territory for any reason other than by mutual agreement.

Subject to the rights reserved below, and for so long as you are in compliance with the terms of your Franchise Agreement, we will not establish any other System businesses in your Designated Territory. We may establish alternate channels of distribution selling similar services and products, including e-commerce, Internet, mail order or catalogs. We are not required to pay you any compensation for soliciting or accepting orders inside your territory obtained through these alternative channels of distribution. Although at this time we have no plans to establish other franchises or company-owned or other channels of distribution selling or leasing similar products or services under a different trademark, there is nothing in the Franchise Agreement that prohibits us from doing so and we expressly reserve the right to do so. You may not solicit or advertise for customers outside of your Designated Territory, including: (i) soliciting or advertising within the Designated Territory of another franchisee without that franchisee’s express consent and/or cooperation; (ii) soliciting or advertising on the Internet without our consent; or (iii) servicing any customer that resides outside the Designated Territory or within the protected territory of another System business, unless you obtain the prior consent of the owner of that business or us, as applicable.

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.

Multi-Territory Addendum

We may, at our discretion, offer qualified candidates the right to enter into our form of Multi-Territory Addendum ~~⊕~~ for the right to operate a Franchised Business in multiple Designated Territories. During the term of the Multi-Territory Addendum (attached to this Disclosure Document as Exhibit B), Franchisor will not open or operate, or license any third party the right to open or operate, any System Business within each of your Designated Territories. You will not have any additional territorial rights within the Designated Territories under the Multi-Territory Addendum other than the rights you were granted within any Designated Territory under a valid and existing Franchise Agreement for that Designated Territory.

When you sign your Multi-Territory Addendum, you will be granted the right to operate the Franchised Businesses in each Designated Territory, provided you enter into a Franchise Agreement for each Designated Territory in which you will operate.

In order to exercise your right to operate in any additional Designated Territory pursuant to a Multi-Territory Addendum you enter into with us, you must: (i) sign our then-current form of franchise agreement to govern the Franchised Business's operation in that Designated Territory and comply with the same; (ii) pay the applicable Development Fee upon entering into the Multi-Territory Addendum, and (iii) complete, along with any individuals or other personnel required, the Initial Training Program for the Franchised Business.

You may operate your Franchised Business in multiple Designated Territories from the same Approved Location. If you choose to open and operate from additional Premises in additional Designated Territories, then we must approve the location of each Premises from which you will operate the Franchised Business in those additional Designated Territories.

Reservation of Rights

Your rights under the Franchise Agreement and Multi-Territory Addendum do not include: (i) any right to offer any Insulation Commandos product or service via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; (iii) any right to sell System merchandise via wholesale; (iv) any right to otherwise distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Franchise Agreement; (v) the right to sub-license the Franchised Business in any fashion; or (vi) the right to sell and or all of your Designated Territory independent of your entire Franchised Business to another person or franchisee without our written permission.

We and our affiliates have the right, in our sole discretion, to: (i) own and operate franchised businesses at any location(s) outside of the Designated Territory under the Proprietary Marks, or to license others the right to own and operate System businesses at any location(s) outside of the Designated Territory under the Proprietary Marks and System; (ii) the right to own and operate businesses under different marks at any location(s) inside or outside of your Designated Territory, or license to others the right to own and operate such businesses, under different marks at any location(s) inside or outside of Designated Territory (such businesses will not primarily provide insulation products and services); (iii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts, or related items, or in alternative channels of distribution, including the sale of any products in wholesale and retail stores,

via the Internet, and through mail order catalog, without regard to location; and (iv) use the Proprietary Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in this Agreement. You do not have any of the foregoing rights under your Franchise Agreement, and we are not required to provide you any compensation in connection with conducting any of these activities.

If you enter into a Multi-Territory Addendum, we will have the same reserved rights set forth in the preceding paragraph.

Additional Disclosures

Neither the Franchise Agreement nor the Multi-Territory Addendum provides you with any right or option to open and operate additional Franchised Businesses (other than as specifically provided for in your Multi-Territory Addendum if you are granted multi-territory development rights). Regardless, each Designated Territory in which you will operate the Franchised Business must be governed by its own Franchise Agreement. You must meet our then-current qualifications for new franchises, as set forth in our then-current Franchise Agreement, to qualify to operate in additional Designated Territories. Except as set forth above, and unless otherwise agreed to by you and us, franchisees do not have options, rights of first refusal, or similar rights to acquire additional franchises within the Designated Territory or contiguous territories.

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, any other franchised or company-owned businesses that sell our Approved Services under a different trade name or trademark, but we reserve the right to do so in the future.

**ITEM 13
TRADEMARKS**

Under your Franchise Agreement, we will grant you a non-exclusive license to use the Marks (or “Proprietary Marks”) solely in connection with your Franchised Business and as authorized in your Franchise Agreement, our Manuals or otherwise by us in writing. We currently license you the following Marks, including our current primary mark INSULATION COMMANDOS, that are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
INSULATION COMMANDOS	7,517,855	September 24, 2024	Principal
	7,422,017	June 18, 2024	Principal

SHIELDING HOMES. DEFENDING COMFORT.	7,429,335	June 25, 2024	Principal
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Our affiliate, Commando IP, LLC, a Delaware limited liability company with the same principal business address as us, is the owner of the Proprietary Marks, and has licensed us the right to use, and to sub-license the right to use, the Proprietary Marks to our System franchisees pursuant to a perpetual, royalty-free Trademark License Agreement entered into on August 18, 2023. The term of the license agreement is indefinite and may be terminated only if we file for bankruptcy or are adjudicated bankrupt, or a trustee or receiver is appointed to us. In the event the license agreement is terminated, we expect to work with our affiliate to ensure System franchisee retain the right to utilize the Proprietary Marks in connection with franchised businesses.

We have filed and will continue to file all required affidavits and renewals with the USPTO to maintain the registrations for the Proprietary Marks above.

You must strictly comply with our standards, policies, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of the Franchise Agreement.

You may not use all or any portion of our Marks as part of your company name and, without our prior written consent, as part of your trade name. You may not modify the Proprietary Marks in any manner, including with words, designs or symbols, except those which we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise system, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the words “Insulation Commandos” or any similar phrase.

As of the issuance date of this Disclosure Document, there is no litigation pending arising out of our Proprietary Marks, and we are not aware of any infringing use of our Proprietary Marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks, nor are there any pending infringement, opposition, cancellation proceedings, or material litigation, involving the Proprietary Marks.

Other than the license agreement with our affiliate discussed above, we are not a party to, or bound by, any agreement that significantly limits our rights to use or license others to use the Registered Mark or any of the other Proprietary Marks in any manner material to the franchise we offer.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Proprietary Mark or other proprietary information, and you must permit us to participate in any litigation involving you and our Proprietary Marks. We will take the action we think appropriate. We will indemnify you in any legal proceeding disputing and arising solely out of your authorized use of any Proprietary Mark, in compliance with the Franchise Agreement and our written directives, so long as you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. Any potential liability on our part for our indemnification of you with respect to your authorized use of the Proprietary Marks is limited to the amount of the Initial Franchise Fee. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Proprietary Marks. We will not reimburse you for disputes where we challenge your use of a Proprietary Mark.

You must modify or discontinue the use of a trademark if we modify or discontinue it. If this happens, you will be responsible for your tangible costs of compliance (for example, changing exterior and interior signage, advertisements, and promotional material, etc.). We are not obligated to reimburse you for any loss of revenue attributable to the modified or discontinued mark or for any expenditure you incur to promote a modified or substitute mark.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, except that you can use the proprietary information in our Manual and our affiliate's products (described in Item 11 of this disclosure document). Although we have not filed an application for a copyright registration for our Manuals or advertising materials, we claim common law copyright in these materials and all other proprietary materials that we and/or our principals develop for use in connection with the System or a Franchised Business. We consider our Manual to be confidential and require you to treat it as confidential. You must tell us when you learn about any unauthorized use of our Manual. We have not filed a patent application in connection with any product or service.

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

No agreement requires us to protect or defend our copyrights and/or patents or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted or patented materials. You must notify us of claims by others of rights to, or infringements of, the copyrighted and/or patented materials. We or our affiliate has the discretion but not the obligation to take any action when notified of infringement. If we require, you must immediately modify or discontinue using the copyrighted and/or patented materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification. We or our affiliate has the right to control all litigation related to the copyrights and/or patents.

During the term of the Franchise Agreement and/or Multi-Territory Addendum, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement/Multi-Territory Addendum or any time after that, communicate, divulge, or

use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business (the “Confidential Information”). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

The Franchise Agreement provides that if you, your employees, or principals develop any inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by you or your employees or agents that are in any way related to the establishment or operation of the Franchised Business (collectively, the “Improvements”), you must disclose those Improvements to us and all such Improvements will automatically and without further action be owned by us without compensation to you (including all intellectual property rights therein). Whenever requested to do so by us, you will execute any and all applications, assignments, or other instruments that we may deem necessary to apply for and obtain intellectual property protection or to otherwise protect our interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. ~~If a court should determine that we cannot automatically own certain of the Improvements that may be developed, then you hereby agree to grant us a perpetual, royalty free worldwide license to use and sublicense others to use such Improvements.~~

We may revise any of our copyrighted materials at our discretion, and may require that you cease using any outdated item or portion of the Manuals.

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

We require that you personally participate in the actual operation of your Franchised Business. You, if an individual, and certain persons affiliated with you, are required to attend, and successfully complete to our satisfaction, our training programs (described more fully in Item 11 above), and certain other training programs that we designate provided by third parties. All training must be completed prior to opening the Franchised Business.

Under certain conditions and with our prior approval, we may permit you to appoint a Designated Manager to handle day-to-day management of the Franchised Business on-site at the premises. Your Designated Manager must complete all components of our initial training, but we do not require that your manager have an ownership interest in a corporate or other business entity franchisee. The Designated Manager will need to be approved by us and will need to sign the form of Confidentiality and Non-Compete Agreement in a form substantially similar to the form attached to your Franchise Agreement. Any Designated Manager, including any replacement manager, must attend and complete all required training before assuming any management responsibility in connection with your Franchised Business.

If you, your Crew Chief, or your Designated Manager are not physically present on an Approved Vehicle or on-site at a given customer job, then there must be at least ~~one~~ (1) licensed employee present that can provide the requested Approved Services.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any managers. Please note that nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between you and/or your personnel, and us.

Each person owning an interest in the franchisee (if an entity), and their spouse(s), as applicable, must sign a personal guaranty (attached as Schedule “B” to the form of Franchise Agreement attached to this Disclosure Document) assuming and agreeing to discharge all obligations of the “Franchisee” under the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must conduct your business in accordance with our Operations Manual and policies in order to protect our reputation and goodwill and to maintain our high standards of operation under our Proprietary Marks. You must use the premises solely for the operation of the Franchised Business; and must keep the premises open and in normal operation for the hours and days as we may specify in the Manual or as we may otherwise approve in writing.

The Operations Manual may be amended or modified by us to reflect changes in the System. You must keep the Operations Manual confidential and current, and you may not copy any part of the Operations Manual. You are required to keep a copy of the Operations Manual at your Premises, and if there is a dispute relating to the contents of the Operations Manual, then the master copy (which we maintain at our corporate headquarters) will control. We reserve the right to disclose updates to the Operations Manual in writing in any manner, including electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. We expect the Operations Manual will include attachments or exhibits that contain, among other things: (i) our then-current template form of services agreement that you will be required to (a) have your own counsel review and, if determined appropriate to ensure the validity and enforceability of the agreement, make proposed modifications to the same, and (b) provide us with a copy of a such proposed modifications for our records, review, and opportunity to object; and (ii) the then-current, standard terms and conditions used by our Approved Supplier for the Proprietary/Approved Products and, if reduced to writing, other agreements we determine appropriate.

You are prohibited from offering or selling any products or services not authorized in writing by us. Our definition of products and services offered by the franchise and subject to royalty include any and all products and/or their installation in a residential or commercial structure anywhere regardless of age including, but not limited to: insulation of any type or manufacture, air sealing, ventilation, and others. The non-competition provisions in the Franchise Agreement (See Item 17) do not permit you to have ownership or interest in a competing business, including any operation, formal or otherwise, of a business that offers any of the products or services provided by Franchised Businesses. Any and all services you provide to your customers must be provided in accordance with the standards established by us.

You are not limited in the customers you may serve from your Franchised Business, but you may not serve customers who reside in the Designated Territory of another System business without obtaining the prior written consent of the owner of the Designated Territory where that customer resides. You are not permitted to distribute System products on a non-retail or wholesale basis without our prior written consent.

We do not impose any other restrictions in the Franchise Agreement as to the customers to whom you may sell. We reserve the right to expand and otherwise modify the Approved Products and/or Approved Services that you may offer and provide through your Franchised Business (through limited trials or otherwise). There is no limit on our right to request expansion of the goods and products offered and you will be required to offer new products and services that we introduce from time to time. We may also discontinue any products or services that we previously approved for your Franchised Business to offer and

sell upon providing you with written notice, and you must cease offering any product or service we discontinue immediately upon receiving notice from us.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary
a. ~~Term~~ Length of the franchise ~~term~~	Section 3(A)	Section ~~4(e)~~ II	The initial term is for 10 years commencing on the date we sign your Franchise Agreement.
b. Renewal or extension of the term	Section 3(B)	Not Applicable	You have the right to be considered for two (2) additional (and consecutive) 10-year terms.
c. Requirements for franchisee to renew or extend	Section 3(B)	Not Applicable	In order to renew (which means renewing your franchise relationship with us), you must: (i) not have any uncured material defaults under your Franchise Agreement (including any monetary defaults) or any other agreement between you and us; (ii) execute our then-current franchise agreement (which may contain materially different terms and conditions than your original franchise agreement); (iii) pay us a renewal fee of \$5,000 (per Designated Territory); (iv) complete our then-current refresher training course; (v) execute a general release; (vi) must have participate in and supported the operational procedures recommended or provided by us; and (vii) re-image, renovate, refurbish and modernize the Approved Vehicles and Franchised Business.
D. Termination by franchisee	Not Applicable	Not Applicable	Not Applicable

Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary
e. Termination by franchisor without cause	Not Applicable	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 15	Section 8	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart. We may terminate your right to operate in a particular Territory under the terms of your Multi-Territory Addendum if we terminate the Franchise Agreement for that Territory as described in (g)-(h) of this Item 17 chart.
g. “Cause” defined – ~~curative~~ <u>curable</u> defaults	Section 15(B) Section ~~15(e)~~<u>15I</u>	Not Applicable	Your Franchise Agreement may be terminated based on the following defaults after the applicable cure periods: (i) if you fail to cure any of the following defaults after 10 days’ notice: (a) fail to offer only the Approved Services at the Franchised Business; (b) any purchase of any non-approved item or service; (c) failure to purchase any item from the appropriate Approved Supplier(s), and (d) fail to cure any monetary default; (ii) you fail to provide us with access to the Computer System and fail to remedy this default within 48 hours; (iii) you fail, after 15 days’ notice, to comply with any applicable law; and (iv) you fail, after 10 days’ notice, to obtain any applicable license, certificate, permits, or approval. Except as provided above and those defaults listed in (h) of this Item 17 Chart, you must cure all other defaults and violations of any provision of your Franchise Agreement or any other agreement with us or our affiliates within 30 days of being provided with notice of your default(s).

Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary
			or property of the Franchised Business; (xiii) there are insufficient funds in your EFT Account 3 or more times in any 12-month period; (xiv) you commit repeated violates of any applicable laws; or (xv) you on 3 or more occasions, fail to comply with the standards and specifications set forth in the Operations Manual during any 18 month period, whether or not these failures were timely cured.
i. Franchisee's obligations on termination/non-renewal	Section 16	Not Applicable	Upon termination or early expiration of the Franchise Agreement, your obligations include: (i) cease ownership and operation of the Franchised Business and cease doing business in a form or manner that may give the general public the impression that you are operating a Franchised Business; (ii) return of the Operations Manual or any other Confidential Information to us; (iii) assign to us all approved services contracts, telephone/fax numbers and domain names; (iv) cease the use of the Proprietary Marks and trade dress; (v) comply with all post-term restrictive covenants; (vi) pay us and our Approved Suppliers any amounts owed; (vii) provide us with written confirmation of compliance with these obligations within 30 days; and (viii) cancel or, at our option, assign us all telephone/facsimile numbers and domain names (if permitted) used in connection with the Franchised Business (as well as all related listings) to us or our designee.
j. Assignment of contract by Franchisor	Section 13(G)	Not Applicable	No restriction on our right to assign.
k. "Transfer" by ~~Franchisor~~ Franchisee – defined	Section 13(A) and Section 13(C)	Section 9	Includes any transfer of Franchise Agreement, assets of the Franchised Business, or ownership change in you (as the Franchisee).
l. Franchisor's approval of transfer by Franchisee	Section 13(A)	Section 9	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.

Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary
m. Conditions for ~~Franchisor's~~ Franchisor approval of transfer	Section 13€	Section 9	We have the right to impose the following conditions on any transfer by you: (i) all of your accrued monetary obligations under the Franchise Agreement have been satisfied; (ii) you cure all existing defaults under the Franchise Agreement; (iii) you and your principals must execute a general release; (iv) you or the transferee provides us with a copy of the executed purchase agreement; (v) the transferee must meet our then-current qualifications and criteria for a new franchisee; (vi) the transferee executes our then-current franchise agreement; (vii) you or the transferee pays us a transfer fee of \$10,000 (per Territory); (viii) the transferee satisfactorily completes our Initial Training Program; (ix) you must comply with all post-termination provisions of the Franchise Agreement; (x) the transferee must obtain all permits and licenses required for the continued operation of the Franchised Business; (xi) all applicable lessors consent to the proposed transfer; and (xii) the transfer is made in compliance with all applicable laws.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 13(D)	Not Applicable	If (a) you propose to transfer any of your interest in the Franchise Agreement or Franchised Business or any interest in your lease for the Premises, or (b) your owners propose to transfer any interest in you (if you are an entity), except in certain circumstances (death/disability or transfer from individual franchisee to business entity), then you shall first offer to sell such interest to us on the same terms and conditions as offered by such third party. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms – if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our right of first refusal.

Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary
o. Franchisor's option to purchase Franchisee's business	Section 16(H)	Not Applicable	Upon expiration or termination of the Franchise Agreement, we have the option to purchase your assets at net depreciated book value.
p. ~~Franchisee's death~~ Death or disability <u>of franchisee</u>	Section 13(B)	Not Applicable	You will have a period of 90 days to find a suitable legal representative that we approve to continue the operation of your Franchised Business, provided that person completes our Initial Training Program and signs our then-current franchise agreement for the remainder of your term. During this 90-day period, we may step in and operate the Franchised Business on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.
q. Non-competition covenants during the term of the franchise	Section 14(A)	Not Applicable	Neither you, your principals, guarantors, owners or Designated Managers, nor any immediate family member of you, your principals, guarantors, owners or Designated Managers, may: (i) own, operate, or otherwise be involved with, Competing Business (as defined in the Franchise Agreement); (ii) subject to and to the extent permitted by applicable laws where the Franchised Business is located,, employ or seek to employ any of employees or us, our affiliates or any other System franchisee or induce such persons to leave their employment; or (iii) divert, or attempt to divert, any prospective customer to a Competing Business.
R. Non-competition covenants after the franchise is terminated or expires	Section 14(B)(1)	Not Applicable	For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, Designated Managers, nor any immediate family member of you, your principals, guarantors, owners, Designated Managers, may own, operate or otherwise be involved with any business that competes with us and is involved in the licensing or

Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary
	Section 14B)(2)		franchising, or establishing of joint ventures for the operation, of any Competing Business. For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, Designated Managers, nor any immediate family member of you, your principals, guarantors, owners, Designated Managers, may own, operate or otherwise be involved with and Competing Business: (i) within your Designated Territory; (ii) within a 25-mile radius of your Designated Territory; (iii) within a 25-mile radius of the designated territory of any other System franchisee; and (iv) within a 25-mile radius of any other designated territory that has been granted by us or our affiliates in connection with any franchised business as of the date your Franchise Agreement expires and/or is terminated, regardless of whether a franchised business is open and operating in that designated territory. During this two-year period, these parties are also prohibited from: (i) soliciting business from customers of your former Franchised Business; (ii) contacting any of our suppliers/vendors for a competitive business purpose; or (iii) subject to and to the extent permitted by applicable laws where the Franchised Business is located, soliciting any employees of us, our affiliates or any other System franchisee to discontinue their employment.
<u>sS.</u> Modification of the agreement	Section 18(D)	Not Applicable	Your Franchise Agreement may not be modified, except by a writing signed by both parties. With that said, we may modify the System and Operations Manual as we deem appropriate in our discretion from time to time.

Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary
T. Integration/merger clause	Sections ~~18(e)~~ <u>18I</u> and 22	Section 13	Only the terms of the Franchise Agreement and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 21(B) Section ~~21(C)~~ <u>21I</u>	Section 11	You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters, and if not resolved through mediation, then submitted to arbitration. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.
V. Choice of forum	Sections 21(D) and 21€	Section 11	Subject to the other provisions of the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be mediated, arbitrated, or else initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest to our then-current headquarters or, if appropriate, the United States District Court for the Middle District of Tennessee (subject to state law).
w. Choice of law	Section 21(A)	Section 11	The Franchise Agreement is governed by the laws of the state of Tennessee, without reference to this state's conflict of laws principles (subject to state law), except for any actions or disputes involving any

Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary
			franchise or business opportunity law must be governed by the law of the state where the Franchised Business is located.

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 by, for example, providing information about possible performance at a particular location or under particular circumstances.

~~Historical~~Historic Financial Performance Representation

~~We suggest strongly that you consult with a franchise attorney and your financial advisor or personal accountant concerning this investment and the preparation of any financial projections, which we will not review or comment on, as well as federal, state, and local income taxes and any other applicable taxes that you may incur in operating an Insulation Commandos Franchised Business.~~

~~This Item 19 presents certain historical financial performance information about the Reporting Outlet (as defined below) in Southern California during the 2024 calendar year (the “Measurement Period”), as reported to us by the Reporting Outlet. We have not audited this information, nor independently verified this information. As of December 31, 2025, we have (a) one (1) affiliate-owned and operated Insulation Commandos business located in Clarksville, Tennessee (the “Affiliate-Owned Business”), and (b) sixteen (16) System franchisees that operate in a collective total of sixty-two (62) territories. Of these sixteen (16) franchisees, a total of seven (7) franchisees were open and operational for the entirety of the 2025 calendar year (the “Measurement Period”). One (1) of these franchisees did not report complete, full-year financial performance information to us. We refer to the remaining six (6) franchisees in this Item 19 as the “Reporting Franchised Businesses.” The Reporting Franchised Businesses operate in a collective total of twenty-five (25) territories and operate in a manner substantially similar to the business offered under this disclosure document. We have excluded from this Item 19 the financial performance information of nine (9) franchisees, operating in a collective total of thirty-seven (37) territories, because such franchisees were not open and in operation for the entirety of the Measurement Period.~~

~~Part I of this Item 19 discloses certain historic financial performance information and key performance indicators (KPIs) of the Affiliate-Owned Business during the Measurement Period, including total Gross Revenue during the Measurement Period.~~

Part II of this Item 19 discloses certain historic financial performance information and KPIs of the Reporting Franchised Businesses, respectively, during the Measurement Period, including total Gross Revenues during the Measurement Period.

We have not audited the financial performance information in this Item 19. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

~~As of December 31, 2024, only one (1) franchised business (the “Reporting Outlet”) was open during the entirety of the Measurement Period; our remaining franchisees have been open for six (6) months or less. Accordingly, we have excluded from this Item 19 the financial performance of our other franchised outlets.~~

PART I

Table 1(A) – Gross Revenue and Certain Disclosed Financial Performance of Affiliate-Owned Business During the Measurement Period (1/1/2025 – 12/31/2025)

~~The Reporting Outlet is located in Van Nuys, California and first opened in November 2022 under a different trade name, “Atticlean.” In June 2023, the Reporting Outlet began operating under our Principal Mark, and in February 2024, we entered into a franchise agreement with the owners of the Reporting Outlet (the “Reporting Outlet FA”). The Reporting Outlet is owned and operated by a company owned by two of our owners. Because the Reporting Outlet is owned and operated by certain of our owners and commenced operating prior to the date we began offering franchise opportunities, under the terms of the Reporting Outlet FA, we granted the Reporting Outlet the right to operate its Franchised Business in a large Designated Territory that consists of portions of, or all of, Los Angeles County, Ventura County, and Orange County, California, a total service area approximately 30 times larger than a typical Designated Territory (as disclosed in Item 12) (the “Larger Designated Territory”).~~

~~The Reporting Outlet (i) has operated since June 2023 under our Principal Mark “Insulation Commandos”; (ii) offers all Approved Products and Approved Services that our franchisees are authorized to offer at and from a Franchised Business; and (iii) utilizes two (2) wrapped service vehicles, each of which features our Proprietary Mark and is wrapped as required of our System Franchised Businesses. While the Reporting Outlet has the right to operate in the Larger Designated Territory, approximately 80 to 90% of the Reporting Outlet’s Gross Revenue during the Measurement Period was derived from the provision of Approved Products and Approved Services in Los Angeles County, California.~~

~~Table 1 of this Item 19 discloses the Reporting Outlet’s (i) Gross Revenue during the Measurement Period; (ii) the total cost of goods sold (“COGS”), and the Gross Revenue Less COGS during the Measurement Period; and (iii) certain other disclosed operating expenses during the Measurement Period, Imputed Fees, as well as Total Gross Revenue Less COGS, Disclosed Expenses and Imputed Fees during the Measurement Period.~~

~~**Table 2** of this Item 19 discloses certain other data of the Reporting Outlet during the Measurement Period, including (i) the total number of jobs completed, and (ii) the average ticket price per job, as well as the high, low and median ticket price per job and the number and percentage that met or exceed the average.~~

[Remainder of Page Intentionally Left Blank. Item 19 Continues Below]

Table 1

Reporting Outlet 1/1/2024 — 12/31/2024 (“Measurement Period”) ~~Original~~ <u>Affiliate-Owned Business</u> ~~Business~~ Opening Date for the Reporting Outlet: November 2022; <u>9/2024</u> <u># of Territories: 2** (See Note E to this Item 19)</u>				
			Total	% of Revenue
<u>Total Revenue</u>			<u>\$847,478.62</u>	<u>% of Gross Revenue</u>
<u>Gross Revenue</u>			<u>\$1,445,861.91</u>	
Cost of Goods Sold (COGS)				
<u>Direct Fuel</u>			<u>\$ 16,297.55</u>	<u>1.9%</u>
<u>Consumable Job Supplies & Materials</u>			<u>\$308,506.32</u>	<u>21.322.6%</u>
<u>Disposal Fees</u>			<u>\$9,708.92</u>	<u>0.71.9%</u>
<u>Direct Fuel</u>			<u>\$32,033.96</u>	<u>2.2%</u>

Installer Labor	~~\$266,510.79~~ <u>207,730.39</u>	~~18.42~~ <u>4.5</u> %
Payment Processing Fees	~~\$9,101.32~~ <u>8,235.59</u>	~~1.0~~ <u>0.6</u> %
<u>Total Cost of Goods Sold (COGS)</u>	<u>\$ 439,786.43</u>	<u>51.9</u>%
<u>Adjusted Gross Revenue (Gross Total Revenue Less COGS)</u>	<u>\$820,000.60</u> <u>407,692.19</u>	<u>56.74</u>~~8.1~~%
<u>Other Disclosed Expenses and Imputed Fees</u>		
Marketing & Sales Expenses	~~\$235,057.94~~ <u>52,880.52</u>	~~16.36~~ <u>2.4</u> %
<u>Total Insurance</u>	~~\$96,638.31~~ <u>29,975.55</u>	~~6.73~~ <u>5.4</u> %
<u>Total Occupancy Costs</u>	~~\$48,450.00~~ <u>36,926.90</u>	~~3.4~~ <u>4</u> %
Imputed Royalty (4-6%)	~~\$82,293.10~~ <u>50,848.72</u>	~~5.76~~ <u>0</u> %
Imputed Brand Development Fund (1%)	~~\$14,458.62~~ <u>8,474.79</u>	~~1.0~~ <u>0</u> %
Imputed Technology Fee	~~\$ 3,000.00~~	~~0.24~~ <u>0</u> %
Gross Revenue Less COGS, <u>Other</u> Disclosed Expenses, & Imputed Fees	<u>\$340,102.64</u> <u>225,585.72</u>	<u>23.52</u>~~6.6~~%

Table 21(B)

<u>Reporting Outlet/Affiliate-Owned Business – Key Performance Indicators (KPIs) During the Measurement Period</u>	
Number of Jobs Completed during Measurement Period	~~334~~ <u>214</u>
Average Ticket	~~\$4,321.00~~ <u>458</u>
Highest Ticket	~~\$49,236.79~~ <u>19,490</u>
Lowest Ticket	~~\$151.20~~ <u>98.56</u>
Median Ticket	~~\$3,790.00~~ <u>463.25</u>
# and % of Tickets that Met or Exceeded the Average	~~112 (33)~~ <u>75 (35)</u> %
Average Revenue Per Truck (2)	~~\$722,930.96~~ <u>423,739.31</u>

PART II

Table 2(A) – Gross Revenue and Certain Disclosed Financial Performance of Reporting Franchised Business #1 During the Measurement Period (1/1/2025 – 12/31/2025)

<u>Reporting Franchised Business #1</u> <u>Business Opening Date: 9/2024</u> <u># of Territories: 6</u>	<u>Total</u>	<u>% of Revenue</u>
<u>Total Revenue</u>	<u>\$712,136.50</u>	<u>--</u>

<u>Cost of Goods Sold (COGS)</u>		
<u>Direct Fuel</u>	<u>\$ 10,608.99</u>	<u>1.5%</u>
<u>Consumable Job Supplies</u>	<u>\$ 164,758.34</u>	<u>23.1%</u>
<u>Disposal Fees</u>	<u>\$ 2,976.59</u>	<u>0.4%</u>
<u>Installer Labor</u>	<u>\$ 190,235.16</u>	<u>26.7%</u>
<u>Payment Processing Fees</u>	<u>\$5,753.73</u>	<u>0.8%</u>
<u>Total Cost of Goods Sold (COGS)</u>	<u>\$374,332.81</u>	<u>52.6%</u>
<u>Total Revenue Less COGS</u>	<u>\$337,803.69</u>	<u>47.4%</u>
<u>Other Disclosed Expenses and Imputed Fees</u>		
<u>Marketing Expenses</u>	<u>\$107,575.02</u>	<u>15.11%</u>
<u>Total Insurance</u>	<u>\$ 42,296.14</u>	<u>5.94%</u>
<u>Total Occupancy Costs</u>	<u>\$26,390.29</u>	<u>3.7%</u>
<u>Imputed Royalty (4-6%)</u>	<u>\$ 42,728.19</u>	<u>6.0%</u>
<u>Imputed Brand Development Fund (1%)</u>	<u>\$7,121.37</u>	<u>1.0%</u>
<u>Imputed Technology Fee</u>	<u>\$ 3,000.00</u>	<u>0.4%</u>
<u>Gross Revenue Less COGS, Other Disclosed Expenses & Imputed Fees</u>	<u>\$ 108,692.69</u>	<u>15.3%</u>

Table 2(B)

<u>Reporting Franchised Business #1 – KPIs During the Measurement Period</u>	
<u>Number of Jobs Completed during Measurement Period</u>	<u>254</u>
<u>Average Ticket</u>	<u>\$3,328</u>
<u>Highest Ticket</u>	<u>\$18,568.32</u>
<u>Lowest Ticket</u>	<u>\$170.50</u>
<u>Median Ticket</u>	<u>\$2,319.44</u>
<u># and % of Tickets that Met or Exceeded the Average</u>	<u>69 (27.16%)</u>
<u>Average Revenue Per Truck (1)</u>	<u>\$712,136.50</u>

Table 2(C) – Gross Revenue and Certain Disclosed Financial Performance of Reporting Franchised Business #2 During the Measurement Period (1/1/2025 – 12/31/2025)

<u>Reporting Franchised Business #2</u> <u>Business Opening Date: 8/2024</u> <u># of Territories: 6</u>	<u>Total</u>	<u>% of Revenue</u>
<u>Total Revenue</u>	<u>\$478,171.24</u>	<u>--</u>
<u>Cost of Goods Sold (COGS)</u>		

<u>Direct Fuel</u>	<u>\$ 4,295.89</u>	<u>1.4%</u>
<u>Consumable Job Supplies</u>	<u>\$ 155,364.33</u>	<u>51.8%</u>
<u>Disposal Fees</u>	<u>\$12,760.00</u>	<u>4.3%</u>
<u>Installer Labor</u>	<u>\$ 46,404.76</u>	<u>15.5%</u>
<u>Payment Processing Fees</u>	<u>\$2,496.84</u>	<u>0.8%</u>
<u>Total Cost of Goods Sold (COGS)</u>	<u>\$221,321.82</u>	<u>73.8%</u>
<u>Total Revenue Less COGS</u>	<u>\$256,849.42</u>	<u>26.2%</u>
<u>Other Disclosed Expenses and Imputed Fees</u>		
<u>Marketing Expenses</u>	<u>\$79,716.11</u>	<u>16.67%</u>
<u>Total Insurance</u>	<u>\$ 17,135.78</u>	<u>5.72%</u>
<u>Total Occupancy Costs</u>	<u>\$28,294.21</u>	<u>9.4%</u>
<u>Imputed Royalty (4-6%)</u>	<u>\$ 28,690.27</u>	<u>6.0%</u>
<u>Imputed Brand Development Fund (1%)</u>	<u>\$4,781.71</u>	<u>1.0%</u>
<u>Imputed Technology Fee</u>	<u>\$ 3,000.00</u>	<u>0.6%</u>
<u>Gross Revenue Less COGS, Other Disclosed Expenses & Imputed Fees</u>	<u>\$ 95,231.33</u>	<u>19.9%</u>

Table 2(D)

<u>Reporting Franchised Business #2 – KPIs During the Measurement Period</u>	
<u>Number of Jobs Completed during Measurement Period</u>	<u>145</u>
<u>Average Ticket</u>	<u>\$3,724</u>
<u>Highest Ticket</u>	<u>\$9,823.50</u>
<u>Lowest Ticket</u>	<u>\$250.00</u>
<u>Median Ticket</u>	<u>\$2,895.10</u>
<u># and % of Tickets that Met or Exceeded the Average</u>	<u>48 (33.1%)</u>
<u>Average Revenue Per Truck (1)</u>	<u>\$478,171.24</u>

Table 2(E) – Gross Revenue and Certain Disclosed Financial Performance of Reporting Franchised Business #3 During the Measurement Period (1/1/2025 – 12/31/2025)

<u>Reporting Franchised Business #3</u> <u>Business Opening Date: 10/2024</u> <u># of Territories: 3</u>	<u>Total</u>	<u>% of Revenue</u>
<u>Total Revenue</u>	<u>\$546,817.26</u>	<u>--</u>

<u>Cost of Goods Sold (COGS)</u>		
<u>Direct Fuel</u>	<u>\$ 7,972.57</u>	<u>1.5%</u>
<u>Consumable Job Supplies</u>	<u>\$ 166,230.84</u>	<u>30.4%</u>
<u>Disposal Fees</u>	<u>\$5,025</u>	<u>0.9%</u>
<u>Installer Labor</u>	<u>\$ 199,580.45</u>	<u>36.5%</u>
<u>Payment Processing Fees</u>	<u>\$2,004.18</u>	<u>0.4%</u>
<u>Total Cost of Goods Sold (COGS)</u>	<u>\$380,813.04</u>	<u>69.6%</u>
<u>Total Revenue Less COGS</u>	<u>\$166,004.22</u>	<u>30.4%</u>
<u>Other Disclosed Expenses and Imputed Fees</u>		
<u>Marketing Expenses</u>	<u>\$45,496.95</u>	<u>8.32%</u>
<u>Total Insurance</u>	<u>\$ 11,397.56</u>	<u>2.08%</u>
<u>Total Occupancy Costs</u>	<u>\$14,955.52</u>	<u>2.7%</u>
<u>Imputed Royalty (4-6%)</u>	<u>\$ 32,809.04</u>	<u>6.0%</u>
<u>Imputed Brand Development Fund (1%)</u>	<u>\$5,468.17</u>	<u>1.0%</u>
<u>Imputed Technology Fee</u>	<u>\$ 3,000.00</u>	<u>0.5%</u>
<u>Gross Revenue Less COGS, Other Disclosed Expenses & Imputed Fees</u>	<u>\$ 52,876.98</u>	<u>9.7%</u>

Table 2(F)

<u>Reporting Franchised Business #3 – KPIs During the Measurement Period</u>	
<u>Number of Jobs Completed during Measurement Period</u>	<u>170</u>
<u>Average Ticket</u>	<u>\$5,331</u>
<u>Highest Ticket</u>	<u>\$24,539.45</u>
<u>Lowest Ticket</u>	<u>\$215.00</u>
<u>Median Ticket</u>	<u>\$2,907.58</u>
<u># and % of Tickets that Met or Exceeded the Average</u>	<u>25 (14.7%)</u>
<u>Average Revenue Per Truck (2)</u>	<u>\$273,408.63</u>

Table 2(G) – Gross Revenue and Certain Disclosed Financial Performance of Reporting Franchised Business #4 During the Measurement Period (1/1/2025 – 12/31/2025)

<u>Reporting Franchised Business #4</u> <u>Business Opening Date: 10/2024</u> <u># of Territories: 5</u>	<u>Total</u>	<u>% of Revenue</u>
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<u>Total Revenue</u>	<u>\$853,996.82</u>	<u>--</u>
<u>Cost of Goods Sold (COGS)</u>		
<u>Direct Fuel</u>	<u>\$ 6,088.13</u>	<u>0.7%</u>
<u>Consumable Job Supplies</u>	<u>\$199,371.47</u>	<u>23.3%</u>
<u>Disposal Fees</u>	<u>\$7,603.62</u>	<u>0.9%</u>
<u>Installer Labor</u>	<u>\$138,330.92</u>	<u>16.2%</u>
<u>Payment Processing Fees</u>	<u>\$4,835.13</u>	<u>0.6%</u>
<u>Total Cost of Goods Sold (COGS)</u>	<u>\$356,229.27</u>	<u>41.7%</u>
<u>Total Revenue Less COGS</u>	<u>\$497,767.55</u>	<u>58.3%</u>
<u>Other Disclosed Expenses and Imputed Fees</u>		
<u>Marketing Expenses</u>	<u>\$101,694.87</u>	<u>11.91%</u>
<u>Total Insurance</u>	<u>\$ 1,513.71</u>	<u>0.18%</u>
<u>Total Occupancy Costs</u>	<u>\$23,850.39</u>	<u>2.8%</u>
<u>Imputed Royalty (4-6%)</u>	<u>\$ 51,239.81</u>	<u>6.0%</u>
<u>Imputed Brand Development Fund (1%)</u>	<u>\$8,539.97</u>	<u>1.0%</u>
<u>Imputed Technology Fee</u>	<u>\$ 3,000.00</u>	<u>0.4%</u>
<u>Gross Revenue Less COGS, Other Disclosed Expenses & Imputed Fees</u>	<u>\$ 307,928.80</u>	<u>36.1%</u>

Table 2(H)

<u>Reporting Franchised Business #4 – KPIs During the Measurement Period</u>	
<u>Number of Jobs Completed during Measurement Period</u>	<u>199</u>
<u>Average Ticket</u>	<u>\$4,508</u>
<u>Highest Ticket</u>	<u>\$54,500.00</u>
<u>Lowest Ticket</u>	<u>\$178.50</u>
<u>Median Ticket</u>	<u>\$3,500.00</u>
<u># and % of Tickets that Met or Exceeded the Average</u>	<u>65 (32.6%)</u>
<u>Average Revenue Per Truck (2)</u>	<u>\$426,998.41</u>

Table 2(I) – Gross Revenue and Certain Disclosed Financial Performance of Reporting Franchised Business #5 During the Measurement Period (1/1/2025 – 12/31/2025)

<u>Reporting Franchised Business #5</u>		<u>% of</u>
<u>Business Opening Date: 11/2024</u>	<u>Total</u>	<u>Revenue</u>

# of Territories: 4		
Total Revenue	\$430,101.38	--
Cost of Goods Sold (COGS)		
Direct Fuel	\$ 15,105.86	3.5%
Consumable Job Supplies	\$156,489.46	36.4%
Disposal Fees	\$4,045.76	0.9%
Installer Labor	\$120,680.55	28.1%
Payment Processing Fees	\$461.54	0.1%
Total Cost of Goods Sold (COGS)	\$296,783.17	69.0%
Total Revenue Less COGS	\$133,318.21	31.0%
Other Disclosed Expenses and Imputed Fees		
Marketing Expenses	\$46,276.02	10.76%
Total Insurance	\$ 11,978.11	2.78%
Total Occupancy Costs	\$16,857.83	3.9%
Imputed Royalty (4-6%)	\$ 25,806.08	6.0%
Imputed Brand Development Fund (1%)	\$4,301.01	1.0%
Imputed Technology Fee	\$ 3,000.00	0.7%
Gross Revenue Less COGS, Other Disclosed Expenses & Imputed Fees	\$ 25,099.15	5.8%

Table 2(J)

Reporting Franchised Business #5 – KPIs During the Measurement Period	
Number of Jobs Completed during Measurement Period	125
Average Ticket	\$3,493
Highest Ticket	\$16,286.67
Lowest Ticket	\$200.00
Median Ticket	\$2,710.00
# and % of Tickets that Met or Exceeded the Average	48 (38.4%)
Average Revenue Per Truck (1)	\$430,101.38

Table 2(K) – Gross Revenue and Certain Disclosed Financial Performance of Reporting Franchised Business #6 During the Measurement Period (1/1/2025 – 12/31/2025)

<u>Reporting Franchised Business #6</u>		
<u>Business Opening Date: 11/2022</u>		
<u># of Territories: 1** (See Note D to this Item 19)</u>		
	<u>Total</u>	<u>% of Revenue</u>
<u>Total Revenue</u>	<u>\$1,335,875.14</u>	<u>--</u>
<u>Cost of Goods Sold (COGS)</u>		
<u>Direct Fuel</u>	<u>\$ 33,892.35</u>	<u>2.5%</u>
<u>Consumable Job Supplies</u>	<u>\$281,717.62</u>	<u>21.1%</u>
<u>Disposal Fees</u>	<u>\$8,835.19</u>	<u>0.7%</u>
<u>Installer Labor</u>	<u>\$234,301.03</u>	<u>17.5%</u>
<u>Payment Processing Fees</u>	<u>\$19,499.71</u>	<u>1.5%</u>
<u>Total Cost of Goods Sold (COGS)</u>	<u>\$578,245.90</u>	<u>43.3%</u>
<u>Total Revenue Less COGS</u>	<u>\$757,629.24</u>	<u>56.71%</u>
<u>Other Disclosed Expenses and Imputed Fees</u>		
<u>Marketing Expenses</u>	<u>\$179,710.80</u>	<u>13.5%</u>
<u>Total Insurance</u>	<u>\$ 74,395.20</u>	<u>5.6%</u>
<u>Total Occupancy Costs</u>	<u>\$79,862.51</u>	<u>6.0%</u>
<u>Imputed Royalty (4-6%)</u>	<u>\$ 80,152.51</u>	<u>6.0%</u>
<u>Imputed Brand Development Fund (1%)</u>	<u>\$13,358.75</u>	<u>1.0%</u>
<u>Imputed Technology Fee</u>	<u>\$ 3,000.00</u>	<u>0.2%</u>
<u>Gross Revenue Less COGS, Other Disclosed Expenses & Imputed Fees</u>	<u>\$ 327,149.47</u>	<u>24.5%</u>

Table 2(L)

<u>Reporting Franchised Business #6 – KPIs During the Measurement Period</u>	
<u>Number of Jobs Completed during Measurement Period</u>	<u>286</u>
<u>Average Ticket</u>	<u>\$5,306.00</u>
<u>Highest Ticket</u>	<u>\$38,340.50</u>
<u>Lowest Ticket</u>	<u>\$300.00</u>
<u>Median Ticket</u>	<u>\$4,166.48</u>
<u># and % of Tickets that Met or Exceeded the Average</u>	<u>98 (34.2%)</u>
<u>Average Revenue Per Truck (2)</u>	<u>\$667,937.57</u>

NOTES TO THIS ITEM 19:

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

BA. Defined Terms:

i. “Gross Revenue” means the total reported revenues and receipts from the sale of all products and services sold through the Affiliate-Owned Business and Reporting Outlet Franchised Businesses, as reported to us by the Reporting Outlet owners of these outlets. Gross Revenue does not include sales tax, nor does it include the value of any discounts, gift cards or other credits or rebates.

ii. “Cost of Good Sold (COGS)” includes those categories of expenses disclosed in Table 4 the tables above, specifically, Direct Fuel, Consumable Job Supplies & Materials, Disposal Fees, Direct Fuel, Installer Labor, and Payment Processing Fees.

~~iii. “Job Supplies & Materials” means the reported cost of job supplies and materials used in connection with the operation of the Reporting Outlet during the Measurement Period, as reported to us by the Reporting Outlet.~~

~~iv. “Disposal Fees” means the reported cost paid to third party waste disposal sites for the disposal of waste in connection with the operation of the Reporting Outlet during the Measurement Period, as reported to us by the Reporting Outlet.~~

~~viii.~~ “Direct Fuel” means the reported cost of (a) vehicle fuel and (b) fuel used to power certain equipment in the provision of Approved Services in connection with the operation of the Reporting Outlet indicated outlets during the Measurement Period, as reported to us by the Reporting Outlet owners of the indicated outlets.

~~iv.~~ “Consumable Job Supplies” means the reported cost of job supplies and materials used in connection with the operation of the indicated outlet during the Measurement Period, as reported to us by the owners of the indicated outlets.

~~v.~~ “Disposal Fees” means the reported cost paid to third-party waste disposal sites for the disposal of waste in connection with the operation of the indicated outlets during the Measurement Period, as reported to us by the owners of the indicated outlets.

vi. “Installer Labor” means all wages paid to installer personnel for their performance of the Approved Services during the Measurement Period, as reported to us by the Reporting Outlet owners of the indicated outlets. Installer Labor does not include other business employee wages, payroll taxes, nor any commission payments made to ~~the Reporting Outlet’s~~ any outlet’s sales personnel.

vii. “Payment Processing Fees” means the costs associated with merchant service providers incurred by the Reporting Outlet indicated outlets during the Measurement Period to pay payment processing fees and/or transaction fees, as reported to us by the Reporting Outlet owners of the indicated outlets.

viii. “Marketing & Sales Expenses” means the ~~costs associated with marketing and promotion that were actual amounts~~ expended by the Reporting Outlet indicated outlets during the Measurement Period for marketing and sales, as reported to us by the Reporting Outlet owners of the outlets.

ix. ~~“Total Insurance” means the costs expended for the Reporting Outlet’s each indicated outlet’s general liability, workers’ comp, and automobile insurance, and life insurance policies during the Measurement Period, as reported to us by the Reporting Outlet owners of the indicated outlets.~~

x. ~~“Occupancy Costs” means the reported costs associated with office and warehouse space, the Reporting Outlet’s security system, and certain repairs and including rent and common area maintenance conducted charges, incurred by the Reporting Outlet indicated outlets during the Measurement Period, as reported to us by the Reporting Outlet owners of the indicated outlets.~~

C. The ~~Reporting Outlet Affiliate-Owned Business~~ did not pay to us the “Imputed Fees” ~~to us disclosed in Table 1(A)~~ during the Measurement Period. The Imputed Fees are defined as the Imputed Royalty (4-6% of Gross Revenue during the Measurement Period), Imputed Brand Development Fund (1% of Gross Revenue during the Measurement Period), and Imputed Technology Fee (\$250 per month during the Measurement Period). ~~The Imputed Royalty listed in the above takes into account a reduced Royalty on Gross Revenue in excess of \$1 million, because as of the issuance date of this disclosure document, we offer franchisees that meet certain Gross Sales thresholds a reduced Royalty rate on the portion of Gross Sales that exceed such thresholds, as follows: (i) for Gross Sales in excess of \$1 million: 5%, and (ii) for Gross Sales in excess of \$2 million: 4%. You will be required to pay the Imputed Fees, as well as all other fees due to us under the Franchise Agreement.~~

~~D. The Reporting Outlet operates similarly to our System franchisees, in that the Reporting Outlet (i) operates under our Principal Marks (since June 2023); (ii) offers and provides Approved Products and Approved Services in connection with the operation of the Franchised Business; and (iii) utilizes our Principal Marks on its service trucks and in all advertising and promotional materials (since June~~

~~D. Note on Reporting Franchised Business #6: Reporting Franchised Business #6 is located in Van Nuys, California and first opened in November 2022 under a different trade name, “Atticlean.” In June 2023, Reporting Franchised Business #6 began operating under our Principal Mark, Insulation Commandos, and in February 2024, we entered into a franchise agreement with the owners of this outlet. The Reporting Franchised Business #6 is owned and operated by a company owned by two of our owners. Because this business is owned and operated by certain of our owners and commenced operating prior to the date we began offering franchise opportunities, under the terms of the franchise agreement, we granted Reporting Franchised Business #6 the right to operate in a large Designated Territory that consists of portions of, or all of, Los Angeles County, Ventura County, and Orange County, California, a total service area approximately 30 times larger than a typical Designated Territory (as disclosed in Item 12) (the “Larger Designated Territory”).~~

~~Reporting Franchised Business #6 (i) has operated since June 2023 under our Principal Mark “Insulation Commandos”; (ii) offers all Approved Products and Approved Services that our franchisees are authorized to offer at and from a Franchised Business; and (iii) utilizes two (2) wrapped service vehicles, each of which features our Proprietary Mark and is wrapped as required of our System Franchised Businesses. While the Reporting Franchised Business #6 has the right to operate in the Larger Designated Territory, approximately 80 to 85% of this outlet’s Gross Revenue during the Measurement Period was derived from the provision of Approved Products and Approved Services in Los Angeles County, California.~~

~~E. The Affiliate-Owned Business is not a franchisee and is not subject to any territorial operating restrictions. In fiscal year 2025, the Affiliate-Owned Business operated in a geographic area that would be equivalent to two (2) Designated Territories as such territories are currently granted to System franchisees.~~

~~2023). However, as stated above in this Item 19, under the Reporting Outlet FA, the Reporting Outlet is authorized to operate in the Larger Designated Territory (which is a service area that is approximately thirty (30) times larger than that of a typical Designated Territory as disclosed in Item 12).~~

~~E. You are strongly encouraged to develop your own business plan for your franchise, including capital budgets, financial statements, projections, pro forma financial statements, and other elements appropriate to your circumstances before you invest in this franchise opportunity. We encourage you to consult with your own accounting, business, and legal advisors to assist you in preparing your business plan.~~

F. The information presented in this Item 19 does not include or reflect all operating expenses, including but not limited to ~~lease or rent-related expenses~~, office supplies and equipment costs, telephone expenses, computer system expenses, certain required insurance policy premium costs, accounting fees, payroll taxes, bank charges, repairs and maintenance, meals and entertainment, owners' compensations and draws, and other costs and expenses that you will incur in operating a Franchised Business. Franchisees or former franchisees listed in Exhibit H to this Disclosure Document may be one source of this information.

G. The information presented in this Item 19 excludes tax liabilities. You will be responsible for all taxes incurred in connection with the operation of your Franchised Business. You are strongly advised to consult with a tax professional before investing in this franchise opportunity.

Other than the preceding financial performance representation, we do not make any financial performance representation. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Executive Officer, Dustin Ingle, c/o Insulation Commandos Franchising, LLC, ~~219 Industrial Drive, Suite B1170 Dunlop Lane, Building 300~~, Clarksville, Tennessee ~~3704037043~~, Telephone (615) 549-0727, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet* Summary for Years ~~2022~~2023 through ~~2024~~2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2022~~ 2023	0	~~0~~ 1	~~0~~ +1
	2024 ~~2023~~	~~0~~ 1	~~1~~ 32	+ ~~1~~ 31
	20242025	~~1~~ 32	~~32~~ 62	+ ~~31~~ 30
Company-Owned**	~~2023~~ 2022	0	0	0
	2024 ~~2023~~	0	~~0~~ 1	~~0~~ +1
	20242025	~~0~~ 1	~~1~~ 2	+1
Total Outlets	~~2023~~ 2022	0	~~0~~ 1	~~0~~ +1
	20232024	~~0~~ 1	~~1~~ 33	+ ~~1~~ 32
	20242025	~~1~~ 33	~~33~~ 64	+ ~~32~~ 31

*Each of the outlets listed in this Item 20 represents a Territory in which a System franchisee is authorized to operate its Franchised Business.

**The Company-Owned outlets listed here are owned and operated by our affiliate.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2022~~2023 through ~~2025~~2024

State	Year	Number of Transfers
~~Total~~ Texas	~~2023~~ 2022	0
	2024	~~0~~
	2025	~~1~~
~~Total~~	2023	0
	2024	0
	2025	~~1~~

Table No. 3

Status of Franchised Outlets for Years ~~2022~~2023 through ~~2025~~2024

State		Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
~~Arizona~~ California		~~2023~~ 2022	0	0	0	0	0	0	0
		~~2024~~ 2023	0	~~10~~	0	0	0	0	~~10~~
		~~2024~~ 2025	~~10~~	4	0	0	0	0	~~54~~
~~California~~ Florida		~~2023~~ 2022	0	~~01~~	0	0	0	0	~~01~~
		~~2024~~	~~1~~	~~4~~	~~0~~	~~0~~	~~0~~	~~0~~	~~5~~
		~~2025~~	~~5~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~5~~
Florida		2023	0	0	0	0	0	0	0
		2024	0	6	0	0	0	0	6
		~~2025~~	~~6~~	~~5~~	~~0~~	~~0~~	~~0~~	~~0~~	~~11~~
Georgia		~~2023~~ 2022	0	0	0	0	0	0	0
		~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
		2024	0	5	0	0	0	0	5
		~~2025~~	~~5~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~5~~
Kansas		~~2023~~ 2022	0	0	0	0	0	0	0
		~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
		2024	0	1	0	0	0	0	1
		~~2025~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
Kentucky		~~2023~~ 2022	0	0	0	0	0	0	0
		~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
		2024	0	2	0	0	0	0	2
		~~2025~~	~~2~~	~~0~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~
Missouri		~~2023~~ 2022	0	0	0	0	0	0	0
		~~2024~~	~~0~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
		~~2025~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
Nebraska		2023	0	0	0	0	0	0	0
		2024	0	~~20~~	0	0	0	0	~~20~~
		~~2025~~	~~0~~	~~4~~	~~0~~	~~0~~	~~0~~	~~0~~	~~4~~
North Carolina		~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
		~~2024~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
		~~2025~~	~~0~~	~~8~~	~~0~~	~~0~~	~~0~~	~~0~~	~~8~~
Oklahoma		~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
		~~2024~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
		~~2025~~	~~0~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
South Carolina		~~2023~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
		~~2024~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
		~~2025~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Tennessee	~~2022~~ 2023	0	0	0	0	0	0	0
	~~2023~~	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4
	2025	4	3	0	0	0	0	7
Texas	~~2022~~ 2023	0	0	0	0	0	0	0
	~~2023~~	0	0	0	0	0	0	0
	2024	0	11	0	0	0	4	7
Totals	~~2022~~ 2025	07	05	0	0	0	0	012
Totals	2023	0	1	0	0	0	0	1
	2024	1	36	0	0	0	4	32
	2025	32	32	2	0	0	0	62

Table No. 4
Status of Company-Owned and Affiliate Owned Outlets for Years ~~2022~~2023 through ~~2025~~2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at the End of the Year
Tennessee	~~2022~~ 2023	0	0	0	0	0	0
	~~2024~~ 2023	0	01	0	0	0	01
	~~2024~~ 2025	01	1	0	0	0	12
Totals	~~2022~~ 2023	0	0	0	0	0	0
	~~2024~~ 2023	0	01	0	0	0	01
	~~2024~~ 2025	01	1	0	0	0	12

Table No. 5
Projected Openings as of December 31, ~~2025~~2024

State	Franchise Agreements Signed But Outlet Not Opened*	Projected New Franchised Outlets in The Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
~~Michigan~~ Arizona	<u>43</u>	<u>43</u>	0
~~South Carolina~~ Nebraska	<u>43</u>	<u>43</u>	0
~~Idaho~~	<u>2</u>	<u>2</u>	<u>0</u>
North Carolina	<u>52</u>	<u>52</u>	0
~~Texas~~	<u>6</u>	<u>6</u>	<u>0</u>
~~Louisiana~~	<u>2</u>	<u>2</u>	<u>0</u>
~~Colorado~~	<u>4</u>	<u>4</u>	<u>0</u>
Totals	<u>1322</u>	<u>1322</u>	0

*As of April 2026, all of the outlets in this Table No. 5 have opened.

Exhibit H lists the names of all current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2025~~2024~~. Exhibit I lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement, or who has not communicated with us within ten (10) weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

None of our current and former franchisees have signed agreements with us that contain provisions that restrict their ability to speak openly about certain aspects of their experience with us and/or our System.

We do not currently have any trademark specific organizations associated with the franchise system being offered that we have created, sponsored, or endorsed.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit D to this disclosure document is (i) our audited financial statements for our fiscal years ended December 31, 2025, December 31, 2024, and December 31, 2023~~2024, and December 31, 2023~~, and (ii) ~~our audited opening day balance sheet as of June 30, 2023. We have not been offering and selling franchises for three or more full years, and therefore do not have any other audited financial statements required to be included in this Item.~~ Our fiscal year end is December 31.

ITEM 22 CONTRACTS

The following agreements are attached to this disclosure document:

- Exhibit A: Franchise Agreement (and Exhibits, including Franchisee Compliance Certification Questionnaire)
- Exhibit B: Multi-Territory Addendum
- Exhibit G: State-Specific Addenda
- Exhibit L: Receipts

ITEM 23 RECEIPTS

Attached to this Disclosure Document as Exhibit L, in duplicate, is a Receipt to be signed by the prospective Franchisee receiving this Disclosure Document. You must sign each Receipt and return one copy to us. If you are missing these Receipts, please contact us at this address, telephone number or fax number:

Insulation Commandos Franchising, LLC
~~219 Industrial Drive, Suite B11~~ 170 Dunlop Lane, Building 300
Clarksville, Tennessee ~~37040~~ 37043
Phone: (615) 549-0727
Email: franchise@insulationcommandos.com

EXHIBIT A
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE AGREEMENT

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Exhibit G: Franchisee Disclosure Acknowledgement Statement	

INSULATION COMMANDOS FRANCHISING, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into on this _____ (“Effective Date,”) by and between: (i) Insulation Commandos Franchising, LLC, a Delaware limited liability company with its principal business address at ~~219 Industrial Drive, Suite B1170 Dunlop Lane, Building 300~~, Clarksville, Tennessee ~~37040~~37043 (the “Franchisor”); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “Franchisee”).

BACKGROUND

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the “System”) related to the development, opening, and ongoing operation of a business that offers and provides various types of insulation-related services that Franchisor authorizes now or in the future (collectively, the “Approved Services”), including blown-in and radiant barrier insulation, sound- and rodent-proofing services, disinfecting and sealing services, and asbestos and rodent removal services and the corresponding installation in existing residential homes (each, a “Client”). For purposes of this Agreement, each such business will be referred to herein as a “Franchised Business.”

B. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Franchised Business; standards and specifications for the supplies, inventory and methodology associated with storing, preparing, offering and providing each type of Approved Product and Approved Service; advertising; marketing; standards and specifications for equipment; customize designed chemicals, equipment, and other services; basic standards typically used as the premises for a Franchised Business; standards and specifications for the furniture, fixtures and equipment, including computer hardware and system, that must be used in connection with an Franchised Business; established relationships with approved or designated suppliers for certain products and services that must be utilized in connection with a Franchised Business, including certain proprietary and/or branded items; proprietary training programs, courses and training materials; Franchisor’s confidential and proprietary operations manual and, at Franchisor’s option, other instructional manuals that have been reduced to writing (collectively, the “Manuals”); and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Franchised Business. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information that makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals are proprietary and confidential.

C. The System and Franchised Businesses are primarily identified by the mark INSULATION COMMANDOS, as well as certain other trade names, trademarks, service marks and trade dress, all of which Franchisor may modify, update, supplement or substitute in the future (collectively, the “Proprietary Marks”). The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor is in the business of granting qualified individuals and entities a franchise for the right to independently own and operate a single Franchised Business utilizing the Proprietary Marks and System at a location that Franchisor approves in writing.

E. Franchisee recognizes the benefits derived from being identified with Franchisor, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Proprietary Marks, and understands and acknowledges the importance of Franchisor's high and uniform standards of quality, appearance, and service to the value of the System.

F. Franchisee desires to acquire a non-exclusive franchise for the right to operate a single Franchised Business, and has submitted an application to obtain such a franchise from Franchisor.

G. Franchisor is willing to grant Franchisee the right to operate a Franchised Business based on the representations contained in the franchise application and subject to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. PREAMBLES, ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

- A. Franchisee acknowledges and represents that Franchisor, itself or through any officer, director, member, manager, employee, or agent, has not made, and Franchisee has not received or relied upon, any oral, written, visual, express, or implied information, representations, warranties, guarantees, or promises regarding the amount of sales levels or income Franchisee might expect to earn from the franchise granted hereby, except as set forth in the Franchise Disclosure Document.
- B. The business venture contemplated by this Agreement involves business risks.
- C. Franchisee acknowledges that Franchisee's success in connection with the franchise granted hereunder will be largely dependent upon Franchisee's ability as an independent businessperson.
- D. Franchisee has received, read, and does understand this Agreement and any attachments.
- E. Franchisee understands and agrees that the home services industries are highly competitive with constantly changing market conditions (some of which may be seasonal in nature depending on where the Designated Territory is located), including, but not limited to, the risks associated with local, state and federal regulatory agencies.
- F. Franchisee acknowledges and agrees that Franchisor has fully and adequately explained each provision of this Agreement to Franchisee's satisfaction.
- G. Franchisee has consulted with Franchisee's own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby, and the

prospects for such business. Franchisee either has consulted with such advisors or has deliberately declined to do so.

- H. Any written inquiries made to Franchisor by Franchisee pertaining to the nature of this franchise were answered in writing to the satisfaction of Franchisee.
- I. Franchisee has had the opportunity and adequate time to independently investigate, analyze, and construe both the franchise being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if Franchisee so elects).
- J. Any and all applications, financial statements, and representations submitted to Franchisor by Franchisee, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. Franchisee states that he/she is not presently involved in any business activity that could be considered competitive in nature, unless heretofore disclosed to Franchisor in writing.
- K. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right, or interest in its names or Proprietary Marks, trade secrets, methods, procedures, know-how, or advertising techniques which are part of Franchisor's business, or contest Franchisor's sole right to register, use, or license others to use such names or Proprietary Marks, trade secrets, methods, procedures, or techniques.
- L. Franchisee's signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the Franchise Disclosure Document given to Franchisee by Franchisor.
- M. Franchisee represents and warrants that Franchisee is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by Franchisee of the obligations under this Agreement and that Franchisee is not a party, and has not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.
- N. Franchisee agrees and acknowledges that it is solely responsible for ensuring that: (i) it acquires and maintains all business licenses, permits and approvals, including those related to the provision of any Approved Services, that are necessary to operate the Franchised Business within the Designated Territory (defined below); and (ii) the Franchised Business is otherwise operated in full compliance with all federal, state and local laws and regulations where the Franchisee is located at all times during the term of this Agreement. Franchisee specifically agrees and acknowledges that it will determine whether or not any type of contractor license or similar license/certification is needed to conduct the Franchised Business and, if such a license is required, Franchisee will obtain such license/certification prior to operating the Franchised Business in any manner. Franchisor shall have no liability in the event the development or operation of the Franchised Business violates any law, ordinance or regulation.
- O. Franchisee agrees and acknowledges that: (i) Franchisor may enter into franchise agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including without limitation, franchise

agreements for the operation of an Franchised Business; and (ii) the existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.

- P. The parties agree and acknowledge that all provisions and information set forth in the "Background" portion of this Agreement above, including all definitions and representations set forth therein, are hereby incorporated by reference as if fully set forth herein,.
- Q. Franchisee agrees and acknowledges as follows:
1. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.
 2. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractor, nor vice versa.

2. **GRANT OF FRANCHISE**

- A. **Grant of Franchise.** Franchisor hereby grants Franchisee, subject to the terms, conditions, and obligations of this Agreement, a non-exclusive right and license to use the Proprietary Marks and receive the other benefits of the System in connection with the establishment and operation of a single Franchised Business (the "Franchised Business").
- B. **Approved Premises; Site Selection Area.** Unless Franchisor approves otherwise in writing, Franchisee will be required to operate the Franchised Business at an approved location set forth on the Data Sheet attached to this Agreement (the "Approved Location") within the Designated Territory that meets Franchisor's current site-selection criteria for the premises of a Franchised Business (the "Premises"). Franchisee may not relocate the Franchised Business to any location other than the Premises without Franchisor's prior written consent, which Franchisor will not unreasonably withhold, provided: (i) Franchisee secures an alternate location for the Franchised Business within the Designated Territory (as defined below); and (ii) Franchisee reimburses Franchisor for the reasonable costs and expenses that Franchisor incurs in connection with evaluating and approving the proposed relocation. If the parties have not agreed on a Premises as of the date this Agreement is executed, Franchisor will designate a general marketing area (the "Site Selection Area") on the data sheet attached to this Agreement as Exhibit A (the "Data Sheet") wherein Franchisee must locate and secure the Premises as detailed more fully in Section 6(A) of this Agreement. At Franchisee request and upon Franchisor's written approval, Franchisee may operate the Franchised Business in multiple Designated Territories from a single Premises. Franchisee acknowledges and agrees that: (i) it does not have any territorial

rights within the Site Selection Area; (ii) Franchisor may permit other new franchisees to search for the location of their Franchised Business within the same Site Selection Area that is assigned to Franchisee under this Agreement if Franchisor determines in its discretion that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each Franchised Business, and resulting Designated Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis.

- C. **Designated Territory.** Franchisee shall only have the right to operate the Franchised Business and offer/provide the Approved Services in connection with homes that are located within the designated territory set forth in Section 3 of the Data Sheet (the “Designated Territory”). For so long as Franchisee is in compliance with this Agreement, Franchisor will not open or operate, or license a third party the right to open or operate, any other business that utilizes the System and Proprietary Marks within the Designated Territory.
- D. **Rights Not Granted.** Franchisee acknowledges and agrees that this Agreement does not grant Franchisee any right or option to open any additional Franchised Businesses nor does this Agreement provide Franchisee with any right to sub-license or sub-franchise any of the rights granted hereunder. Franchisee may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Business at the Premises and within the Designated Territory. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Franchised Businesses, each of which will be governed by a separate form of Franchisor’s then-current franchise agreement.
- E. **Reservation of Rights.** Notwithstanding anything contained in this Agreement, Franchisor and its affiliates hereby reserve the exclusive right to: (i) own and operate businesses at any location(s) outside of the Designated Territory under the Proprietary Marks, or to license others the right to own and operate franchised businesses at any location(s) outside of the Designated Territory under the Proprietary Marks and System; (ii) the right to own and operate businesses under different marks at any location(s) inside or outside of the Designated Territory, or license to others the right to own and operate such businesses, under different marks at any location(s) inside or outside of the Designated Territory (such businesses will not primarily provide insulation services); (iii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts, or related items, or in alternative channels of distribution, including the sale of any System products in wholesale and retail stores, via the Internet, and through mail order catalog, without regard to location; and (iv) use the Proprietary Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in this Agreement.
- F. **Modification of System.** Franchisor reserves the right to supplement, revise or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System. Any change or modification that Franchisor makes to the System will not materially alter Franchisee’s fundamental rights under this Agreement. Moreover, Franchisor will provide Franchisee with a reasonable amount of time to comply with any change or modification to the System once Franchisee has been notified of such change/modification in writing (via the Manuals or otherwise).

3. **TERM AND RENEWAL**

- A. **Term.** Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be for a period of ten (10) years (“Initial Term”) commencing as of the Effective Date.
- B. **Renewal.** Franchisee may submit a request to renew this Agreement for up to two (2) additional, consecutive terms of ten (10) years each, and must provide each request to renew no less than six (6) months and no more than twelve (12) months prior to the end of the then-current term. Failure to provide such notice to Franchisor will be deemed an indication that Franchisee does not wish to renew the franchise relationship. Franchisor shall not unreasonably withhold its approval of such requests for renewal, provided Franchisee complies with the following conditions:
1. Franchisee must not have: (i) any uncured material defaults under this Agreement (including any monetary defaults) or any other agreement between Franchisee and Franchisor or the landlord of the Premises, either at time of Franchisee’s renewal request or at the time of renewal; and (ii) received more than three (3) separate, written notices of material default from Franchisor with respect to this Agreement in the 12-month period preceding the renewal request date or renewal date.
 2. Franchisee must execute Franchisor’s then-current form of franchise agreement, which may contain materially different terms and conditions from those contained in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor’s then-current form of franchise agreement.
 3. Franchisee pays Franchisor a renewal fee amounting to Five Thousand Dollars (\$5,000) prior to Franchisor entering into the renewal form of franchise agreement described in Section 3(B)(2) above. Franchisee will not be required to pay an additional Initial Franchisee Fee (as defined in Section 4) upon renewal.
 4. At Franchisor’s option, Franchisee and/or the Designated Manager (as defined in this Agreement and as applicable), as well as the Crew Chief (as defined in this Agreement and as applicable) attends a prescribed training refresher course at least thirty (30) days before the expiration of the then-current term of this Agreement. Franchisee will be responsible for all expenses incurred in connection with attending this refresher training.
 5. Franchisee executes a general release under seal, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor and its officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising under any federal, state, or local law, rule, or ordinance.
 6. Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.

7. Franchisee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Approved Vehicles (defined herein) and Franchised Business within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Franchisor's then-current System standards, specifications, and design criteria for a newly opened Franchised Business.

4. **FEES AND PAYMENTS**

- A. **Fees.** In consideration of the rights and license granted herein, Franchisee agrees and acknowledges that it must pay the following amounts to Franchisor or, as noted below, Franchisor's designated supplier:
 1. *Initial Franchise Fee.* Upon execution of this Agreement, Franchisee must pay Franchisor an initial franchise fee amounting to Sixty-Five Thousand (\$65,000) (the "Initial Franchise Fee"), which fee shall be deemed fully earned and non-refundable under any circumstances upon payment.
 2. *Pre-Opening Start-Up Package.* Upon execution of this Agreement, Franchisee shall purchase certain equipment, tools, apparel and marketing materials (the "Pre-Opening Start-Up Package") from Franchisor, Franchisor's affiliate or other supplier that Franchisor designates that will be used in the operation of the Franchised Business, including without limitation (i) certain equipment, including but not limited to insulation blowing equipment, safety equipment, specialty cameras, tools, and the wrap for Franchisee's Approved Vehicle; (ii) uniforms and other apparel; (iii) certain marketing materials, including brochures, business cards, yard signs, and truck magnets, and (iv) a designated quantity of ~~Internet-ad local marketing services and lead generation~~ search engine optimization services. Franchisor, at its option, may require that the fees paid for the Pre-Opening Start-Up Package, as well as any other fees for purchases made from Franchisor or its affiliates, be collected through electronic transfer. Franchisee must also purchase any and all other items and services necessary to establish, open, and operate the Franchised Business in accordance with Franchisor's standards and specifications (including the computer hardware and software that Franchisor designates).
 3. *Definition of Gross Sales.* In addition to the fees above, Franchisee will be required to pay Franchisor certain ongoing fees that may be based on gross sales. As used in this Agreement, "Gross Sales" include all: (a) revenue from the sale of all products and performance of services from the Franchised Business, whether for cash, credit or barter, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business; and (b) any rebates or other consideration that Franchisee receives from third-party vendors/suppliers. "Gross Sales" from customers will not include monies that are collected and submitted by Franchisee for the transmittal to the appropriate taxing authority. In computing the Gross Sales, the Franchisee shall be permitted to deduct the amount of cash refunds to, and coupons used by customers at or prior to the time the customer has paid the full balance owed to Franchisee, provided such amounts have been included in sales. In the event Franchisee participates in any discount program, including but not limited to Groupon (which Franchisor must approve in

writing), Gross Sales will include the full retail value of the goods or services rendered to the customer before any discounts or commission.

4. *Royalty Fee.* Once the Franchised Business is open and operating (and/or required to be open and operating under this Agreement), Franchisee will pay Franchisor a continuing monthly royalty fee in the amount equal to the greater of: (i) six percent (6%) of Gross Sales of the Franchised Business from the preceding month; or (ii) the applicable minimum royalty (the “Minimum Royalty”) set forth in Section 4(a) below (collectively, the “Royalty Fee”). The Royalty Fee shall be payable on or before the 5th of each month based on the Gross Sales generated by the Franchised Business in the immediately preceding calendar month. The Royalty Fee is deemed fully earned and nonrefundable upon payment. Franchisor reserves the right, upon 30 days’ written notice to Franchisee, to collect the Royalty Fee from Franchisee on an “invoice,” rather than “revenue,” basis.
- a. *Reduced Royalty on Gross Sales in Excess of Milestones.* In the event Franchisee achieves Gross Revenue in excess of \$1 million during any calendar year during the Term of this Agreement, then Franchisee’s Royalty on Gross Sales exceeding \$1 million for such year shall be 5% of Gross Sales. In the event Franchisee achieves Gross Revenue in excess of \$2 million during any calendar year during the Term of this Agreement, then Franchisee’s Royalty on Gross Sales exceeding \$2 million for such year shall be 4% of Gross Sales. For clarity, Franchisee’s Royalty shall reset to that set forth in Section 4 above upon the commencement of each new calendar year during the Term of this Agreement.
- b. *Minimum Royalty.* Beginning in the seventh (7th) month of operations of the Franchised Business, Franchisee shall be required to pay to Franchisor a Minimum Royalty in the amounts set forth herein:

Months of Operation of Franchised Business	Minimum Royalty (per Designated Territory per month)
Months 7 – 12	\$500
Months 13 - 24	\$1,000
Month 25 – 36	\$1,500
Month 37 – Duration of Term	\$2,000

5. *Brand Development Fund Contribution.* Franchisor has established a System-wide marketing and technology fund (the “Fund”). Commencing upon the seventh (7th) month following the opening of the Franchised Business, Franchisee shall make monthly contributions to the Fund amounting to the greater of: (i) one percent (1%) of the Gross Sales of the Franchised Business from the preceding month; or (ii) one hundred dollars (\$100) per month per Designated Territory. Franchisor may modify these fund contributions requirements upon thirty (30) days written notice to Franchisee.

6. *Other Amounts.* The other amounts detailed in this Agreement that Franchisee will be required to expend on: (a) local advertising and promotion of the Franchised Business; (b) training/tuition fees; (c) evaluation costs; (d) ongoing software licensing fees for software that Franchisor designates for use in connection with the Franchised Business; and (e) marketing materials, inventory and/or other supplies that must be purchased on an ongoing basis in accordance with Franchisor's System standards and specifications. Franchisor may require Franchisee to purchase any of the foregoing items or services from Franchisor, its affiliate or another supplier that Franchisor approves and/or designates.

B. Method of Payment; Bank Accounts.

1. *Method of Payment.* With the exception of the Initial Franchise Fee (which should be paid by bank check or wire transfer), Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the "EFT Program"), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with the EFT Program (the "EFT Account"). Upon Franchisor's written request, Franchisee must make all such payments described in this Section by bank or certified check.
2. *Use of EFT Account for Operational Funds.* Franchisee shall immediately deposit all revenues from operation of the Franchised Business into the EFT Account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account.

- C. **Access to Computer System.** Franchisor may, without notice to Franchisee, have the right to independently and remotely access any proprietary software program and the computer system that Franchisee is required to use in connection with the Franchised Business or will be required to use in the future (the "Computer System"), via the Internet or other electronic means, in order to obtain any financial and/or Client information that is related to the operation of the Franchised Business, including without limitation, Gross Sales and Client contact and property information. Franchisee must obtain and use the Computer System hardware, software and other components that Franchisor prescribed for use in connection with the Franchised Business, and utilize and participate in any intranet/extranet that Franchisor establishes in connection with the System. Franchisee hereby consents to Franchisor using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this Agreement.

D. **Operational Reports; Right to Modify Payment Interval.**

1. Franchisee shall provide Franchisor with the following reports and information, all of which must be certified as true and correct by Franchisee and in the form and manner prescribed by Franchisor: (i) a signed Gross Sales report no later than noon on Monday of each week for Gross Sales generated during the immediately preceding week detailing the information from the preceding week, including (a) Gross Sales of the Franchised Business, (b) Franchisee's calculated Royalty Fee, (c) Fund contributions (if applicable), (d) Cooperative contributions (if applicable), and such evidence that Franchisee has made its local advertising expenditures required by Franchisor under this Agreement, the Manual, policy, or otherwise in writing;; (ii) on or before the twentieth (20th) of each month, an unaudited profit and loss statement for the Franchised Business for the preceding calendar month; (iii) within sixty (60) days of each calendar quarter, an unaudited balance sheet reflecting the financial position of the Franchised Business as of the end of that calendar quarter; (iv) within sixty (60) days of Franchisor's request, a financial statement that details the total assets and liabilities of the Franchised Business (and, if appropriate Franchisee and personal guarantors under this Agreement); (v) within sixty (60) days after the close of each fiscal year of Franchisee, financial statements which must include a statement of income and retained earnings, a statement of changes in financial position, and a balance sheet of the Franchised Business, all as of the end of such fiscal year; and (vi) any other financial information or performance metrics of the Franchised Business that Franchisor may reasonably request.
2. The parties agree and acknowledge that Franchisor may modify the interval at which it collects Franchisee's Royalty Fee, Fund Contribution and other recurring fees under this Agreement upon written notice (i.e., Franchisor may provide Franchisee with notice that it will be collecting these fees on a weekly rather than monthly basis). In such event, Franchisee's reporting obligations may also be modified by Franchisor accordingly.
3. Franchisee hereby grants Franchisor permission to report and distribute Franchisee's gross sales, gross sales mix, cost of material and labor and other certain expenses to other existing franchisees of Franchisor with such additional information as Franchisor may deem appropriate, including the identification of Franchisee, the location of Franchisee's franchised premises, and such other information as may make the gross sales/gross sales mix information a useful business aid to Franchisee and other franchisees of Franchisor. Franchisee will save and hold harmless Franchisor against and from any and all claims, liabilities, or suits resulting from or in connection with any acts or omission of Franchisor in the aforementioned reporting of sales.

- E. **Late Payments.** If any payment due under this Agreement is not received by Franchisor by the scheduled date due, Franchisee shall be in default under this Agreement. If any payment is overdue, Franchisee shall pay a late payment fee of \$100 per occurrence, and in addition to the overdue amount, interest at a rate of one and a half percent (1.5%) per month, or higher, as permitted by applicable law in the state where the Franchised Business is located, beginning from the date of non-payment or underpayment, until paid. Entitlement to collect such interest shall be in addition to any and all other remedies

Franchisor may have. Franchisee agrees to pay Fifty Dollars (\$50.00) for each check given or electronic transfer made to Franchisor that is dishonored, fails to process, or is returned.

- F. **Taxes Owed by Franchisee.** No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or by any claim Franchisee may have against Franchisor. All taxes, charges, or assessments shall be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Franchisor, including, but not limited to, all required lodging taxes.
- G. **Inability to Operate Franchised Business.** If Franchisee is unable to operate the Franchised Business due to damage or loss to the Premises and/or the Approved Vehicle(s) and any equipment located thereon caused or created by a casualty, act of God, condemnation, or other condition over which Franchisee has no control, then Franchisor will waive the Royalty Fee due under this Agreement for a period of time that Franchisor reasonably determines is necessary for the Franchised Business to repair the damage/loss to the Premises and resume operations (or relocate the Franchised Business to a different location within the Designated Territory), with said waiver period not to exceed ninety (90) days commencing from the date Franchisee gives Franchisor notice of the damage or loss.

5. **DUTIES OF FRANCHISOR**

A. **Initial Training.**

1. *Initial Training Prior to Opening.* Franchisor will provide its initial training program (the “Initial Training Program”) to Franchisee (or its operating principal if Franchisee is an entity) and, if applicable, the individual that Franchisee has designated and Franchisor has approved to handle the day-to-day management of the Franchised Business (a “Designated Manager”). Franchisor will not charge any tuition or its then-current training fee to provide the Initial Training Program or appropriate components thereof for up to two (2) total individuals, provided both individuals attend such training at the same time prior to opening the Franchised Business. The parties agree and acknowledge that: (i) certain portions of the Initial Training Program will be provided by Franchisor remotely via telephone calls, webinars or other online learning management system/technology; (ii) other portions of the Initial Training Program must be attended and completed at Franchisor’s headquarters or other designated training facility for a period that typically lasts around five (5) business days; and (iii) Franchisee shall bear all its costs and expenses incurred by Franchisee and all other trainees in connection with the Initial Training Program, including without limitation, travel, lodging, meals, local transportation and wages for any personnel.
2. *Replacement Personnel.* Franchisor will also provide the Initial Training Program or appropriate portions thereof to any replacement personnel that will serve as Franchisee’s Designated Manager of the Franchised Business, provided Franchisee pays Franchisor’s then-current training fee for such initial training (as well as any costs and expenses incurred) and subject to the schedule and availability of Franchisor’s training staff.
3. *Training Pre-Conditions; Acknowledgement of Completion.* The parties agree and acknowledge that: (i) Franchisee must satisfy the training pre-conditions set forth in

Section 6(N) of this Agreement (the “Training Pre-Conditions”) before Franchisee or any of its personnel can attend any portion of the Initial Training Program that is provided at Franchisor’s headquarters and/or other designated training facility; and (ii) upon completion of the Initial Training Program and/or any appropriate components thereof, Franchisee or the individual that completed such training may be required to sign an acknowledgement that it received such training from Franchisor consistent with this Agreement and the FDD.

B. **On-Site Assistance.** Subject to Franchisee and its appropriate personnel attending and completing all necessary training to commence operations of the Franchised Business and satisfaction of all Training Pre-Conditions, Franchisor may, at its discretion, provide on-site assistance at the Franchised Business or otherwise within the Designated Territory hereunder that typically lasts up to two (2) business days and is provided around the time that Franchisor approves Franchisee to commence operations of the Franchised Business.

C. **Additional and Refresher Training.**

1. *Required Additional Training.* Franchisor may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee, its Designated Manager and/or Crew Chief to attend such courses no more frequently than: (i) two (2) sessions of additional/refresher training year, which, combined will not exceed seven (7) total days and may take place at Franchisor’s designated training facility in California (or other location that Franchisor designates); and (ii) twenty-four (24) hours of additional or refresher training via webinar, Skype or other medium that allows for remote attendance and completion (“Additional Training”). Franchisor will not require Franchisee to pay its then-current training fee in connection with any Additional Training that Franchisor requires under this Section, but Franchisee will be responsible for the costs and expenses incurred in connection with Franchisee and its designated personnel attending such training, which may take place at a training facility that Franchisor designates.
2. *Requested Additional Training and/or On-Site Assistance.* Franchisor may also provide Additional Training or other on-site assistance at Franchisee’s reasonable written request, subject to: (i) the schedule and availability of Franchisor’s training personnel; and (ii) Franchisee paying Franchisor’s then-current training fee for each trainer that is provided in connection with the requested Additional Training, as well as Franchisee covering the costs and expenses that such personnel incur in providing such training. Franchisor will provide Additional Training under this Section as it deems appropriate in its discretion.
3. *Remedial Training.* Franchisor may require Franchisee to attend up to five (5) days of remedial training that Franchisor reasonably determines Franchisee and appropriate personnel must undertake in response to (a) the failure of Franchisee or any other required personnel to sufficiently complete the Initial Training Program or any type of Additional Training that Franchisor requires under Section 5(C)(1) above, or (b) Franchisee’s failure to operate the Franchised Business in accordance with the terms of the Franchise Agreement after Franchisor has provided Franchisee with written notice of such failure (each, an instance of “Remedial Training”). Franchisor reserves the right to charge its then-current training fee for any Remedial Training that is provided to Franchisee and/or its personnel at any location. Franchisee must cover the costs and expenses incurred by Franchisor and its personnel in providing such

Remedial Training if such training is provided at a location other than Franchisor's headquarters.

- D. **Manuals.** Franchisor will provide access to, or otherwise loan, Franchisee one (1) copy of the Manuals prior to the opening of the Franchised Business. Franchisor will also loan Franchisee a list of: (i) all furniture, fixtures, equipment, inventory, supplies and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Franchised Business (collectively, the "Required Items"); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items, which may be Franchisor or its affiliates (collectively, the "Approved Suppliers"); and (iii) a list of the Approved Services that Franchisee is authorized to offer, sell or provide at and from the Franchised Business. The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement or otherwise modify these lists and the Manuals at any time upon written notice to Franchisee. Franchisor may also establish and maintain a website portal or other intranet for use by Franchisee and other Franchised Business owners (the "Web Portal"), wherein Franchisor may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which Franchisee must strictly comply with promptly after such content is posted or otherwise listed on the Web Portal. In the event Franchisee or its personnel saves or prints out a hard copy of any Manual, then such electronic/hard versions of said Manuals must be immediately returned upon expiration or termination of this Agreement for any reason (and never used for any competitive purpose). The provisions of this Section shall survive the term of this Agreement.

E. **Site Selection Review and Approval.**

1. Following execution of this Agreement, Franchisor shall: (i) provide Franchisee with basic site selection criteria that Franchisor establishes for a third-party premises of an Franchised Business, if any; (ii) review and evaluate any site relocation proposals from Franchisee; and (iii) approve or reject such site selection proposals within 30 days of the date Franchisee provides Franchisor with all information that Franchisor reasonably requests in connection with a given site proposal. The parties agree and acknowledge, however, that Franchisor's approval or any given site does not constitute a guarantee or other representation that the Franchised Business will succeed or otherwise perform at a certain level at that location.
2. Once Franchisor and Franchisee determine an Approved Location, Franchisor must then also approve of the lease for the Premises (the "Lease") or purchase agreement for the Premises, if any, prior to Franchisee entering into any such agreement for that location to serve as the Premises of the Franchised Business. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord's execution of Franchisor's form of Consent and Agreement of Landlord attached to this Agreement at Exhibit C. Franchisor will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty (30) days of receiving all reasonably requested information from Franchisee.

- F. **Grand Opening Event/Launch Marketing Assistance.** Franchisor may assist Franchisee, as it deems appropriate in its discretion, in developing and conducting the

Grand Opening Event/Launch Marketing (as defined and described more fully in Section 9 of this Agreement), which program will be conducted at Franchisee's expense.

G. **Continuing Assistance.**

1. Franchisor may, as it deems appropriate and advisable in its sole discretion, provide continuing advisory assistance in the operation of the Franchised Business. Franchisor's determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.
2. Franchisor may provide such assistance via telephone, fax, intranet communication, Skype or any other communication channel Franchisor deems appropriate, subject to the availability and schedules of Franchisor's personnel.
3. In the event Franchisee requests that Franchisor provide any type of assistance or training on-site at the Franchised Business, then Franchisee may be required to pay Franchisor's then-current training tuition fee in connection with such training (in addition to reimbursing Franchisor for any costs/expenses that Franchisor's personnel incurs in connection with providing such assistance).

H. **Review of Advertising Materials.** Franchisor will review and approve/reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Business as described more fully in Section 9 of this Agreement.

I. **Website.** For so long as Franchisor has an active website containing content designed to promote the INSULATION COMMANDOS brand, System and Proprietary Marks (collectively, the "Website"), Franchisor will list the contact information of the Franchised Business on this Website, provided Franchisee is not in material default under this Agreement. The Website is discussed in greater detail in Section 9(G) of this Agreement.

J. **Email Addresses.** Franchisor will provide Franchisee with at least one (1) email address, which: (i) Franchisee is required to use in connection with the Franchised Business; and (ii) must be the only email addresses used in connection with the Franchised Business.

K. **Private Label Products.** Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Proprietary Marks to be used by Franchisee and/or offered and sold by Franchisee as part of the Approved Services that are provided at the Franchised Business. Franchisee may be required to purchase these items from Franchisor or any other Approved Supplier that Franchisor designates.

L. **Inspections of the Premises and Approved Vehicles.** Franchisor will, as it deems appropriate in its sole discretion, conduct inspections and/or audits of the Franchised Business and, upon 48 hours' notice, of the Premises and/or Approved Vehicles to ensure that Franchisee is operating its Franchised Business in compliance with the terms of this Agreement, the Manuals and the System standards and specifications. Such inspections may include: (i) inspections of the Premises and/or Approved Vehicles and inspecting any and all books and records; (ii) conducting mystery shop services and/or inspections designed to evaluate the Approved Services provided by the Franchised Business and any pre-sale activities involved with the same. Inspections of the Premises and/or Approved

Vehicles will only occur during normal business hours and, with respect to the Premises, will only involve the physical area that is specifically devoted to the Franchised Business. Franchisee is solely responsible for ensuring that the Franchised Business is being operated in compliance with all applicable laws and regulations.

- M. **Administration of Fund.** Franchisor will administer the Fund as it deems advisable to the System in its sole discretion as described more fully in Section 9 of this Agreement.
- N. **No Assumption of Liability.** Franchisor shall not, by virtue of any approvals or advice provided to the Franchisee under this Agreement, including site approval or other approval provided under this Section 5, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight) provided by Franchisor or its designee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success.
- O. **Delegation of Duties.** Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.
- P. **Pre-Opening Obligations Acknowledgement.** If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee shall notify Franchisor in writing within sixty (60) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, agrees and grants that Franchisor fully complied with all of its pre-opening and opening obligations set forth in this Agreement.
- Q. **Annual Conference.** Franchisor may establish and conduct an annual conference for all franchise owners and may require Franchisee (or its Designated Manager) to attend this conference, but for no more than five (5) days each year. Franchisee will be solely responsible for all expenses incurred in attending the annual conference (including any employee wages), and Franchisor reserves the right to require Franchisee to pay Franchisor its then-current convention contribution fee prior to attending. Franchisor reserves the right to assess a fee of ~~\$12,000~~ per attendee in the event Franchisee and/or its Designated Manager fails to attend the annual conference.
- R. **Call Center.** ~~Franchisor reserves the right, but is under no obligation, to establish a System-wide call center (the "Call Center"). If Franchisor or its designee does so, Franchisee will have the right to participate, provided Franchisee pays the then-current rate charged by Franchisor or Franchisor's Approved Supplier for call center services. Franchisee hereby agrees and acknowledges that Franchisor has established a call center (the "Call Center") to provide customer intake and call center services for the benefit of System franchisees, and Franchisee is required to utilize the Call Center in connection with the operation of the Franchised Business. Franchisee shall pay to Franchisor or its affiliate the amount of \$150 per month, plus \$25 per booked estimate, for such services (the "Call Center Fee"). Franchisor or its affiliate may increase the Call Center Fee upon thirty (30) days' written notice to Franchisee, provided that the total amount of the Call Center Fee~~

shall not increase more than ten percent (10%) per annum during the initial Term of this Agreement.

6. **DUTIES OF FRANCHISEE**

- A. **Securing an Approved Location.** Franchisee shall obtain and secure an Approved Location for the operation of the Franchised Business within ninety (90) days of the execution of this Agreement that Franchisor approves in its sole discretion (if an Approved Location is not already identified and accepted by Franchisor at the time of execution of this Agreement).
- B. **Lease.** Franchisee must enter into a lease for the Approved Location (the “Lease”) within ninety (90) days from the execution of this Agreement, and ensure that it complies with all provisions of the Lease, including those provisions related to leasehold improvements and signage. Franchisor may review any proposed Lease for the Premises and approve such Lease prior to Franchisee’s execution for use in connection with operating the Franchised Business. Franchisee must ensure that the Lease contains the following terms as a condition to Franchisor’s approval thereof:
1. The Lease reserves Franchisor’s right, at Franchisor’s election, to receive an assignment of the Lease;
 2. The Lease requires the landlord to provide Franchisor with a written notice of Franchisee’s default or deficiency under the lease at the same time such notice of default is sent to Franchisee;
 3. The Lease requires the landlord to provide Franchisor with written notice of Franchisee’s failure to cure any default under the Lease within the appropriate cure period and grants Franchisor the right (but not the obligation), in its sole discretion, to cure any such default or deficiency under the lease within thirty (30) days after the expiration of the Franchisee’s cure period if Franchisee fails to cure;
 4. The Lease evidences the right of Franchisee to display the Proprietary Marks in accordance with the specifications required by the Manuals, subject only to provisions of applicable law;
 5. The Lease requires the Approved Location be used solely for the operation of a Franchised Business;
 6. The Lease prohibits modification, supplementation, cancellation, termination, or amending of the Lease without Franchisor’s reasonable prior express written approval.

Franchisor may further condition approval of the Lease on Franchisee and Franchisee’s landlord executing a Collateral Assignment of Lease (attached as Exhibit C to this Agreement) granting Franchisor the right, but not the obligation, to assume the Lease upon: (i) Franchisee’s default under the Lease; or (ii) the termination, transfer, or expiration of this Agreement. The landlord under the Lease must expressly consent to the Collateral Assignment of Lease in writing.

- C. **Build-Out of Premises and Time to Open.**

1. If requested by Franchisor, Franchisee shall submit to Franchisor, for Franchisor's approval, detailed plans and specifications, adapting Franchisor's then-current standard plans and specifications to the Approved Location and to local and state laws, regulations, and ordinances. Once approved by Franchisor, Franchisee shall not materially change or modify such plans and specifications without the prior written consent of Franchisor. Franchisor must provide its prior written consent before Franchisee may open the Franchised Business, and Franchisor reserves the right to inspect the construction and/or build-out of the Franchised Business at any reasonable time prior to the opening date. Should Franchisee fail to open the Franchised Business for operation within the prescribed period or, if applicable, within an extension of time approved in writing by Franchisor, this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee, without the necessity of further action or documentation by either party. Franchisee shall use a qualified licensed, general contractor or construction supervisor to oversee construction or modification of the Franchised Business and completion of all improvements.
 2. Franchisee shall open the Franchised Business for operations no later than four (4) months from the date this Agreement is executed.
 3. If Franchisee fails to open the Franchised Business for operation within the prescribed period (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice to Franchisee from Franchisor.
 4. The parties further agree and acknowledge that if Franchisee is opening and operating the Franchised Business pursuant to its obligations under a multi-territory addendum that Franchisee (or its affiliate) has entered into with Franchisor (a "Multi-Territory Addendum"), then that Multi-Territory Addendum will control the timeline for opening and operating the Franchised Business in the event there is an inconsistency between the Multi-Territory Addendum and this Agreement. Franchisee must open and commence operations of the Franchised Business within the time period set forth in the Multi-Territory Addendum (regardless of when Franchisee executes this Agreement).
- D. **Licenses and Permits for Franchised Business.** Prior to opening, Franchisee must obtain and maintain (throughout the term of this Agreement) all required licenses, permits and approvals to establish, open and operate the Franchised Business at the Premises and within the Designated Territory, including all required licenses and permits related to the offer, sale, and performance of insulation installation services and/or other Approved Services.
- E. **Licensing Requirements for Personnel.** Franchisee must ensure that the applicable Approved Services provided at the Franchised Business are only conducted by individuals that have the necessary contractors' or equivalent licenses and/or other applicable certifications or approval, if any, necessary to provide the Approved Services at issue.
- F. **Approved Services and Approved Products; Provision of Approved Services by Licensed Personnel**

1. *Authorized Services Only.* Franchisee must only offer and sell only the Approved Services at the Franchised Business. Franchisee may not offer or provide any other products/services and must not deviate from Franchisor's System standards and specification related to the manner in which the Approved Services are offered and sold, unless Franchisor provides its prior written consent. Franchisor has the right to add additional, delete or otherwise modify certain of the Approved Services, or to add or designate certain approved products ("Approved Products") from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.
 2. *Personnel that May Provide Certain Approved Services.* Franchisee agrees and acknowledges that: (i) in order to provide certain Approved Services, including those Approved Services for which a state or other jurisdictional contractors' or equivalent license or certification is required, its Designated Manager, Crew Chief, or other personnel must first complete the Initial Training Program necessary to provide such Approved Services; and (ii) Franchisee must ensure that any Approved Services provided through the Franchised Business are provided by individual(s) who possess the required state or other jurisdictional contractors' or equivalent license and/or certification (if and as required) to provide such Approved Services (which may be Franchisee or its Designated Manager, Crew Chief or other individual).
- G. **Approved Vehicles, Signs, and Inventory.** Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, the Approved Vehicles, the Franchised Business, and all equipment, fixtures, furnishings, signs, artwork, décor items and inventory therein as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires. At Franchisor's request, which shall not be more often than once every five (5) years, Franchisee shall refurbish and upgrade the Approved Vehicles, any equipment thereon, and other components of the Franchised Business at its expense, to conform to the building design, trade dress, color schemes, and presentation of Proprietary Marks consistent with Franchisor's then-current standards and conditions for the System, including without limitation, redecoration, remodeling, and modifications to existing improvements, but specifically excluding vehicle wraps, lettering, and/or trade dress for those vehicles used in the operation of the Franchised Business that may be updated more frequently (collectively, the "Vehicle Updates"). Franchisee must complete any Vehicle Updates within four (4) months of Franchisor's request.
- H. **Compliance with Applicable Laws.** Franchisee must at all times conduct and operate the Franchised Business in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto.
- I. **Approved Vehicle; Other Required Items.** Franchisee must: (i) purchase, lease, and/or maintain any and all Required Items that Franchisor designates for use in connection with the Franchised Business that may include, without limitation, the vehicle that must be used

in connection with the Franchised Business (the “Approved Vehicle”), Computer System, equipment, supplies, and inventory; (ii) ensure that all Required Items meet Franchisor’s standards and specifications; and (iii) purchase all items Franchisor specifies from the Approved Supplier(s) that Franchise designates, which may include Franchisor or its affiliate(s). Franchisee agrees and acknowledges that Franchisor and/or its affiliates may derive revenue from the offer and sale of Required Items.

Franchisee shall cause the Approved Vehicle to be wrapped or painted in signage and artwork as approved by Franchisor prior to opening the Franchised Business. Franchisee agrees to maintain any Approved Vehicle in good mechanical condition and an appearance that properly represents the System Brand to the public and to improve vehicle appearance at the request of the Franchisor.

- J. **Required Purchases of Inventory and Supplies.** Franchisee must purchase all inventory and supplies required to sell and provide the Approved Services, as well as thereafter maintain such inventory/supply levels, as Franchisee deems reasonably necessary and appropriate to meet current customer demand and any anticipated customer demand in the near future.
- K. **Inspection of Items.** Franchisee shall permit Franchisor or its agents, at any reasonable time, to remove from the Franchised Business samples of items without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent, certified laboratory to determine whether said samples meet Franchisor’s then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor, or if the sample fails to conform to Franchisor’s specifications.
- L. **Alternative Supplier Approval.** If Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, to the extent known. At Franchisor’s request, Franchisee must also provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee’s request, Franchisee must reimburse Franchisor for Franchisor’s reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee’s request is approved or denied within thirty (30) days of: (i) Franchisor’s receipt of all supporting information from Franchisee regarding Franchisee’s request under this Section; and (ii) if applicable, Franchisor’s completion of any inspection or testing associated with Franchisee’s request. If Franchisor does not provide written approval within this time period, then Franchisee’s request will be deemed denied. Franchisor may, but is not obligated to, provide Franchisee’s proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor’s prescribed form of non-disclosure agreement. Each supplier that Franchisor approves must comply with Franchisor’s usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee’s performance of any supply contract. Franchisor may re-inspect and revoke

Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate.

M. **Computer Issues.** Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders in connection with the operation of the Franchised Business, including the any proprietary software used in connection with the System.

N. **Training Completion and Conference Attendance.**

1. Franchisee must ensure that Franchisee, its Designated Manager (if applicable) and its Crew Chief each attend and successfully complete the Initial Training Program prior to opening the Franchised Business. Franchisee agrees and acknowledges that Franchisor may require Franchisee and its personnel to complete the components of the Initial Training Program that are provided via remote participation within sixty (60) days of the date this Agreement is executed.
2. Franchisee agrees and acknowledges that Franchisee must complete and/or satisfy the following Training Pre-Conditions before Franchisor will approve Franchisee or any of its designated trainees to attend the components of the Initial Training Program that are provided at Franchisor's headquarters or other designated training facility:
 - i. submit, and obtain Franchisor's approval of, Franchisee's Grand Opening Event/Launch Marketing plan for the Franchised Business;
 - ii. demonstrate that Franchisee has pre-paid all amounts in connection with the Pre-Opening Start-Up Package and Grand Opening Event/Launch Marketing, or is in a position to do so in the near future;
 - iii. undertake all steps to establish the EFT Account, as described in Section 4(B) of this Agreement, including providing Franchisor and/or its designee with all authorizations and approvals necessary to access such EFT Account;
 - iv. demonstrate that Franchisee has obtained all required insurance coverages as set forth in this Agreement and the Manuals;

- v. consult with counsel to ensure any then-current template agreement or services agreement that Franchisor provides to Franchisee in its Manuals are reviewed by counsel and ensure the validity and enforceability of any such agreement; and
 - vi. provide Franchisor with completed copies of all agreements and contracts that are attached as Exhibits to this Agreement that are signed by Franchisee and/or appropriate third party(ies), to the extent such documents have not been signed, completed or need to be updated as of that date.
- 3. In addition to the Initial Training Program, Franchisee and any other management personnel of the Franchised Business may, at Franchisor's option, be required to attend a training program that is conducted by one (1) or more of Franchisor's Approved Suppliers and designed to provide further instruction and training regarding the operation of the Franchised Business and provision of certain Approved Services (the "Third-Party Training"). If such Third-Party Training is required by Franchisor, then Franchisee will be: (i) required to pay the then-current training fee for those that attend the Third-Party Training; and (ii) responsible for the costs and expenses associated with Franchisee and any other required trainees attending such training. Once the Franchised Business is open, Franchisor will have the right to make this kind of Third-Party Training part of any Additional Training or Remedial Training that Franchisor may require under this Agreement.
- 4. Franchisee must also ensure that Franchisee, its Designated Manager (if applicable) and Crew Chief attend and complete any Additional Training or Remedial Training that may be required pursuant to this Agreement.
- 5. Franchisee agrees and acknowledges that it will be solely responsible for: (i) all costs associated with Franchisee and/or its designated personnel attending any initial or ongoing training provided by Franchisor or any third-party trainer pursuant to this Agreement; and (ii) paying Franchisor its then-current Training Fee for any (a) Additional Training requested by Franchisee, (b) Remedial Training that Franchisee is required to complete as part of its cure actions with respect to a default hereunder, or (c) any replacement or new personnel that needs to attend any portion of our Initial Training Program, as set forth in this Agreement.
- 6. Any failure by Franchisee, its Designated Manager (if applicable) or Crew Chief to (a) attend and complete the Initial Training Program, or (b) any other training/conferences that such individual(s) are required to attend and/or complete hereunder will constitute a material default of this Agreement and grounds for termination if not cured within the appropriate cure period set forth in this Agreement.
- O. **Training of Personnel.** Franchisee or at least one (1) of Franchisee's personnel that has successfully completed the entire Initial Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the POS and computer system, as well as any other information that is relevant to each individual's role with the Franchised Business, including Franchisor's standards and specifications for operating the Franchised Business, as Franchisor may set

forth in the Manuals or otherwise in writing. Further, at least one (1) person that has completed the entire Initial Training Program must manage the Franchised Business at all times.

- P. **Hours of Operation.** Franchisee shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing, and must ensure that the Franchised Business is sufficiently staffed.
- Q. **Image.** Franchisee shall maintain the image of the Approved Vehicle and Franchised Business at all times in accordance with Franchisor's standards and specifications, including: (i) ensuring that each Approved Vehicle is maintained in a clean and orderly manner; and (ii) ensuring that all equipment, furniture and fixtures used in connection with the Franchised Business remains in good, clean condition.
- R. **Customer Lists and Data/Agreements; Privacy Laws.**
1. Franchisee must (i) maintain a list of all of its current and former Clients, as well as their properties and any Approved Services contracts associated therewith (the "Client Information"), at the Premises; and (ii) make such lists and contracts available for Franchisor's inspection upon request. Franchisee must promptly return this information to Franchisor upon expiration or termination of this Agreement for any reason. This Client Information is deemed "Confidential Information" (as later defined in this Agreement) and Franchisor's exclusive property hereunder, including all Approved Services contracts with such Clients. Franchisee acknowledges that Franchisor may have automatic access to any or all of this information via the Computer System and related software that Franchisor requires for use in connection with the Franchised Business.
 2. Franchisee agrees to comply with all applicable laws pertaining to the privacy of the customer, employee, and transactional information ("Privacy Laws"). Franchisee further agrees to comply with Franchisor's standards and policies pertaining to Privacy Laws. If there is a conflict between Franchisor's standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee will: (i) comply with the requirements of applicable law; (ii) immediately give Franchisor written notice of said conflict; and (iii) promptly and fully cooperate with Franchisor in determining the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent.
- S. **Promotional Prices; Pricing Guidelines.** To the extent permitted under applicable law, Franchisee must use commercially reasonable efforts to follow Franchisor's general pricing guidelines, including any promotional prices set by Franchisor for a particular Approved Service. As an independent contractor, however, Franchisee may exercise flexibility in meeting competition with respect to the pricing of the Approved Services.
- T. **Operation of Franchised Business and Customer Service.** Franchisee shall manage and operate the Franchised Business in an ethical and honorable manner, and must ensure that all those working at the Franchised Business provide courteous and professional services to customers and always keep its customers' interests in mind while protecting the goodwill

of the Proprietary Marks, System and the Franchised Business. Franchisee must handle all customer complaints and requests for returns and adjustments in a manner consistent with Franchisor's standards and specifications, and in a manner that will not detract from the name and goodwill enjoyed by Franchisor. Franchisee must consider and act promptly with respect to handling of customer complaints, and implement complaint response procedures that Franchisor outlines in the Manuals or otherwise in writing.

- U. **Access for Inspections/Audit.** To determine whether Franchisee is complying with this Agreement, Manuals and the System, Franchisor and its designated agents or representatives may at all times and without prior written notice to Franchisee: (i) observe and monitor the operation of the Franchised Business for consecutive or intermittent periods as Franchisor deems necessary; (ii) allow Franchisor to inspect photograph, or videotape the Franchised Business, equipment, or operations therein; (iii) interview or survey personnel and Clients of the Franchised Business; and (iv) inspect, audit and/or copy any books, records, and agreements relating to the operation of the Franchised Business, including all financial information. Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken) and take such steps as may be necessary to immediately correct the deficiencies detected during any such inspection. If Franchisor exercises any of these rights, Franchisor will use commercially reasonable efforts to not unreasonably interfere with the operation of the Franchised Business.
- V. **Personal Participation by Franchisee.** Franchisee must personally participate in the direct management operation of the Franchised Business on a full-time basis, unless Franchisee engages a Designated Manager that Franchisor approves in writing to manage the day-to-day operations of the Franchised Business when Franchisee is not present. If Franchisee designates a manager at any time, that manager must successfully complete the Initial Training Program prior to assuming any management responsibilities in connection with the Franchised Business. Regardless, Franchisee is solely responsible for all aspects of the operation of the Franchised Business and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manuals are met and kept.
- W. **Credit Cards and Payment Methods.** Franchisee must accept credit cards in connection with the Franchised Business to facilitate sales, including Visa, MasterCard, American Express, and Discover and any other major credit cards designated by Franchisor. Franchisee may also accept cash and/or checks in connection with the Franchised Business. Franchisee agrees to comply with the then-current Payment Card Industry Data Security Standards ("PCI DSS"), as such standards may be revised and modified by the PCI Security Standards Council (see www.pcisecuritystandards.org), or any successor organization or standards that Franchisor may reasonably specify. Franchisee's requirements include, but are not limited to, implementing the enhancement, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.
- X. **Payments to Franchisor.** Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its affiliates or any Approved Supplier.
- Y. **Employment and Other Personnel Decisions.** Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-

keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's employees must be competent, conscientious, and properly trained.

7. **PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS**

- A. **Ownership of Proprietary Marks.** Franchisee acknowledges the exclusive ownership and/or right to use the Proprietary Marks by Franchisor, and Franchisee agrees that during the term of this Agreement and after its expiration or termination Franchisee will not directly or indirectly contest or aid in contesting the validity of the Proprietary Marks or the ownership or rights of the Proprietary Marks by Franchisor. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks shall contribute and inure to the commercial use and benefit of Franchisor, which Franchisor may claim to strengthen and further secure ownership of the Proprietary Marks.
- B. **Permitted Use.** It is understood and agreed that the use by Franchisee of Franchisor's Proprietary Marks applies only in connection with the operation of the Franchised Business at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.
- C. **Use of Proprietary Marks in Advertising and Signage.** To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation and goodwill, as well as that of the System, Franchisee agrees to:
1. Operate and advertise the Franchised Business only under the Proprietary Marks authorized by Franchisor as specified in this Agreement or the Manuals;
 2. Maintain and display signage and advertising bearing the Proprietary Marks that reflects the current commercial image of the System and, upon notice from Franchisor, to immediately discard and cease use of Proprietary Marks or other imagery that has become obsolete and no longer authorized by Franchisor.
 3. Upon Franchisor's request, Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign containing the following notice: "This business is owned and operated independently by (*name of franchisee*) who is an authorized licensed user of the trademark, INSULATION COMMANDOS, under a license agreement with Insulation Commandos Franchising, LLC."
- D. **Proprietary Marks are Sole Property of Franchisor.** Franchisee acknowledges that the Proprietary Marks, System, Manuals, and all other information and items delivered to Franchisee by Franchisor pursuant to this Agreement or in furtherance of the System, including without limitation, signage, video and audio tapes or disks, information communicated by electronic means, and intellectual property, are the sole and exclusive property of Franchisor, and Franchisee's right to use the same are contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly

in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Franchisor (and, if appropriate, Franchisor's affiliates) to the Proprietary Marks, System, Manuals, and other information, intellectual property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register or otherwise use any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Proprietary Marks licensed under this Agreement.

- E. **Legal Action Involving Proprietary Marks.** Furthermore, Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either of them regarding the protection and preservation of the Proprietary Marks, System, or the Manuals and other information and intellectual property delivered to Franchisee or used by Franchisee under this Agreement.
- F. **Improvements.** Franchisee agrees to disclose promptly to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Business (collectively, the "Improvements"), all of which shall be automatically and without further action owned by Franchisor without compensation to Franchisee (including all intellectual property rights therein). Whenever requested to do so by Franchisor, Franchisee will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor's interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.
- G. **Modification or Substitution of Marks by Franchisor.** If in Franchisor's reasonable determination, the use of Proprietary Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Proprietary Marks, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify, discontinue, or to use one (1) or more additional or substitute trade or service Proprietary Marks then upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Franchisor. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out-of-pocket expenses that Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages.
- H. **Modification of Proprietary Marks by Franchisee.** Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Proprietary Marks unless directed by Franchisor in writing.
- I. **Non-Exclusive Use of Proprietary Marks.** Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion

has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.

J. **Acknowledgements.** With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:

1. Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or any other business name, domain name, e-mail address or any social media or social networking profile/page;
2. Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefor without Franchisor's prior written consent; and
3. Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for Proprietary Marks or to maintain the continued validity of such Proprietary Marks.

K. **Use Outside Scope.** Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this license without Franchisor's prior written consent is an infringement of Franchisor's exclusive right to use the Proprietary Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.

L. **Notification of Infringement.** Franchisee shall notify Franchisor within three (3) calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.

M. **Indemnification Regarding Marks.** Franchisor will indemnify and defend Franchisee against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Business, provided: (i) such use is in full compliance with Franchisor's standards and specifications; and (ii) Franchisee notifies Franchisor in writing of this third-party claim within three (3) calendar days of receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate.

Franchisee must fully cooperate with Franchisor in connection with Franchisor's defense or settlement of any third-party claim that Franchisor determines to take control of under this Section 7. Notwithstanding anything in this Section to the contrary, Franchisor's liability under this Section shall be limited to no more than the Initial Franchise Fee paid under this Agreement.

N. **Other Obligations of Franchisee.** In addition to all other obligations of Franchisee with respect to the Proprietary Marks licensed herein, Franchisee agrees:

1. To feature and use the Proprietary Marks solely in the manner prescribed by Franchisor and not use the Proprietary Marks on the Internet or otherwise online, except as approved in writing by Franchisor; and
2. To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.

8. **OPERATIONS MANUALS AND CONFIDENTIAL INFORMATION**

A. **Manuals.** Franchisor will loan or provide online access to one (1) copy of the Manuals to Franchisee. The Manuals shall at all times remain the sole property of Franchisor and any and all copies (hard copies or electronic files) of the Manuals must be returned to Franchisor upon termination or expiration and non-renewal of this Agreement. In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Business in strict accordance with Franchisor's Manuals. In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may from time to time revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions (at its expense). Franchisee agrees at all times to keep its copy of the Manuals current and up-to-date. In the event of any dispute as to the contents of Franchisee's Manual, the terms of the master copy of the Manuals maintained by Franchisor at its home office shall be controlling. Franchisor may provide any supplements, updates or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet or any other electronic or traditional mediums it deems appropriate.

B. **Control of Franchised Business.** Franchisee acknowledges any Manual(s) provided by Franchisor to Franchisee are intended to protect Franchisor's standards, systems, names, and marks, and are not intended to control day-to-day operation of Franchisee's Business. Franchisee further acknowledges and agrees that the Franchised Business will be under the control of the Franchisee at all times, and that Franchisee will be responsible for the day-to-day operation thereof.

C. **Confidential Information.** In connection with the operation of the Franchised Business, Franchisee will from time to time become acquainted with, work with, and even generate certain information, procedures, techniques, data, and materials that are and, by this Agreement, will become proprietary to Franchisor. Franchisee and all persons signing this Agreement agree to keep confidential any of Franchisor's trade secrets or proprietary information as defined below and will not use such for its or their own purpose or supply or divulge same to any person, firm, association, or corporation except as reasonably

necessary to operate the Franchised Business. Franchisee agrees that it will have no proprietary interest in any work product developed or used by it that arises out of the operation of the Franchised Business. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any such work product, including without limitation, the execution of assignments.

D. **Trade Secrets and Confidential Information.** The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Franchisor's trade secrets and proprietary/confidential information include the following:

1. The Manuals;
2. Any customer data, including the names, contact information, rental preferences and any other information concerning users of the Approved Services, except for credit card numbers, bank information or other financial data related to the transaction of funds between the Franchisee and Clients (collectively, the "Customer Data");
3. Any and all information and materials, including all items covered by copyright or any other intellectual property, associated with any proprietary software used in connection with the system;
4. Any information or materials, whether technical or non-technical, that is used in connection with or otherwise related to the establishment and operation of a Franchised Business or the System that is not commonly known by, or available to, the public, including without limitation, any proprietary software; and
5. Any other information that may be imparted to Franchisee from time to time and designated by Franchisor as confidential (collectively, the "Confidential Information").

E. **Confidential Information as Property of Franchisor.** Franchisee acknowledges and agrees that the Confidential Information, which includes the Customer Data, and any business goodwill of the Franchise are Franchisor's sole and exclusive property and that Franchisee will preserve the confidentiality thereof. Upon the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Confidential Information will be immediately turned over by Franchisee, at Franchisee's sole expense, to Franchisor or to Franchisor's authorized representative.

F. **Information Not Confidential.** Excepted from Confidential Information for purposes of non-disclosure to any third parties by Franchisee and/or its Restricted Persons (as defined in Section 8(H) below) is information that:

1. Becomes publicly known through no wrongful act of Franchisee or Restricted Persons; or
2. Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes rightfully

known to them without confidential restriction from a source other than Franchisor.

- G. **Reasonable Efforts to Maintain Confidentiality.** Franchisee shall at all times treat the Confidential Information as confidential and shall use all reasonable efforts to keep such information secret and confidential, including without limitation, all logins/passwords/keys necessary to access any component of the Computer System or related software used in connection with the Franchised Business. The Manuals must remain at the Premises and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee shall not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part.
- H. **Prevention of Unauthorized Use or Disclosure.** Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. Franchisee must ensure and require that all of its officers, agents, directors, shareholders, trustees, beneficiaries, partners, employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning the Confidential Information (collectively, "Restricted Persons") execute Franchisor's prescribed form of confidentiality agreement that will be in substantially the same form attached to this Agreement as Exhibit E (the "Confidentiality and Restrictive Covenant Agreement"). Franchisee must obtain a signed copy of the Confidentiality and Restrictive Covenant Agreement from any such person prior to, or at the same time of, that person undertaking its role and/or employment or association with Franchisee or the Franchised Business. Franchisee's spouse or significant other shall also be bound by the same requirement and shall sign the same Confidentiality and Restrictive Covenant Agreement. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Restrictive Covenant Agreement within ten (10) days of Franchisor's request. If Franchisee is not able to provide a signed form for any Restricted Person within that 10 day period and Franchisee is not able to cure such a breach of its obligations by having that Restricted Person sign and return the Confidentiality and Restrictive Covenant Agreement, then Franchisor reserves the right to charge Franchisee a penalty fee amounting to \$1,000 in addition to any other remedies that Franchisor may have under this Agreement or applicable law.

9. **ADVERTISING**

- A. **Advertising and Sales Promotion Programs.** Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the Franchised Businesses operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee purchase and/or make copies of (and Franchisee's expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.

- B. **Approval for all Advertising/Promotional Materials.** All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Franchisor's standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials twenty (20) days prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor, and Franchisor will have fifteen (15) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this fifteen (15) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Once approved, Franchisee may use the proposed materials for a period of ninety (90) days, unless Franchisor prescribes a different time period for use or requires Franchisee to discontinue using the previously-approved materials in writing. Franchisor may revoke its approval of any previously-approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Franchisor's telephone number and/or website.
- C. **Grand Opening Event/Launch Marketing.** During the initial three (3) months of operating the Franchised Business, Franchisee must spend at least \$~~12~~,500 to \$~~21~~7,500 on local advertisement and promotion of the grand opening of the Franchised Business ("Grand Opening Event/Launch Marketing"), in accordance with the marketing plan that Franchisor approves prior to or around the time of opening. Prior to the opening of the Franchised Business, Franchisor will designate the exact minimum that Franchisee must expend within this initial three (3) month period, which will typically be based on the size and demographics of the Designated Territory. Prior to their use, all initial marketing materials must be approved by Franchisor. Franchisor will have the right to approve and/or designate the type of expenditures that are made as part of Franchisee's Grand Opening Event/Launch Marketing. Such expenditures will be in addition to any Digital and Local Advertising expenditures and Fund Contributions, as set forth in this Agreement.
- D. **Digital and Local Advertising Requirement.** Franchisee shall comply with the following requirements in regard to digital and local advertising:
1. Commencing in the fourth (4th) month following Franchisee's opening of the Franchised Business, Franchisee must expend an amount equal to the greater of (i) five percent (5%) of its Gross Sales generated in the prior calendar month, or (ii) \$1,500 per month, on advertising, including digital advertising, and promoting the Franchised Business in the immediate locality surrounding the Franchised Business in accordance with the advertising/marketing plan that Franchisor approves (the "Digital and Local Advertising Requirement").
 2. Franchisor may require Franchisee to prepare an initial comprehensive local advertising plan and program prior to opening the Franchise Business that details Franchisee's budget and anticipated expenditures for the Digital and Local Advertising Requirement for the Franchised Business's first year of operations, which must be approved by Franchisor prior to opening. Franchisor may further require that Franchisee submit an annual Digital and Local Advertising

Requirement plan or program for each subsequent year of the Franchised Business's operation on or before the beginning of the Franchised Business's fiscal year that must be approved by Franchisor prior to implementation. Franchisor may from time to time provide to Franchisee, at Franchisee's expense, such approved advertising and promotional plans and materials as Franchisor deems advisable. Franchisor may, as it deems necessary in its sole discretion, provide general guidelines for conducting local advertising so as to better assist Franchisee. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on digital and local advertising for the preceding month.

3. Franchisee must ensure that: (i) the Franchised Business has a dedicated phone line for use in connection with the Franchised Business only; and (ii) the Franchised Business is listed in the appropriate Internet-based directories and Chamber(s) of Commerce that Franchisor designates. Franchisee shall obtain at least two (2) telephone numbers solely dedicated to the Franchised Business, which Franchisee shall assign to Franchisor, at Franchisor's option, upon termination, expiration, or transfer of this Agreement. Franchisee must list and advertise the telephone number(s) for the Franchised Business in the "White pages" telephone directory and the classified or "yellow pages" telephone directory distributed in its trade area and under the category "Insulation Service Contractors" or such other category as Franchisor may specify from time to time. Franchisee must place the classified directory advertisement and listings together with other franchised businesses operating within the distribution area of the directory. If a joint listing is obtained, all franchised businesses listed together shall pay a pro rata share of the cost of all advertisements and listings.
4. Furthermore, Franchisee shall obtain listings and/or advertise with Franchisor and other franchisees of the System on electronic yellow pages directory and other online directories as Franchisor may designate, including Google Local, www.citypages.com, and similar online directory. In the event Franchisee does not comply with Franchisor's requests regarding such online listings or advertisement, Franchisor reserves the right to place, modify, or remove such listings and advertisements on behalf of Franchisee. For any listings or advertisements that Franchisor posts on behalf of Franchisee due to Franchisee's non-compliance under this Section, Franchisee shall promptly pay, upon demand by Franchisor, its pro rata share of the costs of such listings or advertisements. Upon termination, transfer, or expiration of this Agreement, Franchisee agrees to take any and all steps necessary to assist Franchisor in removing or assigning control of all listing under this Section to Franchisor.
5. Franchisee may not advertise and promote the Franchised Business outside of the Designated Territory, unless (a) the geographic area wherein Franchisee wishes to advertise is contiguous to the Designated Territory and that area has not been granted in connection with any other Franchised Business, or (b) Franchisor otherwise provides its prior written consent in writing. Nothing in this Section shall prevent or otherwise affect Franchisee's right to continue servicing and corresponding with any existing account that Franchisee has assumed in accordance with the terms of this Agreement.

- E. **Brand Development Fund Contribution.** Franchisor has established a Fund for certain marketing and technology associated with the System. Commencing upon the seventh (7th) month following the opening of the Franchised Business, Franchisee is required to make monthly contributions to the Fund amounting to the greater of: (i) one percent (1%) of the Gross Sales of the Franchised Business from the preceding month; or (ii) one hundred dollars (\$100) per month per Designated Territory. Franchisor may modify these Fund contribution requirements upon thirty (30) days written notice to the Franchisee.
1. The Fund is used by Franchisor to cover the costs of the following: (a) marketing materials designed by Franchisor and distributed on a national, regional and/or local level, including advertising materials and public relations which promote, in Franchisor's sole judgment, the services offered by System franchisees, as well as satisfy any and all costs of maintaining, administering, directing, preparing, producing, placing and distributing advertising, including but not limited to (i) the cost of producing, implementing, and placing television, radio, magazine, and newspaper advertising campaigns, (ii) the cost of direct mail and outdoor billboard advertising, (iii) the cost of public relations activities and employing third-party advertising agencies to manage advertisement placement, (iv) the cost of consumer surveys fees, co-op expenses, market research and an (800) number, (v) email address usage rights for all franchisees and, if applicable, their respective personnel, (vi) other advertising, digital/social media marketing, promotional or public relations efforts Franchisor determines, in its sole discretion, may benefit the System, and (vii) personnel and other departmental costs for advertising Franchisor internally administers or prepares; (b) developing, maintaining, optimizing and marketing the System website, as Franchisor deems necessary in its sole discretion; (c) the expenses associated with a business management software platform, accounting/bookkeeping master account and software platform and/or any other software that Franchisor designates for use in connection with the Franchised Business and determines, in its discretion, to use Fund Contributions to cover some portion or all of the costs associated therewith. Nothing in this Section shall limit or otherwise modify Franchisee's right to use other software that Franchisor designates at Franchisee's own expense if the costs of such software are not covered (in whole or in part) by the Fund Contributions.
 2. With respect to the marketing component of the Fund, Franchisor shall oversee all marketing program(s), with sole control over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Fund. The program(s) may be local, regional or System-wide.
 3. In addition to the expenses associated with the business management software platform, Franchisee's Fund Contributions may be used to meet the costs of, or reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting direct mail, television, video, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; creating pitch books, sales contracts, work orders and media buys; developing and/or hosting an Internet web page or site, web development and similar activities; employing advertising agencies to assist therein; creating retail brochures; marketing training, meetings, education and other related activities; and providing

promotional brochures, direct mail advertising pieces and other marketing materials to franchisees). All Fund contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Fund and/or the Fund activities.

4. Franchisor may spend all Fund contributions during Franchisor's fiscal year within which such contributions are made; however, Franchisor has no obligation or duty to do so. If excess amounts remain in any Fund at the end of such fiscal year, these excess amounts will roll over into the Fund for the following fiscal year.
5. Franchisor has the right to suspend or terminate the Fund at any time.
6. An unaudited accounting of the operation of the Fund shall be prepared annually. If Franchisee submits a written request to Franchisor requesting to review the statement on or before March 31, Franchisor will provide Franchisee with a copy of the statement after its preparation for the most recently completed fiscal year. If Franchisee does not submit a written request by March 31st for the statement prepared for the most-recently completed fiscal year, Franchisee will not be entitled to receive a copy of the statement. Franchisor retains the right to have the Fund reviewed or audited and reported on, at the expense of the Fund, by an independent certified public accountant selected by Franchisor, but Franchisor is under no obligation to do so.
7. Franchisee agrees and acknowledges that the Fund is not a trust and the Franchisor has no fiduciary duty to Franchisee in administering the Fund.

F. **Advertising Council.** Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Fund and various other advertising/marketing matters (an "Advertising Council"). If Franchisor establishes an Advertising Counsel, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor's affiliate-owned Franchised Businesses, or other management/employees that Franchisor designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. The recommendations of the Advertising Council shall not be binding on Franchisor.

G. **Website.** Franchisor may establish an interior page on its corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) this Agreement is not subject to termination. If Franchisor creates and includes any information about Franchisee on a website, then Franchisor may require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Business, System or Proprietary Marks without Franchisor's prior written consent. If approved to establish a separate website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval

as described in this Section 9. Franchisee may not promote or otherwise list its Franchised Business, or the Proprietary Marks or System, on any social media or networking site, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, Twitter or YouTube, without Franchisor's prior written consent. Franchisor shall have the right to modify the provisions of this Section relating to Franchisee's use of separate websites and social media, as Franchisor determines necessary or appropriate. Franchisee must follow Franchisor's social media policies and directives as set forth in the Manuals, including the Policy and Procedures Manual and/or Marketing Manual.

- H. **Cooperatives.** Franchisor may establish regional advertising cooperatives that are comprised of multiple Franchised Business owners located within a geographical region that Franchisor designates (each, a "Cooperative"). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in a weekly or monthly specified amount. All amounts paid to a Cooperative will be credited towards Franchisee's Digital and Local Advertising Requirement or Fund contribution. Franchisor may specify the governing rules, terms and operating procedures of any Cooperative.

10. **ACCOUNTING AND RECORDS**

- A. **Maintenance of Records.** Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records Franchisor may require. All of this information must be kept for the duration of this Agreement and for a period of at least five (5) years thereafter. Upon Franchisor's request, Franchisee must furnish Franchisor with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises. All data provided to the Franchisor under this Section 10 shall belong to Franchisor and may be used and published by Franchisor in connection with the System (including in Franchisor's disclosure documents).
- B. **Examination and Audit of Records.** Franchisor and its designated agents shall have the right to examine and audit Franchisee's records, accounts, books, computer files and data, including the any proprietary software used in connection with the System, at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such audit discloses that Franchisee has underreported the Gross Sales of the Franchised Business (or any amount due to Franchisor) by two percent (2%) or more in any given reporting period (weekly, monthly or otherwise), then Franchisee must: (i) reimburse Franchisor any costs/expenses incurred in connection with conducting the inspection and audit; and (ii) immediately pay any amount due and owing Franchisor as a result of Franchisee's underreporting, along with any accrued interest on said amounts.

- C. **Computer System for Records.** Franchisee shall record all transactions of the Franchised Business on a Computer System designated or approved by Franchisor, which must contain software that allows Franchisee to record accumulated sales without turning back, resetting or erasing such sales. Franchisor will, at all times and without notice to Franchisee, have the right to independently and remotely access and view Franchisee's Computer System as described in Section 4(C) of this Agreement.
- D. **Computer System Files and Passwords.** Franchisee shall not install or load any computer software on the hard disks of the Computer System used in connection with the Franchised Business without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, along with any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Franchised Business, as well as all computer files and records related to the Franchised Business, are the exclusive property of Franchisor and Franchisee must provide Franchisor with these files and information upon the termination or expiration of this Agreement. Consistent with the other provisions of this Agreement, Franchisee agrees and acknowledges that Franchisor may have automatic access to Franchisee's specific passwords/keys/logins through the Computer System components and related software that Franchisor requires Franchisee to use in connection with the Franchised Business.
- E. **Current Contracts, Listings and Projects.** At any time and upon request of Franchisor, Franchisee shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects related to Clients and/or properties that Franchisee is involved in or working with.
- F. **Tax Returns.** Upon Franchisor's request, Franchisee shall furnish the Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct.
- G. **Right to Require Audit if Franchisee Underreports.** In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has underreporting the Gross Sales of the Franchised Business by two percent (2%) or more for any reporting period as described in Section 10(B), then Franchisor may require Franchisee to provide, at the Franchisee's expense, audited financial statements that comply with GAAP and GAAS for Franchisee's fiscal year within 120 days of Franchisee's fiscal year end.
- H. **Change to Ownership of Franchisee.** In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any authorized change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Business; and (ii) Franchisee's partners, officers, directors, as well as any of the Designated Manager(s) that manage the day-to-day operations of the Franchised Business. Franchisee will notify Franchisor in writing within ten (10) days after any such change, unless Franchisor is required to first notify Franchisor and obtain its approval prior to making any such change.

11. **INSURANCE**

A. **Required Insurance.** Franchisee shall, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Proprietary Marks, or (b) the date Franchisee begins building out the Premises, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manuals or otherwise in writing (whether the Franchised Business is open or not). This insurance shall be in such amounts Franchisor (or the lessor of the Premises, if applicable) designates from time to time. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

1. Commercial general liability insurance, including personal injury, completed operations, contractual liability, and products liability, in an amount of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, and naming Franchisor as an additional insured in each such policy or policies;
2. Comprehensive property insurance, including fire, vandalism, and extended coverage insurance with coverage for equipment and the trailer and truck used in the Franchised Business;
3. Auto insurance for all vehicles used in connection with operating the Franchised Business, including (i) Franchisee-owned vehicles, in the minimum amount of One Million Dollars (\$1,000,000) combined single limit per year, including owned, hired, and non-owned coverage and (ii) for hired and non-Franchisee-owned vehicles, coverage and liability coverage in the minimum amount of \$250,000 per person and \$500,000 per accident per year, or the minimum required by state regulations, whichever is greater;
4. Workers' Compensation Insurance with coverage limits of \$1,000,000 for bodily injury by disease per accident, \$1,000,000 policy limit, and \$1,000,000 per employee. The policy must be in place regardless of state laws and cannot exclude owner-operators. It must also include uninsured independent contractors and a waiver of subrogation;
5. Employment Practices Liability Insurance with minimum coverage limits of \$250,000 per occurrence and \$250,000 aggregate, which policy must include 3rd party liability and wage & hour coverage of at least \$25,000, with a maximum deductible not in excess of \$10,000;
6. Business interruption insurance in the amounts and with terms acceptable to Franchisor; and
7. Such insurance as necessary to provide coverage under the indemnity provisions set forth in this Section 11.

Franchisee must buy insurance only from carriers rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies), unless Franchisor designates specific carriers from which Franchisee must purchase coverage (in which case Franchisee may only purchase from the designated carrier(s)). Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic

conditions, or other relevant changes in circumstances. All insurance policies Franchisee purchases must name Franchisor and any affiliate Franchisor designate as additional insureds, and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification or cancellation. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to Franchisor. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.

- B. **Failure to Procure and Maintain Insurance.** If Franchisee fails for any reason to procure and maintain the required insurance coverage, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must: (i) reimburse Franchisor for the costs incurred to obtain the required insurance (including any premium amounts paid); and (ii) pay Franchisor its then-current administrative fee, as may be reasonably charged by Franchisor as consideration for securing the required insurance on Franchisee's behalf.

12. **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

- A. **No Fiduciary Relationship.** In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.
- B. **Independent Contractor Relationship.** It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. Upon Franchisor's request, Franchisee must display a sign in its Franchised Business displaying the following phrase (or something similar): "This Franchised Business is independently owned and operated pursuant to a license agreement."
- C. **Indemnification.**
1. Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates (including any affiliate supplier), subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement, and/or (b) ownership, construction, development, management, or operation of the Franchised Business in any manner. Notwithstanding the

foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

2. Franchisee will be solely responsible for storing and preparing Required Items and/or Approved Products for use in connection with providing the Approved Services once those products are delivered to Franchisee. Franchisor will not be responsible or liable in connection with any claims involving how such items or products are prepared and/or used by Franchisee once they are delivered to Franchisee. Franchisee must indemnify and hold Franchisor (and/or its designated supplier) harmless in connection with any third-party claims or damages arising out of or related to claims involving how such products are prepared and/or used by Franchisee once they are delivered to Franchisee.

13. **TRANSFER AND ASSIGNMENT**

- A. **No Transfer by Franchisee Without Franchisor's Approval.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in this Agreement or the Franchised Business (or undertake any of the actions identified in Section 13(C) of this Agreement) without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

- B. **Death or Disability.**

1. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's principals/owners/guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as "Franchisee" under this Agreement if: (i) within ninety (90) days from the date of death, disability or incapacity (the "90 Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company Franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.
2. Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 90 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 90 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate the Franchised Business on Franchisee's behalf and at Franchisee's

expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines in Franchisor's sole discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

3. Franchisor will not collect any transfer fee if there is a transfer under this Section 13(B) to an immediate family member of the Franchisee that Franchisor approves pursuant to Section 13(E).

- C. **Ownership.** In addition to those acts described in Section 13(A), a transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's ownership shares/stock or any increase in the number of outstanding shares/stock of Franchisee's ownership/membership units that results in a change of ownership; (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company. Any new partner, shareholder, or member or manager owning having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 13(D) so long as there is no change in control (ownership or otherwise) with respect to Franchisee.
- D. **Right of First Refusal.** If (a) Franchisee proposes to transfer any of its interest in this Agreement or the Franchised Business or any interest in its lease for the Premises, or (b) Franchisee's owners propose to transfer any interest in Franchisee if Franchisee is an entity (other than a corporation or limited liability company as set forth in Section 13(C) hereof or in the event of Franchisee's death/disability as set forth in Section 13(B)), then Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 13(E) of this Agreement. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or

incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

E. **Conditions for Approval.** Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or any other acts of transfer described in Section 13(C) upon satisfaction of the following occurrences:

1. All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;
2. Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;
3. Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;
4. Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;
5. The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;
6. The transferee shall execute Franchisor's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, with transferee's term commencing on the date the transferee executes the then-current franchise agreement;
7. Franchisee or transferee shall pay Franchisor a transfer fee equal to Ten Thousand Dollars (\$10,000), except in the case of (i) a transfer to a corporation formed for the convenience of ownership, or (ii) for approved intra-family transfers or for a transfer which arises upon death or mental incompetency.

8. The transferee shall satisfactorily complete Franchisor's Initial Training Program within the time frame Franchisor sets forth without paying an additional tuition fee, but the transferee will be responsible for all costs and expenses associated with attending the Initial Training Program;
9. Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation or limited liability company) must comply with the post-termination provisions of this Agreement;
10. The transferee must demonstrate that it has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Business;
11. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;
12. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

Franchisor will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Franchisor's approval of a transfer shall not operate as a release of any liability of the transferring party nor shall such approval constitute a waiver of any claims Franchisor may have against the transferring party. Furthermore, Franchisor agrees that Franchisee will not be required to pay any transfer fee in the event: (i) Franchisee wishes to transfer its rights under the Franchise Agreement to a newly-established legal business entity that is wholly owned by Franchisee and established solely for purposes of operating the Franchised Business under the Franchise Agreement; or (ii) Franchisee is required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest thereto) in order to receive SBA or other traditional bank financing, provided Franchisor otherwise approves of the transfer.

- F. **Transfer from an Individual Franchisee to Business Entity.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee or training tuition fees set forth in Section 13(E)(7)-(8), and such assignment will not be subject to Franchisor's right of first refusal in Section 13(D): (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business; (ii) the entity at issue is wholly owned by Franchisee (and no other party); (iii) the corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and (iv) all stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and execute the Personal Guaranty attached to this Agreement as Exhibit B.
- G. **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

14. COVENANTS

Franchisee acknowledges that, as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed. As such, Franchisee agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's other franchisees.

A. **During the Term of this Agreement.** During the term of this Agreement, neither Franchisee, its principals, owners, guarantors or Designated Manager(s), nor any immediate family of Franchisee, its principals, owners, guarantors or Designated Manager(s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with, any other business that (a) offers, sells or provides any kind of the Approved Services (including the installation of any insulation products) that are offered or provided by the Franchised Business and/or other System franchisees (each, a "Competing Business"), or (b) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include: (i) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (ii) any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest;
2. Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or
3. Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

B. **After the Term of this Agreement.**

1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.
2. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of

Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

- a. Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with any other Competing Business:
 - i. within the Designated Territory;
 - ii. within a twenty-five (25) mile radius of the Designated Territory;
 - iii. within a twenty-five (25) mile radius of the designated territory of any other System franchisee; or
 - iv. within a twenty-five (25) mile radius of any other designated territory that has been granted by Franchisor or its affiliates in connection with a franchised business as of the date this Agreement expires and/or is terminated, regardless of whether a Franchised Business is open and operating in that designated territory; or
- b. Solicit business from Clients of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose, nor solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

C. **Intent and Enforcement.** It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 14 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 14 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation on the restrictive covenants set forth in Section 14(B) shall be tolled during any default under this Section 14.

D. **Confidentiality and Restrictive Covenant Agreement.** Franchisee must ensure that all management personnel of the Franchised Business, as well as any officers and directors of Franchisee, execute Franchisor's then-current form of Confidentiality and Restrictive Covenant Agreement (which will be in substantially the same form as the document attached to the Franchise Disclosure Document). Franchisee must furnish Franchisor a copy of each executed agreement.

- E. **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 14.

15. **DEFAULT AND TERMINATION**

Franchisor may terminate this Agreement as described in this Section, and Franchisee agrees and acknowledges that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute "good cause" and "reasonable cause" for termination under any state franchise laws or regulations that might apply to the operation of the Franchised Business.

- A. **Automatic Termination.** This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

1. The Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;
2. A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;
3. A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Franchised Business (or assets of the Franchised Business) is filed and consented to by Franchisee;
4. A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;
5. A final judgment in excess of Ten Thousand Dollars (\$10,000.00) against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment; or
6. Franchisee attempts to sell, transfer, encumber or otherwise dispose of any interest in Franchisee, this Agreement or the Franchised Business in violation of Section 13 hereof.

- B. **Termination upon Notice.** Franchisor has the right to terminate this Agreement upon written notice to Franchisee without providing Franchisee any opportunity to cure with respect to any of the following breaches or defaults:

1. If Franchisee or Franchisee's owners/principals commit any fraud or misrepresentation in the establishment or operation of the Franchised Business, including without limitation, any misrepresentation made in Franchisee's franchise application;

2. If Franchisee and any other required attendees fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement;
3. If Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations set forth in Section 15(C) of this Agreement during any twelve (12) month period, whether or not these breaches were timely cured;
4. If Franchisee or Franchisee's owners/principals violate any of the in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;
5. If Franchisee misuses the Proprietary Marks or Confidential Information in any manner, or otherwise violates any provision of this Agreement related to the use of the Proprietary Marks, Confidential Information and any other confidential materials provided by Franchisor (including those provisions related to non-disclosure of the Manuals and other confidential materials that Franchisor loans to Franchisee);
6. If Franchisee misuses the any proprietary software that Franchisor designates for use in connection with the Franchised Business;
7. If Franchisee or any of Franchisee's principals default on any other agreement with Franchisor or any affiliate or Approved Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;
8. If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Franchised Business at any time during the term of this Agreement (except in cases of *force majeure* and cases where Franchisor has previously approved Franchisee's relocation request and Franchisee timely relocates);
9. If Franchisee fails to open and commence operations of the Franchised Business within the time period prescribed in Section 6 of this Agreement;
10. If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved item or service for use in connection with the Franchised Business; (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Approved Supplier(s) that Franchisor designates;
11. If Franchisee voluntarily or otherwise abandons the Franchised Business. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Franchised Business for more than two (2) business days without Franchisor's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Business in accordance with this Agreement or the Manuals;

12. If Franchisee fails to provide Franchisor with access, or otherwise blocks Franchisor's access, to Franchisee's Computer System as required under this Agreement, and fails to remedy this default within forty-eight (48) hours of being notified by Franchisor;
13. If Franchisee fails to pay Franchisor, its affiliates, any of its Approved Suppliers or any Client any amount that is due and owing that party within ten (10) days of the date that Franchisor (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;
14. If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;
15. If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Business at the Premises;
16. If Franchisee, any person controlling, controlled by, or under common control with the Franchisee, any principal officer or employee of Franchisee, or any person owning an interest in Franchise is convicted of a felony or any other crime or offense (even if not a crime) or engages in other conduct that is reasonably likely in the reasonable opinion of Franchisor to adversely affect the System, any System unit, the Proprietary Marks, or the goodwill associated therewith;
17. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including inventory, employee taxes, FICA, insurance or benefits;
18. If there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement three (3) or more times within any twelve (12) month period;
19. If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers;
20. If Franchisee fails to pay the Minimum Royalty when due three (3) or more times in any twelve (12) month period; or
21. If Franchisee, on three (3) or more occasions, fails to comply with the standards and specifications set forth in the Manuals during any eighteen (18) month period, whether or not these failures were timely cured.

C. **Termination upon Notice and 30 Days' Cure.** Except for those defaults set forth in Sections 15(A)-(B) of this Agreement, Franchisor may terminate this Agreement upon notice to Franchisee in the event Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee's failure to comply with any of Franchisor's other System standards and specifications in the operation of the Franchised Business as set forth in the Manuals; and

(ii) fails to cure such breach or violation within thirty (30) days of the date Franchisee is provided with notice thereof by Franchisor.

- D. **Liquidated Damages.** Upon termination of the Franchise Agreement (i) by Franchisor due to Franchisee's material default of this Franchise Agreement or (ii) following Franchisee's purported termination without cause, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of this Franchise Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees and Brand Fund Contributions due and owing to Franchisor for the period preceding the effective date of the termination multiplied by (a) 36, or (n) the number of months remaining in the Term of this Franchise Agreement had it not been terminated, whichever is less.
- E. **Loss of Designated Territory.** Notwithstanding the foregoing, if Franchisee is in default of this Agreement pursuant to Section 15(B)(20), Franchisor may, in its sole discretion and as an alternative to terminating this Agreement, elect to reduce the size of Franchisee's Designated Territory and own and operate, or license another to operate, additional franchised businesses in the Designated Territory. In the event Franchisor elects to reduce Franchisee's Designated Territory and/or terminate Franchisee's exclusive rights therein, Franchisor will provide Franchisee with written notice thereof. Upon receipt of such notice, Franchisee will have ten (10) calendar days to execute an addendum to this Agreement detailing the revised boundaries of the Designated Territory and/or termination of exclusive rights therein. If Franchisee does not execute this Addendum with the prescribed time period, then Franchisor may, at its option, immediately terminate this Agreement upon notice to Franchisee.
- F. **Step-In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination due to Franchisee's failure to cure any default within the applicable time period (if any), then Franchisor has the right, but not the obligations, to enter the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time that Franchisor determines, in its reasonable discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. In the event Franchisor exercises these "step-in rights," Franchisee must (a) pay Franchisor a management fee amounting to eight percent (8%) of the Gross Sales of the Franchised Business during the time period that Franchisor's representatives are operating the Franchised Business (the "Management Fee"), and (b) reimburse Franchisor for all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging and meal expenses. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend and hold Franchisor (and its representatives and employees) harmless from and against any Claims that may arise out of Franchisor's operation of the Franchised Business.

16. **POST-TERM OBLIGATIONS**

Upon the expiration or termination of this Agreement, Franchisee shall immediately:

- A. **Cease Ownership and Operation of Franchised Business; Cease Affiliate with Franchisor and Brand Generally.** Cease to be a franchise owner of Franchised Business

under this Agreement and cease to operate the former Franchised Business under the System. If this Agreement is terminated for cause by Franchisor, then Franchisee shall not thereafter directly or indirectly represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of a Franchised Business (unless Franchisor agrees otherwise in writing);

- B. **Return Manuals and Confidential Information.** Return to Franchisor the Manuals and all trade secrets, Confidential Information (including all Client lists and Approved Services agreements) and other confidential materials, equipment, software and property owned by Franchisor and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;
- C. **Assignment of Approved Services Contracts, Telephone/Facsimile Numbers and Domain Names.** Take such action as may that Franchisor designates to: (i) provide and assign to Franchisor the then-current and up-to-date (a) Client and property lists, and (b) any Approved Services contracts and other agreements between Clients and the former Franchised Business; and (ii) transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the former Franchised Business, as well as any white and yellow page telephone references, advertisements, and all trade and similar name registrations and business licenses to Franchisor or its designee and cancel any interest which Franchisee may have in the same (as Franchisor directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section, including the form Conditional Assignment of Telephone/Facsimile Numbers and Domain Names attached to this Agreement as Exhibit F.
- D. **Cease Using Proprietary Marks.** Cease to use in advertising or in any manner whatsoever any methods, procedures, or techniques associated with the System in which Franchisor has a proprietary right, title, or interest, and cease to use the Proprietary Marks and any other marks and indicia of operation associated with the System.
1. Remove all trade dress, then Franchisee must remove physical characteristics, color combinations, and other indications of operation under the System from the Premises and from the Approved Vehicles (and provide documentation thereof to Franchisor as set forth in Section 16(G) below).
 2. Upon Franchisor's request, Franchisee must provide all materials bearing the Proprietary Marks to Franchisor upon expiration or termination of this Agreement for any reason, without cost to Franchisor; and
- E. **Compliance with Post-Term Covenants.** Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement;
- F. **Payment of Amounts Due.** Pay Franchisor, as well as each of Franchisor's Approved Suppliers, any and all amounts owed under this Agreement or otherwise in connection with the former Franchised Business within 10 days of the termination or expiration date, and, in the event the Franchise Agreement was terminated by Franchisor pursuant to Sections

15(A), 15(B), and/or 15(C) herein, pay to Franchisor liquidated damages as set forth in Section 15(D) of this Agreement;

- G. **Written Evidence of Compliance.** Provide Franchisor with written evidence that they have complied with the post-term obligations, within thirty (30) days' notice of termination or scheduled expiration of the franchise; and
- H. **Purchase of Assets.** Franchisor shall have the option, but not the obligation, within thirty (30) days after the date of termination, expiration, and non-renewal of this Agreement to purchase any and all of Franchisee's operating assets from the Franchised Business at a purchase price equal to net depreciated book value. If Franchisor elects this option, Franchisor will deliver written notice to Franchisee. Franchisor will have the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances).
- I. **Disconnection of Telephone Number on Termination/Renewal.** Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements and/or the telephone number listed in the telephone directory under the name INSULATION COMMANDOS or any name similar to it. Thus, effective upon the termination or expiration and non-renewal of this Agreement, Franchisee agrees to direct the telephone company servicing Franchisee, per Franchisor's request, to disconnect the telephone number used in connection with the Franchised Business or transfer such number to Franchisor or to any person or location of Franchisor's choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Franchisor as Franchisee's attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee understands and agrees that, notwithstanding any billing arrangements with any telephone company or yellow pages directory company, Franchisor will be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or yellow pages directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Franchisor's instructions.

17. **TAXES AND INDEBTEDNESS**

- A. **Taxes.** Franchisee must promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, lodging, and sales taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.
- B. **Debts and Obligations.** Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

18. WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT

- A. **Franchisor's Approval.** Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, Franchisor shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed as a disapproval of any such request.
- B. **No Waiver.** No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.
- C. **Terms of Other Franchise Agreements.** No warranty or representation is made by the Franchisor that all franchise agreements heretofore or hereafter issued by Franchisor in connection with a Franchised Business do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchise owners in a non-uniform manner.
- D. **Modification of System and Manuals.** Except as provided in Section 22 and Franchisor's right to unilaterally modify the System and Manuals, no amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee unless set forth in writing and signed by both parties.
- E. **No Disclaimers of Franchise Disclosure Document.** Nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor has made in the franchise disclosure document.

19. ENFORCEMENT

- A. **Injunctive Relief.** The Franchisor or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance in order to enforce the provisions of this Agreement relating to Franchisee's use of the Proprietary Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the franchise and ownership interests in Franchisee or in order to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the System, which constitutes a danger to other franchise owners, employees, customers, or the public or which may impair the goodwill associated with the Proprietary Marks.

- B. **No Withholding of Payments.** Franchisee agrees and acknowledges that it may not withhold payments or amounts of any kind due to Franchisor on the premise of alleged nonperformance by Franchisor of any of its obligations hereunder.
- C. **Costs and Attorneys' Fees.** If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must reimburse Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and litigation expenses. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

20. **NOTICES**

Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:

To Franchisor: Insulation Commandos Franchising, LLC
 Attn: Dustin Ingle, CEO

 ~~219 Industrial Drive, Suite B~~
 ~~1170 Dunlop Lane, Building 300~~
 Clarksville, Tennessee ~~37040~~37043

With a copy to: Fisher Zucker, LLC
 Attn: Daniel Z. Nussbaum, Esq.
 21 South 21st Street
 Philadelphia, PA 19103

To Franchisee: _____

Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three (3) days after mailing; or (ii) the actual date of delivery or receipt (as evidenced by the courier). Each party shall have the right to designate any other address for such notices by providing the other party(ies) with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.

21. **GOVERNING LAW AND DISPUTE RESOLUTION**

- A. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, without reference to this state's conflict of laws

principles, except for any actions or disputes involving any franchise or business opportunity law that must be governed by the law of the state where the Franchised Business is located.

- B. **Internal Dispute Resolution.** The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Accordingly, Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President and/or Chief Executive Officer, after providing notice as set forth in Section 21(H) of this Agreement, and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- C. **Mediation.** Other than an Excluded Claim brought by Franchisor or a Franchisor Related Party (as defined herein), and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, Franchisee and Franchisor agree to mediate any dispute, controversy or claim between Franchisor and/or any of Franchisor's affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and Franchisee and/or any of Franchisee's affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisee Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. This agreement to first attempt resolution of disputes internally and through mediation shall survive termination or expiration of this Agreement.

Mediation will be conducted in Nashville, Tennessee (or, if Franchisor's corporate headquarters is no longer in Nashville, Tennessee, the county where Franchisor's corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Mediation Notice. If the parties have been unable to resolve any such dispute within thirty (30) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible, within sixty (60) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert, or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual, or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view, or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view, or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

- D. **Arbitration.** With the exception of "Excluded Claims" (as defined below), and if not resolved by the negotiation and mediation procedures set forth in Sections 21(B) and 21(C) above, any dispute, controversy or claim between Franchisee and/or any Franchisee Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Designated Territory, (e) the scope or validity of the arbitration obligation under this Agreement, (f) any System standard; and/or (g) any claim based in tort or any theory of negligence shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, 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 of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts.

The arbitration must take place in Nashville, Tennessee (or, if our corporate headquarters is no longer in Nashville, Tennessee, the county where our corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Nashville, Tennessee.

In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (4) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that a court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Sections 21(B), 21(C), or 21(D) is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

The arbitrator shall have subpoena powers limited only by the laws of the State of Tennessee. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of Tennessee. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Tennessee.

Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished Franchisor's right to seek recovery of those costs against Franchisee.

Exceptions to Mediation and/or Arbitration (the "Excluded Claims")

Notwithstanding Section 21(C) or 21(D), the parties agree that the following claims will not be subject to internal dispute resolution, mediation, or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief pursuant to 21(E) below, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property; or

(c) any claim by Franchisor and/or any Franchisor Related Party: (a) relating to Franchisee's failure to pay any fee due to Franchisor and/or its affiliates under this Agreement or any other agreement; (b) relating to Franchisee's or any Franchisee Related Party's failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; (c) relating to Franchisee's indemnification obligations under this Agreement; and/or (d) relating to Franchisee's use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

- E. **Injunctive Relief.** Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

- F. **Venue.** Subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the parties hereby expressly agree that the United States District Court for the Middle District of Tennessee (or, if our corporate headquarters is no longer in Nashville, Tennessee, the applicable District Court where our corporate headquarters is then-located), or if such court lacks subject matter jurisdiction, the applicable state court located in Nashville, Tennessee (or, if our corporate headquarters is no longer in Nashville, Tennessee, the county where our corporate headquarters is then-located), shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Franchisee acknowledges and agrees that this Agreement has been entered into in the State of Tennessee and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision. Franchisee acknowledges and agrees that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Tennessee as set forth in this Section.
- G. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, owners, members, managers, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.
- H. **Notice Requirement.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- I. **No Withholding of Payments.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.
- J. **Limitation of Actions.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

- K. **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.
- L. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.
- M. **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

22. **SEVERABILITY AND CONSTRUCTION**

- A. Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.

- B. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute the same instrument.
- C. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.

23. **ACKNOWLEDGMENTS**

- A. Franchisee acknowledges that it received a complete copy of this Agreement for a period not less than fourteen (14) calendar days, during which time conducted an independent investigation of the business licensed hereunder to the extent of Franchisee's desire to do so. Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, that Franchisee will be successful in this venture or that the business will attain any level of sales volume, profits, or success. Franchisee acknowledges that this Agreement, the franchise disclosure document ("FDD"), and the exhibits hereto constitutes the entire Agreement of the parties. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter.
- B. Franchisee agrees and acknowledges that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

*[The remainder of this page is intentionally left blank.
Signatures appear on the following page.]*

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above.

FRANCHISOR:

**INSULATION COMMANDOS
FRANCHISING, LLC**

By: _____
Dustin Ingle, CEO

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By: _____

Print Name: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

**IF A PARTNERSHIP, CORPORATION, OR
OTHER ENTITY:**

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT
DATA SHEET AND STATEMENT OF OWNERSHIP

1. SITE SELECTION AREA

Pursuant to Section 2(B) of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:

2. PREMISES

Pursuant to Section 2(B) of the Franchise Agreement, the Franchised Business shall be located at the following approved Premises:

3. DESIGNATED TERRITORY

Pursuant to Section 2(C) of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

4. Franchisee Contact Person. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name:

Daytime Telephone No.:

Evening Telephone No.:

Cellular Telephone No.:

Facsimile No.:

E-mail Address:

5. Statement of Ownership. If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:

<u>Name</u>	<u>Position/Title</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

THE PARTIES SIGNING THIS DATA SHEET BELOW AGREE AND ACKNOWLEDGE THAT THIS DATA SHEET, BY ITSELF, DOES NOT CONSTITUTE A FRANCHISE AGREEMENT OR OTHERWISE CONFER ANY FRANCHISE RIGHTS UPON FRANCHISEE. THIS DATA SHEET PROVIDES CERTAIN DEAL-SPECIFIC INFORMATION IN CONNECTION WITH THE FRANCHISE THAT IS GOVERNED BY THE FRANCHISE AGREEMENT TO WHICH THIS DATA SHEET IS AN EXHIBIT.

THE PARTIES AGREE AND ACKNOWLEDGE THAT THE FOREGOING FRANCHISE AGREEMENT MUST BE EXECUTED PRIOR TO OR CONTEMPORANEOUS WITH THIS DATA SHEET FOR ANY RIGHTS TO BE CONFERRED.

IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on this ____ day of _____, 20 ____.

FRANCHISEE

By: _____

Name: _____

Title: _____

FRANCHISOR

**INSULATION COMMANDOS
FRANCHISING, LLC**

By: _____
Dustin Ingle, CEO

EXHIBIT B TO THE FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER BUSINESS ENTITY, THEN EACH INDIVIDUAL/ENTITY WITH AN OWNERSHIP INTEREST IN FRANCHISEE (PRINCIPALS/MEMBERS/SHAREHOLDERS/MANAGERS/PARTNERS/ETC.) AND THEIR RESPECTIVE SPOUSES MUST EXECUTE THIS FORM OF PERSONAL GUARANTY. IF FRANCHISEE IS AN INDIVIDUAL AND FRANCHISEE'S SPOUSE HAS NOT SIGNED THE FRANCHISE AGREEMENT DIRECTLY, THEN FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY.

ARTICLE I PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Insulation Commandos Franchising, LLC (the "Franchisor") that you are all the owners/principals/members/shareholders/managers/partners, as applicable, of the business entity named _____ (the "Franchisee"), as well as their respective spouses, as of the date this Personal Guaranty (the "Personal Guaranty" or "Guaranty") is executed.

In consideration of the grant by Franchisor to the Franchisee as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation: (i) any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement; (ii) the prohibition of any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer as set forth in the Franchise Agreement; (iii) those obligations related to confidentiality, non-disclosure and indemnification; and (iv) the in-term and post-term covenants against competition, as well as all other restrictive covenants set forth in the Franchise Agreement.

ARTICLE II CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this Guaranty, you will receive information, which Franchisor considers to be Confidential Information, trade secrets and/or confidential information, including without limitation: (i) site-selection criteria; (ii) methods, techniques and trade secrets for use in connection with the proprietary business operating system that Franchisor and its affiliates have developed (the "System") for the establishment and operation of an INSULATION COMMANDOS business and/or franchise (each, a "Franchised Business"); (iii) marketing research and promotional, marketing and advertising programs for the Franchised Business; (iv) knowledge of specification for and suppliers of, certain products, fixtures, furnishings, equipment and inventory used at the Franchised Business (v) knowledge of the operating results and financial performance of other Franchised Businesses; (vi) customer communication and retention programs, along with data used or generated in connection with those programs; (vii) Franchisor's proprietary Manuals and other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; (viii) information regarding the development of Franchisor's proprietary marks (the

“Proprietary Marks”); (ix) information generated by, or used or developed in, an Franchised Business’s operation, including client names, properties and related rental management agreements or contracts of any kind, addresses, telephone numbers and related information and any other information contained in the Franchised Business’s computer system or proprietary software system; (x) Franchisor’s proprietary Manuals and other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; (xi) as well as any other proprietary information or confidential information that is provided to Franchisee by Franchisor during the term of the Franchise Agreement (collectively, “Confidential Information”). You shall not, during the term of this Agreement or anytime thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information and trade secrets, including, without limitation: Franchisor’s copyrighted materials; price marketing mixes related to the Approved Services and Products (as defined in the Franchise Agreement); standards and specifications for providing the Approved Services and Products and other merchandise or services offered or authorized for sale by System franchisees; methods and other techniques and know-how concerning the of operation of the Franchised Business, which may be communicated to you or of which you may become apprised by virtue of your role as a guarantor of the Franchisee’s obligations under the Franchise Agreement. You also acknowledge and agree that the following also constitutes “Confidential Information” under this Section: (i) former, current and prospective client information, including customer names and addresses, contracts/agreements (collectively “Client Information”), and (ii) sources and pricing matrices of any approved or designated suppliers; and (iii) any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential.

ARTICLE III NON-COMPETITION

You acknowledge that as a participant in the Franchisor’s System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor’s franchisees, you agree as follows:

1. During the Term of the Franchise Agreement and this Guaranty. During the term of the Franchise Agreement and this Personal Guaranty, each of the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1.1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money, lease space or extend credit to (or otherwise have any interest in or involvement with), any other business that (a) offers, sells or provides any of the Approved Services (including the installation of any insulation products) that are offered or provided by the Franchised Business and/or other franchises (each, a “Competing Business”), or (b) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business; provided, however, that this Section does not apply to your operation of an INSULATION COMMANDOS franchise pursuant to a valid franchise agreement with Franchisor, or your ownership of less than two percent (2%) of the interests in a publicly traded company.

1.2. Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor’s affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

1.3. Divert or attempt to divert business or customers of any Franchisee-owned Franchised Businesses to any competitor, by direct or indirect inducement or otherwise, or do or perform,

directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

2. After the Term of the Franchise Agreement and this Guaranty.

2.1 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date the Franchise Agreement is terminated or expires.

2.2 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

2.2.1 Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with any other Competing Business:

- (i) within the Designated Territory;
- (ii) within a twenty-five (25) mile radius of the Designated Territory;
- (iii) within a twenty-five (25) mile radius of the designated territory of any other System franchisee; or
- (iv) within a twenty-five (25) mile radius of any other designated territory that has been granted by Franchisor or its affiliates in connection with a Franchised Business as of the date the Franchise Agreement expires and/or is terminated, regardless of whether a Franchised Business is open and operating in that designated territory; or

2.2.2 Solicit business from Clients of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose, nor solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

3. **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV DISPUTE RESOLUTION

1. **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

2. **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Tennessee.

3. **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's Chief Executive Officer and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.

4. **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor or its affiliates arising out of, or in any way relating to, the Franchise Agreement, this Guaranty or any other agreement by and between the parties or their respective affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth above, must be submitted first to mediation, to take place in Nashville, Tennessee under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor that specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elect to exercise our option to submit such claim or dispute to mediation. You may not commence any arbitration proceeding or other action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor may specifically enforce our mediation rights under this Section. Each party shall bear its own cost of mediation, except that you and Franchisor shall share the mediator's fees and costs equally. This agreement to mediate at Franchisor's option shall survive any termination or expiration of the Franchise Agreement and this Guaranty.

4.1. *Excepted Claims.* The parties agree that mediation shall not be required with respect to any claim or dispute involving: (i) any of your payment obligations that are past due; (ii) the actual or threatened disclosure or misuse of Franchisor's Confidential Information; (iii) the actual or threatened violation of Franchisor's rights in, or misuse of, the Proprietary Marks, System or other trade secrets; (iv) any of the restrictive covenants contained in the Franchise Agreement or this Guaranty; or (v) any claims arising out of or related to fraud or misrepresentation by you, or your insolvency (collectively, the "Excepted Claims").

5. **Jurisdiction and Venue.** Subject to Sections 3 and 4 above, the parties agree that any action at law or in equity instituted against either party to this Agreement must be commenced and litigated to conclusion (unless settled) only in any court of competent jurisdiction located in Nashville, Tennessee or, if appropriate, the United States District Court for the Middle District of Tennessee. The undersigned hereby irrevocably consent to the jurisdiction of these courts.

6. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the mediation and other dispute

resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

7. **Right to Injunctive Relief.** Nothing contained in this Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or arbitration proceeding, or pending the trial or handing down of a decision or award pursuant to any mediation or arbitration proceeding conducted hereunder. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

8. **JURY TRIAL AND CLASS ACTION WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES/AGENTS/REPRESENTATIVES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.**

9. **Limitation of Action.** You further agree that no cause of action arising out of or under this Guaranty may be maintained by you unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim against us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

10. **Punitive Damages.** You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

11. **Costs and Attorneys' Fees.** Whether or not formal legal proceedings are initiated, in the event Franchisor incurs any legal fees or other costs associated with enforcing the terms of this Guaranty or the Franchise Agreement against you, then Franchisor will be entitled to recover from you all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Guaranty or the Franchise Agreement.

12. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by us respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be

cumulative. Your election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

13. **No Personal Liability.** You agree that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to you for any reason. This is an important part of this Guaranty. You agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in the Franchise Agreement or this Guaranty. Do not sign this Agreement if there is any question concerning its contents or any representations made.

14. **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

15. **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

16. **Successors.** References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.

PERSONAL GUARANTORS

[Insert Signature of Guarantor]

[Insert Signature of Spouse]

[Insert Signature of Guarantor]

[Insert Signature of Spouse]

EXHIBIT C TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE (this “Assignment”) is made, entered into and effective on this ___ day of _____, 20___ Effective Date,) by and between: (i) Insulation Commandos Franchising, LLC, a Delaware limited liability company with its principal place of business at ~~219 Industrial Drive, Suite B~~ 1170 Dunlop Lane, Building 300, Clarksville, Tennessee ~~37040~~ 37043 (the “Franchisor”); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “Franchisee”).

BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the “Franchise Agreement”) dated as of _____, 20___ with the Franchisee, pursuant to which the Franchisee plans to own and operate an Insulation Commandos franchised business (the “Franchised Business”) located at _____ (the “Site”). In addition, pursuant to that certain Lease Agreement (the “Lease”), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from _____ (the “Lessor”). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information set forth above.
2. **Incorporation of Terms:** Terms not otherwise defined in this Assignment have the meanings as defined in the Franchise Agreement.
3. **Indemnification of Franchisor:** Franchisee agrees to indemnify and hold Franchisor and its affiliates, stockholders, directors, officers, principals, franchisees/licensees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee’s breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.
4. **Conditional Assignment:** Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the Franchised Business, and all of the Franchisee’s rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of the Franchisee’s breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor’s option be

deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination:** Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

6. **Exercise of Remedies:** In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

- a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;
- b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
- c) to exclude the Franchisee, its agents or employees from the Site;
- d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;
- e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;
- f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and
- g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or
- h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately

terminated as of the date of Franchisee defaults under the Lease and fails to cure said default within the applicable cure period (if any).

The parties agree and acknowledge that Franchisor is not required to assume the Lease, take possession of the Site or otherwise exercise of its other rights described in this Assignment. In the event Franchisor elects to exercise its right to assume the Lease and/or take possession of the Site, it will provide written notice to Franchisee in writing and undertake the other necessary actions at issue. Nothing in this Assignment may be construed to impose an affirmative obligation on the part of Franchisor to exercise any of the rights set forth herein.

7. **Power of Attorney:** Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies:** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies. Franchisor is not required to exercise any of its rights set forth in Section 6 hereof, but shall have the irrevocable right to do so.

9. **Binding Agreements:** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words “Franchisor” and “Franchisee” when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control.** This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorneys’ Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys’ fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party.

12. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section

or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

FRANCHISEE

By: _____

Name: _____

FRANCHISOR

**INSULATION COMMANDOS
FRANCHISING, LLC**

By: _____
Dustin Ingle, CEO

The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE.

LESSOR

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

EXHIBIT D TO THE FRANCHISE AGREEMENT

EFT AUTHORIZATION FORM

Bank Name: _____
ABA# : _____
Acct. No.: _____
Acct. Name: _____

Effective as of the date of the signature below, **[Franchisee Name]** (the “Franchisee”) hereby authorizes Insulation Commandos Franchising, LLC (the “Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its affiliates under the franchise agreement dated _____ (the “Franchise Agreement”) for the franchised business located at: _____ (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Company or its affiliates in connection with technology, marketing materials or other supplies or inventory that is provided by Company or its affiliates; and (iv) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. **[Franchisee Name]** shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: _____

Name (Print): _____

Its: _____

FRANCHISOR APPROVAL

INSULATION COMMANDOS FRANCHISING, LLC

By: _____
Dustin Ingle, CEO

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

EXHIBIT E TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(for Designated Managers and other management personnel, Crew Chief(s), as well as any officers, directors, or owners of the Franchisee that did not sign the full Personal Guaranty)

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of _____ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Insulation Commandos Franchising, LLC (the “Company” or “Franchisor”) to: (i) establish and operate a franchised business (the “Franchised Business”); and (ii) use in the operation of the Franchised Business the Company’s trade names, trademarks and service marks (collectively, the “Proprietary Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of Franchised Business businesses (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: _____ (the “Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Company’s proprietary and confidential Manuals and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the “Manuals”); Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other Franchised Businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, methods and know-how related to the operation of Franchised Business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “Confidential Information”).

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manuals, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information, in whole or in part, for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such

information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. I will surrender any material containing some or all of the Confidential Information to the Company, upon request, or upon conclusion of the use for which the information or material may have been furnished.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that: (i) is an insulation service business that is similar to the Franchised Business and/or that features, offers and/or sells products and services similar to the those offered and sold by the Franchised Business and/or other franchises (a "Competing Business"); or (iii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for one or more Competing Businesses. I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7.1 *Post-Term Restrictive Covenant for Designated Manager of Franchised Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 25-mile radius of the Premises; or (ii) within a 25-mile radius of any other Franchised Business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this two (2) year period following the termination or expiration of my employment with the Franchisee.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

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

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this

Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

12. Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.

13. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF **[INSERT STATE WHERE FRANCHISEE IS LOCATED]** AND MYSELF HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO THE PREMISES OF THE FRANCHISED BUSINESS OR, IF APPROPRIATE, THE FEDERAL COURT CLOSED TO SUCH PREMISES. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY **[INSERT STATE]** OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

For notices to Franchisor, the notice shall be addressed to

Insulation Commandos Franchising, LLC
Attn: Dustin Ingle, CEO
~~219 Industrial Drive, Suite B~~
1170 Dunlop Lane, Building 300
Clarksville, Tennessee ~~37040~~37043

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns.

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

UNDERSIGNED

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE NAME]

By: _____

Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND DOMAIN NAMES

1. _____, doing business as an Insulation Commandos Franchised Business (the "Assignor"), in exchange for valuable consideration provided by Insulation Commandos Franchising, LLC (the "Assignee"), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Insulation Commandos franchised business located at _____ (collectively, the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): _____
Facsimile Number(s): _____
Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____
_____.

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

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

ASSIGNOR

BY: _____ Date: _____

TITLE: _____

ASSIGNEE

INSULATION COMMANDOS FRANCHISING, LLC

BY: _____
Dustin Ingle, CEO

EXHIBIT G TO THE FRANCHISE AGREEMENT
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

**DO NOT SIGN NOR COMPLETE THIS STATEMENT IF YOU ARE A RESIDENT OF, OR
INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING
STATES:**

CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI

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

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

1. Are you seeking to enter into the Franchise Agreement or Multi-Territory Addendum in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20____.

3. Have you received and personally reviewed the Franchise Agreement and/or Multi-Territory Addendum, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement and/or Multi-Territory Addendum, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, Multi-Territory Addendum, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

-
-
5. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document ("FDD") that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the FDD indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____ No _____

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the FDD?

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the FDD?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the FDD?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the FDD?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD, Franchise Agreement, and/or Multi-Territory Addendum?

Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

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

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

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You acknowledge receipt of the Franchisor's FDD. You acknowledge that you have had the opportunity to personally and carefully review these documents. Furthermore, you have been advised to seek professional assistance, to have professionals review the documents and to consult with other franchisees regarding the risks associated with the purchase of the franchise.

C. You acknowledge and agree that, if we recommend or give you information regarding a site for your Franchised Business, it is not a representation or warranty of any kind, express or implied, of the site's suitability for a Franchised Business or any other purpose. You further acknowledge that you have not relied on any advice, statement, promise or assurance or otherwise with respect to the suitability of the site for a Franchised Business. If you believe that such a statement, advice, promise or assurance has been made, please describe such statement, advice, promise or assurance in the space provided below or write "None."

D. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the FDD, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the FDD, please describe those in the space provided below or write "None".

E. You acknowledge that no statement, promise or assurance has been made to you by a Broker concerning the advertising, marketing, training, support services or assistance that we will furnish you that is contrary to, or different from, the information contained in the FDD. If you believe that such a statement, promise or assurance has been made, please describe such statement or promise in the space provided below or write "None".

F. You acknowledge that no other statement, promise or assurance has been made to you by a Broker concerning any other matter related to a Franchised Business that is contrary to, or different from, the information contained in the FDD. If you believe that such a statement, promise or assurance has been made, please describe such statement, promise or assurance in the space provided below or write "None".

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

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

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

Acknowledged this ____ day of _____, 20__.

Sign here if you are taking the franchise as an
INDIVIDUAL

Signature

Print Name: _____

Signature

Print Name: _____

Signature

Print Name: _____

Signature

Print Name: _____

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

EXHIBIT B
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
MULTI-TERRITORY ADDENDUM

MULTI-TERRITORY ADDENDUM TO FRANCHISE AGREEMENT

THIS MULTI-TERRITORY ADDENDUM TO FRANCHISE AGREEMENT (the “Addendum”) is made and entered into on _____ (the “Effective Date”) by and between: (i) Insulation Commandos Franchising, LLC, a Delaware limited liability company with a business address at ~~219 Industrial Drive, Suite B1170 Dunlop Lane, Building 300~~, Clarksville, Tennessee ~~37040~~37043 (“Franchisor”); and (ii) _____, a _____ with its principal place of business at _____ (the “Franchisee”).

BACKGROUND

A. Contemporaneous with the execution of this Addendum, Franchisee and Franchisor entered into a franchise agreement (the “Franchise Agreement”) pursuant to which Franchisee obtained the right and undertook the obligation to operate a franchised business (the “Franchised Business”) using Franchisor’s proprietary marks (the “Proprietary Marks”) within a defined geographical area as set forth more fully therein (“Designated Territory”).

B. Franchisee has requested the right to acquire one (1) or multiple geographical areas described in Schedule 1 to this Addendum (each, an “Additional Territory”) wherein Franchisee will acquire the right and obligation to actively operate the Franchised Business and solicit prospective clientele.

C. Consistent with Franchisor’s current franchise disclosure document (“FDD”), Franchisor is willing to award an Additional Territory or multiple Additional Territories to Franchisee, conditioned upon (i) Franchisee’s entering into a separate Franchise Agreement for each Additional Territory in which it will operate pursuant to this Addendum, and (ii) the other terms and conditions set forth in this Addendum.

D. Franchisor and Franchisee now wish to memorialize the foregoing, subject to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Background; Definitions; Acknowledgement.

a. The parties agree and acknowledge that the Background portion of this Addendum, including all definitions, agreements, acknowledgements, representations and other provisions set forth therein, is hereby incorporated by reference as if set forth in this Section.

b. For purposes of this Addendum, if a capitalized term in this Addendum is not specifically defined herein, that term will be given the same definition that the term is afforded in the Franchise Agreement, as applicable.

c. The parties agree and acknowledge that the term of this Addendum will expire at the same time as the Franchise Agreement.

2. **Development Fee.** Upon execution of this Addendum, Franchisee shall pay Franchisor a fee in the total amount of \$ _____ (the “Development Fee”) as consideration for Franchisor granting Franchisee the right to operate the Franchised Business(es) within the Additional Territory(ies). The Development Fee will be due and payable in a lump sum immediately upon execution of this Addendum. The parties agree and acknowledge that the fee described in this Section is deemed fully earned upon payment and

is not refundable under any circumstances.

3. **Right to Operate within Additional Territory(ies).** Subject to the terms and conditions of this Section 3 and the other terms and conditions of this Addendum, Franchisee will have the right to operate the Franchised Business within the Additional Territories set forth and/or demarcated in Schedule 1 to this Addendum. Except as provided in this Addendum and/or Franchisor's then-current Manuals, Franchisee will have the right and obligation to commence operations of the Franchised Business within the Additional Territory(ies) detailed in Schedule 1: (i) immediately upon execution of this Addendum and all applicable Franchise Agreements if the Franchised Business has already commenced operations; or (ii) if the Franchised Business has not yet commenced operations as of the date this Addendum is signed, immediately upon Franchisee's (a) completion of all pre-opening obligations under the Franchise Agreement, and (b) the subsequent launch of the Franchised Business in accordance with the terms of said agreement.

4. **Initial Training Program Obligations.** The parties agree and acknowledge that: (i) Franchisee is only required to attend and complete Franchisor's Initial Training Program described more fully in the Franchise Agreement(s) once in connection with the Franchised Business governed by this Addendum; and (ii) Franchisor is not obligated to provide such Initial Training Program to Franchisee once Franchisee or its operating principal(s) have completed such initial training. In the event Franchisee determines to utilize a Designated Manager in connection with the operation of the Franchised Business in any Designated Territory, including any Additional Territory awarded hereunder, then Franchisee must ensure that said Designated Manager completes all required initial training prior to that individual undertaking any management responsibilities in connection with the operation of the Franchised Business. All other provisions regarding Franchisee's training obligations in the Franchise Agreement are hereby ratified and confirmed and shall apply to the Additional Territory(ies).

5. **Reporting Obligations.** Franchisee agrees and acknowledges that its operation of the Franchised Business within the Additional Territory(ies) granted hereunder will require Franchisee to report its Gross Sales and other client information in a manner that allows Franchisor to determine which Designated Territory such Gross Sales and client project were generated/located, utilizing Franchisor's prescribed reporting forms and Required Software.

6. **Transfer Fee.** Franchisor and Franchisee agree and acknowledge that if Franchisee wishes to sell or otherwise transfer its right to operate in the Designated Territory or an Additional Territory that Franchisee will be required to pay the transfer fee of Ten Thousand Dollars (\$10,000) (the "Transfer Fee") in connection with each Designated Territory or Additional Territory it wishes to sell or transfer to a third party approved by Franchisor and according to the terms and conditions of the applicable Franchise Agreement.

7. **Renewal Fee.** Franchisor and Franchisee agree and acknowledge that if Franchisee wishes to renew its right to operate in the Designated Territory or an Additional Territory that Franchisee will be required to pay the renewal fee of Five Thousand Dollars (\$5,000) (the "Renewal Fee") and meet all other renewal requirements in connection with each Designated Territory or Additional Territory it wishes to renew in accordance with the terms of the applicable Franchise Agreement.

8. **Default / Termination with Regard to a Specific Territory.** In the event the terms and conditions of the Franchise Agreement(s) or this Addendum are violated or breached via Franchisee's operations of the Franchised Business within a given Additional Territory but not in other Designated Territories, Franchisor will have the option and right to terminate Franchisee's rights hereunder with respect to such Designated Territory(ies) that is, or subsequently becomes, grounds for termination under these agreements in lieu of terminating the applicable Franchise Agreement and this Addendum in its entirety.

9. **Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Addendum in

Franchisor's sole discretion. Franchisee may not transfer its rights under this Addendum without complying with all transfer terms and conditions set forth in the Franchise Agreement(s) generally. The parties further agree and acknowledge that Franchisor may disapprove of any rights awarded under this Addendum to any party that is not also acquiring the Franchised Business and rights under the Franchise Agreement(s).

10. **Governing Law.** Franchisor and Franchisee agree and acknowledge that the governing law provisions of the Franchise Agreement shall also apply to this Addendum.

11. **Venue; Forum; Jurisdiction; Dispute Resolution.** Franchisor and Franchisee agree and acknowledge that the venue, forum, jurisdiction, dispute resolution and all other enforcement-related provisions of the Franchise Agreement shall also apply to this Addendum.

12. **Ratification of Franchise Agreement.** Except as amended by this Addendum, any and all other terms and conditions set forth in the Franchise Agreement are hereby ratified and confirmed as if fully restated herein.

13. **Entire Agreement.** The Franchise Agreement and this Addendum constitute the entire, full, and complete agreement between the parties concerning the subject matter set forth herein and supersede any and all prior agreements. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Addendum on the date and year first written above.

[The next page is the signature page]

FRANCHISOR:

**INSULATION COMMANDOS
FRANCHISING, LLC**

By: _____
Dustin Ingle, CEO

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By: _____

Print Name: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

**IF A PARTNERSHIP, CORPORATION, OR
OTHER ENTITY:**

By: _____

Print Name: _____

Title: _____

Date: _____

GUARANTORS

[NAME]

[Name], Individually

[NAME]

[Name], Individually

SCHEDULE 1
ADDITIONAL TERRITORY(IES)

Additional Territory No. 1	Description or Map:
Additional Territory No. 2	

EXHIBIT C
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
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EXHIBIT D
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

Insulation Commandos Franchising, LLC

(A Delaware Limited Liability Company)

**Financial Statements with Report of Independent Auditors
December 31, 2025, 2024 and 2023**

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Report of Independent Auditors

To the Members of
Insulation Commandos Franchising, LLC:

Opinion

We have audited the accompanying financial statements of Insulation Commandos Franchising, LLC (the “Company”), a Delaware Limited Liability Company, which comprise the balance sheets as of December 31, 2025, December 31, 2024 and December 31, 2023, and the related statements of operations, changes in members’ equity and cash flow 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, 2025, December 31, 2024 December 31, 2023, and the results of its operations and its cashflows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 for one year after March 31, 2026.

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 not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstance, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

DA Advisory Group PLLC

Troy, MI
March 31, 2026

Insulation Commandos Franchising, LLC
BALANCE SHEETS
As of December 31, 2025, 2024 and 2023

	December 31, 2025	December 31, 2024	December 31, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 522,538	\$ 610,171	\$ 136,659
Inventory asset	129,006	85,719	-
Accounts receivable	1,478,199	33,738	-
Royalty receivable	32,824	16,444	-
Franchisee loans receivable	-	20,180	-
Prepaid expenses	11,894	-	-
Undeposited funds	51,131	-	-
Related party receivable	16,000	-	-
Other current assets	21,254	-	-
Deferred cost - current portion	70,710	36,533	5,000
Total current assets	<u>2,333,556</u>	<u>802,785</u>	<u>141,659</u>
Fixed assets:			
Machinery and equipment	7,005	7,005	-
Furniture and fixtures	16,436	16,436	-
Vehicle	39,000	39,000	-
Container	6,032	-	-
Less : Accumulated depreciation	<u>(16,762)</u>	<u>(4,037)</u>	<u>-</u>
Fixed assets, net	51,711	58,404	-
Noncurrent assets:			
Deferred cost - net of current portion	685,192	289,048	45,000
Total noncurrent assets	<u>685,192</u>	<u>289,048</u>	<u>45,000</u>
Total assets	<u><u>\$ 3,070,459</u></u>	<u><u>\$ 1,150,237</u></u>	<u><u>\$ 186,659</u></u>
LIABILITIES AND MEMBERS' DEFICIT/EQUITY			
Current liabilities:			
Credit cards	\$ 10,375	\$ 19,699	\$ 9,251
Accrued liabilities	22,847	16,421	-
Deferred revenue - current portion	203,652	146,710	15,000
Total current liabilities	<u>236,874</u>	<u>182,830</u>	<u>24,251</u>
Non current liabilities:			
Deferred revenue - net of current portion	3,147,343	1,147,505	135,000
Due to related party	<u>-</u>	<u>2,643</u>	<u>-</u>
Total noncurrent liabilities	3,147,343	1,150,148	135,000
Total liabilities	<u><u>3,384,217</u></u>	<u><u>1,332,978</u></u>	<u><u>159,251</u></u>
Members' equity:			
Total members' (deficit)/equity	<u>(313,758)</u>	<u>(182,741)</u>	<u>27,408</u>
Total liabilities and members' (deficit)/equity	<u><u>\$ 3,070,459</u></u>	<u><u>\$ 1,150,237</u></u>	<u><u>\$ 186,659</u></u>

see accompanying notes

Insulation Commandos Franchising, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Operating revenues:			
Start-up package income	\$ 1,338,101	\$ 773,553	\$ 81,188
Franchise fee income	368,220	245,785	-
Royalty fee income	389,694	38,263	-
Product purchases	-	31,417	-
Franchise materials	206,244	-	-
Shopify income	31,577	-	-
Other revenue from franchisees	206,489	37,285	-
Total operating revenues	<u>2,540,325</u>	<u>1,126,303</u>	<u>81,188</u>
Operating expenses:			
Total operating expenses	<u>2,671,342</u>	<u>1,365,205</u>	<u>228,178</u>
Operating loss	<u>(131,017)</u>	<u>(238,902)</u>	<u>(146,990)</u>
Other income (expense):			
Interest expense	-	(435)	-
Other income	-	34,545	-
Interest income	<u>-</u>	<u>833</u>	<u>-</u>
Total other income (expense)	<u>-</u>	<u>34,943</u>	<u>-</u>
Net loss	<u><u>\$ (131,017)</u></u>	<u><u>\$ (203,959)</u></u>	<u><u>\$ (146,990)</u></u>

see accompanying notes

Insulation Commandos Franchising, LLC
 STATEMENTS OF MEMBERS' EQUITY
 For the years ended December 31, 2025, 2024 and 2023

	<u>Total Equity</u>
BALANCE, DECEMBER 31, 2022	\$ -
Members' contributions	174,398
Members' distributions	-
Net loss	<u>(146,990)</u>
BALANCE, DECEMBER 31, 2023	<u>\$ 27,408</u>
Members' contributions	-
Members' distributions	(6,190)
Net loss	<u>(203,959)</u>
BALANCE, DECEMBER 31, 2024	<u>\$ (182,741)</u>
Members' contributions	-
Members' distributions	-
Net loss	<u>(131,017)</u>
BALANCE, DECEMBER 31, 2025	<u>\$ (313,758)</u>

see accompanying notes

Insulation Commandos Franchising, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025, 2024 and 2023

	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (131,017)	\$ (203,959)	\$ (146,990)
Adjustments to reconcile net loss to net cash :			
Depreciation	12,725	4,037	-
Changes in assets and liabilities :			
Account receivable	(1,444,461)	(33,738)	-
Inventory asset	(43,287)	(85,719)	-
Franchisee loans receivable	20,180	(20,180)	-
Royalty receivable	(16,380)	(16,444)	-
Deferred cost	(430,321)	(275,581)	(50,000)
Prepaid expenses	(11,894)	-	-
Undeposited funds	(51,131)	-	-
Related party receivable	(16,000)	-	-
Other current assets	(21,254)	-	-
Credit card	(9,324)	10,448	9,251
Accrued liabilities	6,426	16,421	-
Deferred revenue	2,056,780	1,144,215	150,000
Net cash provided/(used) by operating activities	(78,958)	539,500	(37,739)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(6,032)	(62,441)	-
Net cash used by investing activities	(6,032)	(62,441)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Members' contributions	-	-	174,398
Loans from related parties	(2,643)	2,643	-
Members' distributions	-	(6,190)	-
Net cash provided/(used) by financing activities	(2,643)	(3,547)	174,398
Net change in cash and cash equivalents	(87,633)	473,512	136,659
Cash and cash equivalents beginning of year	610,171	136,659	-
Cash and cash equivalents at end of year	522,538	610,171	136,659
Total cash and cash equivalents	\$ 522,538	\$ 610,171	\$ 136,659
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	\$ -	\$ 435	\$ -

see accompanying notes

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2025, 2024, and 2023

1. Organization

Insulation Commandos Franchising, LLC (the “Company”) is a Delaware Limited Liability Company. The Company was formed in April 2023 for the purpose of franchising its unique insulation services concept nationally in the United States.

For the years ended December 31, 2025, December 31, 2024, and 2023, total capital contributions were \$0, \$0 and \$174,398, respectively and total member distributions were \$0, \$6,190 and \$0, respectively.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

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

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue and expenses

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”. The Company’s revenue is principally generated through franchise agreements executed with the Company’s franchisees. Each franchise agreement is comprised of several performance obligations.

The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases a franchise, the Company grants the franchisee the rights to operate in a designated area and to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is considered to be symbolic intellectual property. Revenues related to the license are continuing royalties and marketing fund income based on a fixed percentage of sales of each location. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide ongoing support for the Company’s franchisees over the term of the agreement. The royalties are billed monthly and are recognized as revenue when earned.

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2025, 2024, and 2023

2. Summary of significant accounting policies and nature of operations (continued)

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory and license rights. These primarily include training services, opening support services, opening marketing assistance and franchisee acquisition and acceptance. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin approach. Revenue from initial fees is recognized when the performance obligation is satisfied, and control of the goods or service has been transferred to the franchisee. Performance obligations that are normally satisfied by the opening of the franchised business to the public are determined to be earned during the period from the execution of the contract to the opening of the franchised business which is generally less than one year. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred nonrefundable revenue and recognized as revenue over the term of the contract which is currently 10 years from the date the franchisee opens the franchise business to the public. Incremental costs of obtaining a franchise agreement with a franchisee related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as cost of sales over the same term as the related performance obligation which is currently 10 years. Revenue from multi-unit development agreements is recognized over the term of the development agreement.

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. During the years ended December 31, 2025, 2024 and 2023, total bad debt expenses were \$27,982, \$0 and \$0, respectively.

Advertising

The Company expenses advertising as the costs are incurred. Total advertising expenses for the years ended December 31, 2025, 2024, and 2023, were \$143,353, \$49,560 and \$29,691, respectively.

Income taxes

The Company filed an election with the Internal Revenue Service to be treated as a flow-through entity for all taxable years. Therefore, the Company is not subject to corporate income tax and all taxable income or loss will pass through to the Member of the Company.

Fair value of financial instruments

The Fair Value Measurements and Disclosure Topic of the FASB Accounting Codification establishes a framework for measuring fair value that is based on the inputs market participants use to determine fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs.

The accounting guidance describes a hierarchy of three levels of input that may be used to measure fair value:

- | | |
|---------|---|
| Level 1 | Inputs based on quote prices in active markets for identical assets and liabilities. |
| Level 2 | Inputs other than Level 1 quoted prices, such as quoted prices for similar assets and |

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2025, 2024, and 2023

2. Summary of significant accounting policies and nature of operations (continued)

liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 Unobservable inputs based on little market or no market activity which are significant to the fair value of the assets and liabilities.

The Company's material financial instruments consist of primarily cash and cash equivalents, accounts receivable, inventory, loan receivable, payable and accrued expenses. The fair values of these instruments is equal to their carrying values based on liquidity. The fair value measurement of these assets is categorized as Level 1.

3. Disaggregation of revenues

The Company disaggregates revenue from contracts with customers by the timing of revenue recognition by type of revenues, as it believes this best depicts how nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

	2025	2024	2023
<i>Point in time:</i>			
Start-up package income	\$ 1,338,101	\$ 773,553	\$ 81,188
Franchise fee income	151,500	70,700	-
Royalty fee income	389,694	38,263	-
Product purchases	-	31,417	-
Franchise Materials	206,244	-	-
Shopify income	31,577	-	-
Other revenue from franchisees	206,489	37,285	-
Total point in time	2,323,605	951,218	81,188
<i>Over time:</i>			
Franchise fees	216,720	175,085	-
Total over time	216,720	175,085	-
Total revenue	<u>\$ 2,540,325</u>	<u>\$ 1,126,303</u>	<u>\$ 81,188</u>

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2025, 2024, and 2023

4. Contract balances

The Company recorded an asset for acquisition costs incurred to obtain franchise agreements and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements.

A summary of acquisition costs incurred as of December 31, 2025, December 31, 2024 and 2023 is as follows:

	2025	2024	2023
Deferred acquisition costs - beginning	\$ 325,581	\$ 50,000	\$ -
Additional costs incurred	560,000	350,000	50,000
Deferred acquisition costs recognized	(129,679)	(74,419)	-
Deferred acquisition costs - ending	<u>\$ 755,902</u>	<u>\$ 325,581</u>	<u>\$ 50,000</u>

Deferred acquisition costs are expected to be amortized over the remaining term of the associated franchise agreement as follows:

Year ending December 31, 2025

2026	\$ 70,710
2027	110,722
2028	80,540
2029	80,540
2030	80,540
Thereafter	332,850
Total	<u>\$ 755,902</u>

Year ending December 31, 2024

2025	\$ 36,533
2026	32,384
2027	32,384
2028	32,384
2029	32,384
Thereafter	159,512
Total	<u>\$ 325,581</u>

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2025, 2024, and 2023

4. Contract balances (continued)

Year ending December 31, 2023

2024	\$ 50,000
2025	-
2026	-
2027	-
2028	-
Thereafter	-
Total	<u>\$ 50,000</u>

5. Deferred revenue

A summary of deferred franchise revenue as of December 31, 2025, December 31, 2024 and 2023 is as follows:

	2025	2024	2023
Deferred revenue - beginning of year	\$ 1,294,215	\$ 150,000	\$ -
Additions for initial franchise fees received	2,425,000	1,390,000	150,000
Revenue recognized during the year	(368,220)	(245,785)	-
Deferred revenues- end of year	<u>\$ 3,350,995</u>	<u>\$ 1,294,215</u>	<u>\$ 150,000</u>

Deferred franchise fee revenue is expected to be amortized over the remaining term of the associated franchise agreement as follows:

Year ending December 31, 2025

2026	\$ 203,652
2027	616,996
2028	346,064
2029	346,064
2030	346,064
Thereafter	1,492,155
Total	<u>\$ 3,350,995</u>

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2025, 2024, and 2023

5. Deferred Revenue (continued)

Year ending December 31, 2024

2025	\$ 146,710
2026	128,900
2027	128,900
2028	128,900
2029	128,900
Thereafter	631,905
Total	<u>\$ 1,294,215</u>

Year ending December 31, 2023

2024	\$ 150,000
2025	-
2026	-
2027	-
2028	-
Thereafter	-
Total	<u>\$ 150,000</u>

6. Property, plant and equipment

Property, plant and equipment are recorded at cost, which included expenditures directly attributable to acquisition and preparation for their intended use. Depreciation is calculated using the straight-line method over the useful lives of the respective assets, which is 7 years for furniture and 5 years for vehicle and machinery. During the years ended December 31, 2025, December 31, 2024 and December 31, 2023, the costs are as below:

	2025	2024	2023
Machinery and equipment	\$ 7,005	\$ 7,005	\$ -
Furniture and fixtures	16,436	16,436	-
Vehicle	39,000	39,000	-
Container	6,032	-	-
Less : Accumulated depreciation	(16,762)	(4,037)	-
Total	<u>\$ 51,711</u>	<u>\$ 58,404</u>	<u>\$ -</u>

Also, the depreciation expense during the years ended December 31, 2025, December 31, 2024, and December 31, 2023, was \$12,725, \$4,037 and \$0, respectively.

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2025, 2024, and 2023

7. Related party transactions

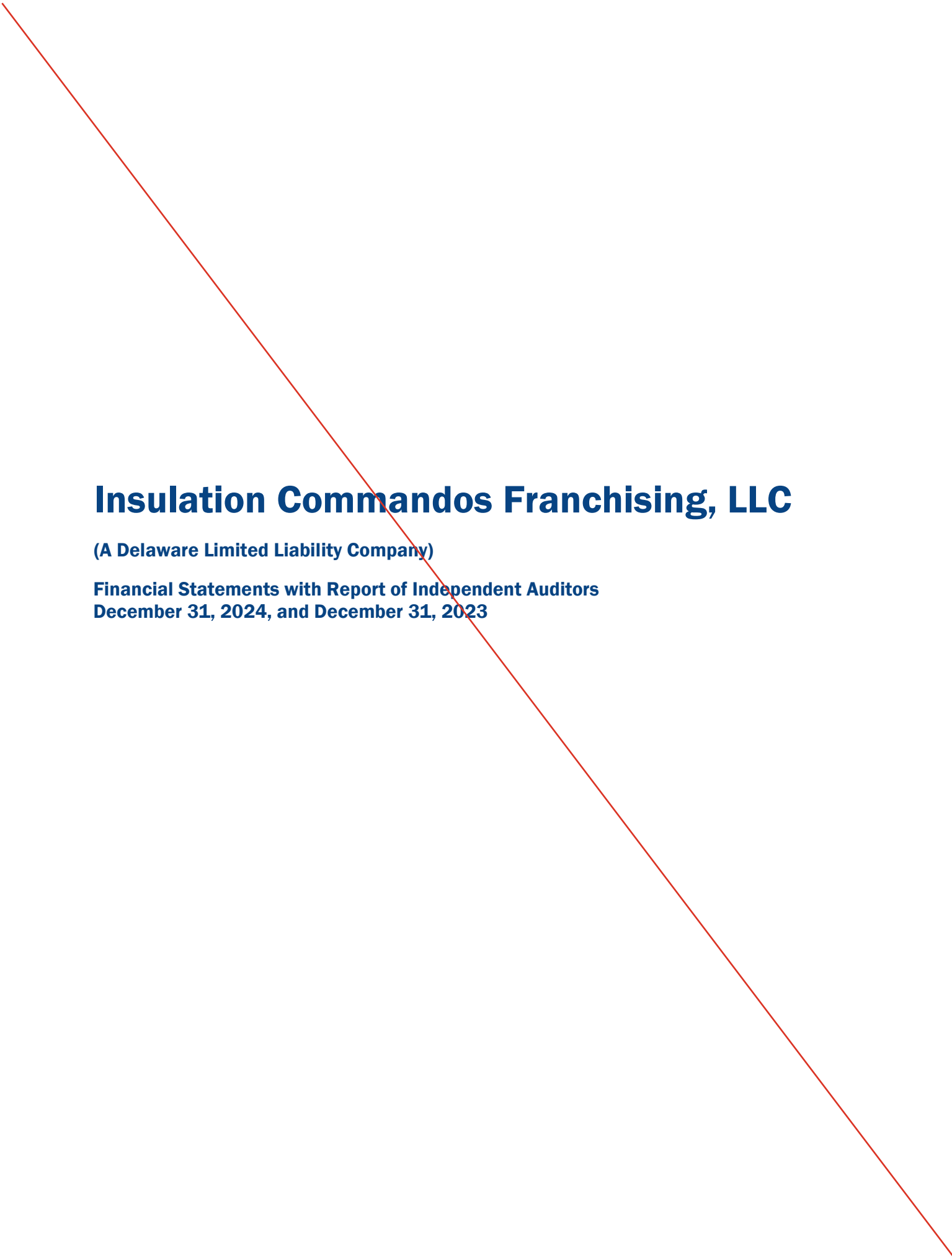
During 2025, the Company has a receivable from one of its affiliates and the total amount due as of December 31, 2025, was \$16,000. The receivable has no stated payback period and bears no interest. There were no outstanding balances during the years ended December 31, 2024, and 2023.

8. Commitment and contingencies

The Company operates as a franchisor with multiple franchising agreements as of December 31, 2025. Under these agreements, the Company is obligated to provide ongoing operational support over the contract term, which is usually 10 years. There are no material legal proceedings as of December 31, 2025, and no guarantees or pledged assets have been provided as collateral for franchise obligations.

9. Subsequent events

Subsequent events have been evaluated through March 31, 2026, which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the financial statements or disclosure.



Insulation Commandos Franchising, LLC

(A Delaware Limited Liability Company)

**Financial Statements with Report of Independent Auditors
December 31, 2024, and December 31, 2023**

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Report of Independent Auditors

To the Members of
Insulation Commandos Franchising, LLC:

Opinion

We have audited the accompanying financial statements of Insulation Commandos Franchising, LLC, a Delaware Limited Liability Company, which comprise the balance sheets as of December 31, 2024, and December 31, 2023, and the related statements of operations, changes in members' equity and cash flow 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, 2024, and December 31, 2023, and the results of its operations and its cashflows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 for one year after March 17, 2025.

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 not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstance, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

DA Advisory Group PLLC

Troy, MI
March 17, 2025

Insulation Commandos Franchising, LLC
BALANCE SHEETS
As of December 31, 2024 and 2023

	December 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 610,171	\$ 136,659
Inventory asset	85,719	-
Accounts receivable	33,738	-
Royalty receivable	16,444	-
Franchisee loans receivable	20,180	-
Deferred cost - current portion	36,533	5,000
Total current assets	802,785	141,659
Fixed assets:		
Machinery and equipment	7,005	-
Furniture and fixtures	16,436	-
Vehicle	39,000	-
Less : Accumulated depreciation	(4,037)	-
Fixed assets, net	58,404	-
Noncurrent assets:		
Deferred cost - net off current portion	289,048	45,000
Total noncurrent assets	289,048	45,000
Total assets	<u>\$ 1,150,237</u>	<u>\$ 186,659</u>
LIABILITIES AND MEMBERS' DEFICIT/EQUITY		
Current liabilities:		
Credit cards	\$ 19,699	\$ 9,251
Accrued liabilities	16,421	-
Deferred revenue - current portion	146,710	15,000
Total current liabilities	182,830	24,251
Non current liabilities:		
Deferred revenue - net of current portion	1,147,505	135,000
Due to related party	2,643	-
Total noncurrent liabilities	1,150,148	135,000
Total liabilities	<u>1,332,978</u>	<u>159,251</u>
Members' equity:		
Total members' (deficit)/equity	<u>(182,741)</u>	<u>27,408</u>
Total liabilities and members' (deficit)/equity	<u>\$ 1,150,237</u>	<u>\$ 186,659</u>

see accompanying notes

Insulation Commandos Franchising, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Start-up package income	\$ 773,553	\$ 81,188
Franchise fee income	245,785	-
Royalty fee income	38,263	-
Product purchases	31,417	-
Other revenue from franchisees	37,285	-
Total operating revenues	<u>1,126,303</u>	<u>81,188</u>
Operating expenses:		
Total operating expenses	<u>1,365,205</u>	<u>228,178</u>
Operating loss	<u>(238,902)</u>	<u>(146,990)</u>
Other income (expense)		
Interest expense	(435)	-
Other income	34,545	-
Interest income	833	-
Total other income (expense)	<u>34,943</u>	<u>-</u>
Net loss	<u>\$ (203,959)</u>	<u>\$ (146,990)</u>

see accompanying notes

Insulation Commandos Franchising, LLC
STATEMENTS OF MEMBERS' EQUITY
For the years ended December 31, 2024 and 2023

	<u>Total Equity</u>
BALANCE, DECEMBER 31, 2022	\$ -
Members' contributions	174,398
Members' distributions	-
Net loss	<u>(146,990)</u>
BALANCE, DECEMBER 31, 2023	<u><u>\$ 27,408</u></u>
Members' contributions	-
Members' distributions	(6,190)
Net loss	<u>(203,959)</u>
BALANCE, DECEMBER 31, 2024	<u><u>\$ (182,741)</u></u>

see accompanying notes

Insulation Commandos Franchising, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (203,959)	\$ (146,990)
Adjustments to reconcile net loss to net cash :		
Depreciation	4,037	-
Changes in assets and liabilities :		
Account receivable	(33,738)	-
Inventory asset	(85,719)	-
Franchisee loans receivable	(20,180)	-
Royalty receivable	(16,444)	-
Deferred cost	(275,581)	(50,000)
Credit card	10,448	9,251
Accrued liabilities	16,421	-
Deferred revenue	1,144,215	150,000
Net cash provided by (used in) operating activities	<u>539,500</u>	<u>(37,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(62,441)</u>	-
Net cash used in investing activities	<u>(62,441)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Members' contributions	-	174,398
Loans from related parties	2,643	-
Members' distributions	<u>(6,190)</u>	-
Net cash provided by (used in) financing activities	<u>(3,547)</u>	174,398
Net change in cash and cash equivalents	473,512	136,659
Cash and cash equivalents beginning of year	<u>136,659</u>	-
Cash and cash equivalents at end of year	<u><u>610,171</u></u>	<u><u>136,659</u></u>
Total cash and cash equivalents	<u><u>\$ 610,171</u></u>	<u><u>\$ 136,659</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 435</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

see accompanying notes

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, and 2023

1. Organization

Insulation Commandos Franchising, LLC (the “Company”) is a Delaware Limited Liability Company. The Company was formed in April 2024 for the purpose of franchising its unique insulation services concept nationally in the United States.

For the years ended December 31, 2024, and 2023, total capital contributions were \$0 and \$174,398, respectively and total member distributions were \$6,190 and \$0, respectively.

Below is the summary of agreements during the years ended December 31, 2024, and 2023

	2024	2023
Agreements, beginning	1	-
Agreements signed	11	1
Agreements terminated	(1)	-
Agreements, ending	<u>11</u>	<u>1</u>
Franchise agreements	11	1
Affiliate owned locations	-	-

2. Summary of significant accounting policies and nature of operations

Basis of accounting

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

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue and expenses

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”. The Company’s revenue is principally generated through franchise agreements executed with the Company’s franchisees. Each franchise agreement is comprised of several performance obligations.

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, and 2023

2. Summary of significant accounting policies and nature of operations (continued)

The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases a franchise, the Company grants the franchisee the rights to operate in a designated area and to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is considered to be symbolic intellectual property. Revenues related to the license are continuing royalties and marketing fund income based on a fixed percentage of sales of each location. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide ongoing support for the Company’s franchisees over the term of the agreement. The royalties are billed monthly and are recognized as revenue when earned.

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory and license rights. These primarily include training services, opening support services, opening marketing assistance and franchisee acquisition and acceptance. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin approach. Revenue from initial fees is recognized when the performance obligation is satisfied, and control of the goods or service has been transferred to the franchisee. Performance obligations that are normally satisfied by the opening of the franchised business to the public are determined to be earned during the period from the execution of the contract to the opening of the franchised business which is generally less than one year. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred nonrefundable revenue and recognized as revenue over the term of the contract which is currently 10 years from the date the franchisee opens the franchise business to the public. Incremental costs of obtaining a franchise agreement with a franchisee related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as cost of sales over the same term as the related performance obligation which is currently 10 years. Revenue from multi-unit development agreements is recognized over the term of the development agreement.

Disaggregation of revenues

The Company disaggregates revenue from contracts with customers by the timing of revenue recognition by type of revenues, as it believes this best depicts how nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

	<u>2024</u>	<u>2023</u>
<i>Point in time:</i>		
Start-up package income	\$ 773,553	\$ 81,188
Franchise fee income	70,700	-
Royalty fee income	38,263	-
Product purchases	31,417	-
Other revenue from franchisees	37,285	-
Total point in time	<u>951,218</u>	<u>81,188</u>

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, and 2023

2. Summary of significant accounting policies and nature of operations (continued)

Over time:

Franchise fees	175,085	-
Total over time	<u>175,085</u>	<u>-</u>
 Total revenue	 <u>\$ 1,126,303</u>	 <u>\$ 81,188</u>

Contract balances

The Company recorded an asset for acquisition costs incurred to obtain franchise agreements and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements.

A summary of acquisition costs incurred as of December 31, 2024, and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Deferred acquisition costs - beginning	\$ 50,000	\$ -
Additional costs incurred	350,000	50,000
Deferred acquisition costs recognized	<u>(74,419)</u>	<u>-</u>
Deferred acquisition costs - ending	<u>\$ 325,581</u>	<u>\$ 50,000</u>

Deferred acquisition costs are expected to be amortized over the remaining term of the associated franchise agreement as follows:

Year ending December 31, 2024:

2025	\$ 36,533
2026	32,384
2027	32,384
2028	32,384
2029	32,384
Thereafter	<u>159,512</u>
Total	<u>\$ 325,581</u>

Year ending December 31, 2023:

2024	\$ 50,000
2025	-
2026	-
2027	-
2028	-
Thereafter	<u>-</u>
Total	<u>\$ 50,000</u>

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, and 2023

2. Summary of significant accounting policies and nature of operations (continued)

Deferred franchise revenue

A summary of deferred franchise revenue as of December 31, 2024 and 2023 is as follows:

	2024	2023
Deferred revenue - beginning of year	\$ 150,000	\$ -
Additions for initial franchise fees received	1,390,000	150,000
Revenue recognized during the year	(245,785)	-
Deferred revenues - end of year	<u>\$ 1,294,215</u>	<u>\$ 150,000</u>

Deferred franchise fee revenue are expected to be amortized over the remaining term of the associated franchise agreement as follows:

<u>Year ending December 31, 2024</u>	<u>Amount</u>
2025	\$ 146,710
2026	128,900
2027	128,900
2028	128,900
2029	128,900
Thereafter	631,905
Total	<u>\$ 1,294,215</u>

<u>Year ending December 31, 2023</u>	<u>Amount</u>
2024	\$ 150,000
2025	-
2026	-
2027	-
2028	-
Thereafter	-
Total	<u>\$ 150,000</u>

Property, plant and equipment

Property, plant and equipment are recorded at cost, which included expenditures directly attributable to acquisition and preparation for their intended use. Depreciation is calculated using the straight-line method over the useful lives of the respective assets, which is 7 years for furniture and 5 years for vehicle and machinery. During the years ended December 31, 2024, and December 31, 2023, the costs are as below:

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, and 2023

2. Summary of significant accounting policies and nature of operations (continued)

	2024	2023
Machinery and equipment	\$ 7,005	\$ -
Furniture and fixtures	16,436	-
Vehicle	39,000	-
Less : Accumulated depreciation	(4,037)	-
Total	<u>\$ 58,404</u>	<u>\$ -</u>

Also, the depreciation expense during the years ended December 31, 2024, and December 31, 2023, was \$4,037 and \$0, respectively.

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. No write-offs were made in the reporting period.

Advertising

The Company expenses advertising as the costs are incurred. Total advertising expenses for the years ended December 31, 2024, and 2023, were \$88,623 and \$35,180, respectively.

Income taxes

The Company filed an election with the Internal Revenue Service to be treated as a flow-through entity for all taxable years. Therefore, the Company is not subject to corporate income tax and all taxable income or loss will pass through to the Member of the Company.

Fair value of financial instruments

The Fair Value Measurements and Disclosure Topic of the FASB Accounting Codification establishes a framework for measuring fair value that is based on the inputs market participants use to determine fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs.

The accounting guidance describes a hierarchy of three levels of input that may be used to measure fair value:

- Level 1 Inputs based on quote prices in active markets for identical assets and liabilities.
- Level 2 Inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 Unobservable inputs based on little market or no market activity which are significant to the fair value of the assets and liabilities.

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2024, and 2023

2. Summary of significant accounting policies and nature of operations (continued)

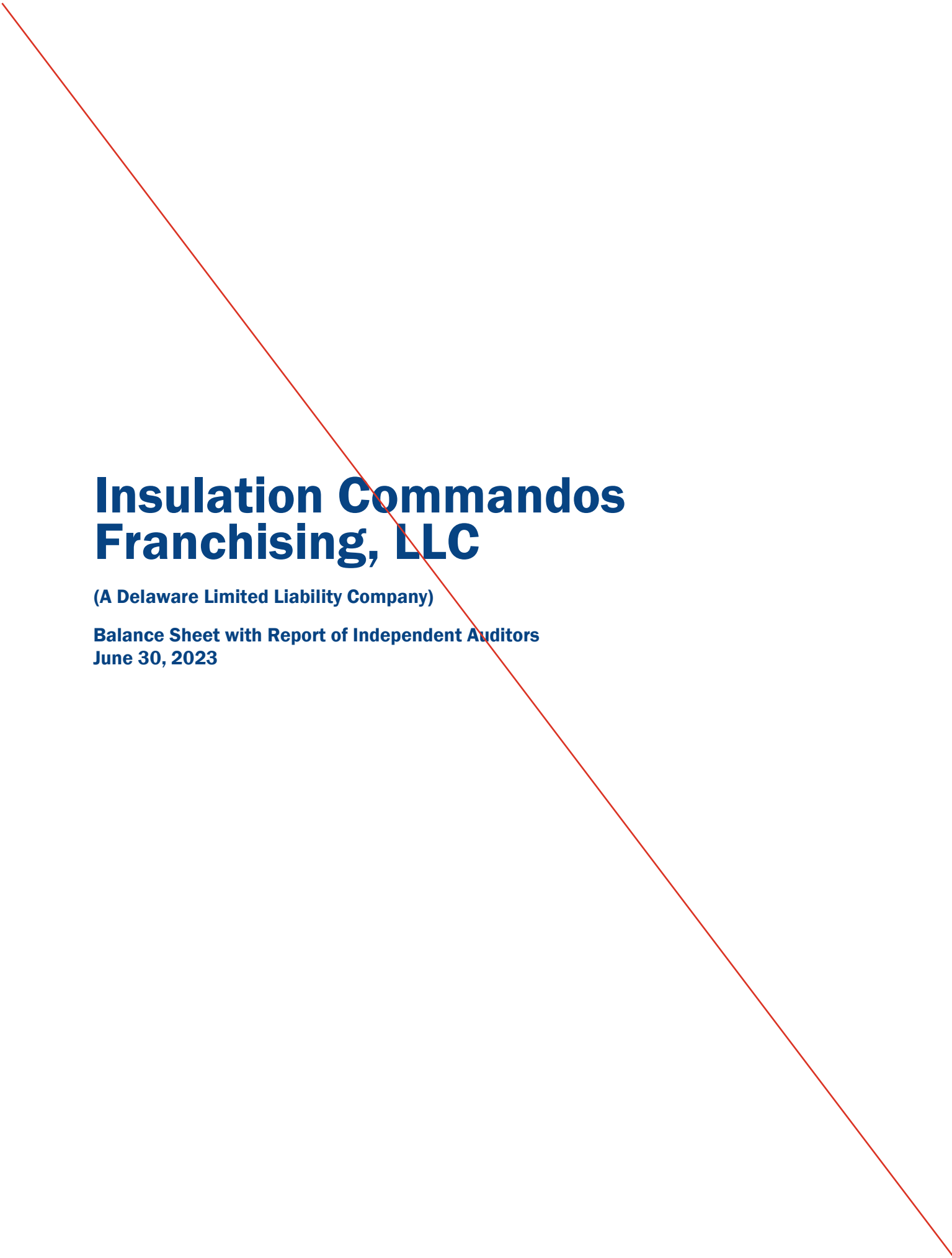
The Company's material financial instruments consist of primarily cash and cash equivalents, accounts receivable, inventory, loan receivable, payable and accrued expenses. The fair values of these instruments is equal to their carrying values based on liquidity. The fair value measurement of these assets is categorized as Level 1.

3. Related-party transactions

During 2024, the Company has a payable to one of its affiliates and the total amount outstanding as of December 31, 2024, was \$2,643. The payable has no stated payback period and bears no interest.

4. Subsequent events

Subsequent events have been evaluated through March 17, 2025, which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the financial statements or disclosure.



Insulation Commandos Franchising, LLC

(A Delaware Limited Liability Company)

**Balance Sheet with Report of Independent Auditors
June 30, 2023**

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Report of Independent Auditors

To the Member of
Insulation Commandos Franchising, LLC:

Report on the Financial Statements

We have audited the accompanying financial statements of Insulation Commandos Franchising, LLC, a Delaware Limited Liability Company, which comprise the balance sheet as of June 30, 2023, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Insulation Commandos Franchising, LLC as of June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

DA Advisory Group

Troy, MI
August 17, 2023

Insulation Commandos Franchising, LLC
BALANCE SHEET
June 30, 2023

	June 30, <u>2023</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 144,413
Total current assets	144,413
Total assets	<u>\$ 144,413</u>
LIABILITIES AND MEMBER'S EQUITY	
Total liabilities	<u>-</u>
Member's equity (deficit)	<u>144,413</u>
Total liabilities and member's equity (deficit)	<u>\$ 144,413</u>

see accompanying notes

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. Organization

Insulation Commandos Franchising, LLC (the “Company”) is a Delaware Limited Liability Company. The Company was formed in April 2023 for the purpose of franchising its unique insulation services concept nationally in the United States.

The Company is owned by an individual (“Member”) and is taxed as a flow-through entity, with all tax liabilities being the responsibility of the Member. Total contributions and distributions as of June 30, 2023 were \$174,398 and \$0, respectively.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

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

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue and expenses

Operating income consists of contractual franchise royalties based on a percentage of monthly sales which are recognized as revenue in the month earned as well as revenue from other contractual agreements.

Initial franchise fees are recognized as revenue once substantially all of the initial services of the Company required by franchise agreement have been performed and no other material conditions or obligations related to the determination of substantial performance exist. For the year ended of June 30, 2023, initial franchise fees were \$0.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Insulation Commandos Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

2. Summary of significant accounting policies and nature of operations (continued)

Subsequent events

Subsequent events have been evaluated through August 17, 2023 which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the balance sheet or disclosure.

EXHIBIT E
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California Department of Financial Protection & Innovation

TOLL FREE 1-(866) 275-2677

LA Office

320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento Office

2101 Arena Boulevard
Sacramento, CA 95834
(866) 275-2677

San Diego Office

1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco Office

One Sansome St., #600
San Francisco, CA 94104
(415) 972-8559

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-11
Indianapolis, IN 46204
(317) 232-6681

Kentucky Office of the Attorney General Consumer
Protection Division
P.O. Box 2000
Frankford, KY 40602
(502) 573-2200

Maryland Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Michigan Department of the Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
(651) 539-1600

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

North Dakota Securities Department
State Capital, 5th Floor

600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-291

345 W Washington Ave., 4th Floor
Madison, WI 53703
(608) 266-8550

Oregon Department of Consumer
and Business Services
Division of Finance and Corporate
Securities labor and Industries
350 Winter Street, NE, Room 410
Salem, OR 97310-3881
(503) 378-4140

Director, Department of Business Regulations
Rhode Island Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903-4232

South Dakota Division of Insurance
Securities regulation
125 S. Euclid Suite 104
Pierre, SD 57501
(605) 773-3563

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
Austin, TX 78711
(512) 475-1769

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

State of Washington
Director, Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, WA 98504-1200
(360) 902-8760

Wisconsin Commissioner of Securities

EXHIBIT F
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
LIST OF AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

Mr. Dustin Ingle
Insulation Commandos Franchising, LLC
~~219 Industrial Drive, Suite B~~
1170 Dunlop Lane, Building 300
Clarksville, Tennessee ~~37040~~37043

California Commissioner of the Department of
Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

Commissioner of Corporations of the Department of
Financial Protection & Innovation
One Sansome St., #600
San Francisco, California 94104
(415) 972-8559

Commissioner of Corporations of the Department of
Financial Protection & Innovation
2101 Arena Boulevard
Sacramento, CA 95834

Commissioner of Securities of the State of HI
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204

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

Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
P.O. Box 30054, 6546 Mercantile Way
Lansing, MI 48909

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231
(518) 473 2492

North Dakota Securities Commissioner
State Capitol – 5th Floor
600 E. Boulevard Avenue
Bismarck, ND 58505

Director, Department of business Regulation
Division of Securities
Suite 232
233 Richmond Street
Providence, RI 02903-4232

South Dakota Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

Clerk of the State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, VA 23219

Director, Department of Financial Institutions
Securities Division
150 Israel Road, Southwest
Olympia, WA 98501

Wisconsin Commissioner of Securities
345 West Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

**EXHIBIT G
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND MULTI-TERRITORY ADDENDUM

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Franchise Disclosure Document at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains provisions requiring litigation with the costs being awarded to the prevailing party. The litigation will occur in Tennessee. The Franchise Agreement requires mediation and/or binding arbitration, and provides for such mediation and/or binding arbitration to occur in Tennessee. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Multi-Territory Addendum restricting venue to a forum outside the State of California.

The Franchise Agreement requires the application of the laws of the State of Tennessee. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement provides for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

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

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. The Franchise Agreement provides for liquidated damages. Such a provision may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Our website, www.insulationcommandos.com, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of

this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

The Franchise Agreement contains a provision shortening the statute of limitations. This provision violates Corporations Code section 31512, since Corporations Code section 31303 provides a four-year statute of limitations and 31304 provides a two-year statute of limitations for claims under the California Franchise Investment Law. The Franchise Agreement is hereby amended to extend the statute of limitations per California Franchise Investment Law to provide for a four-year statute of limitations for claims arising under Corporations Code Section 31512 and for a two-year statute of limitations for claims arising under Corporations Code 31304.

The Franchise Agreement is hereby amended to state: No disclaimer, questionnaire, clause, or statement signed by a franchisee or prospective franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The Multi-Territory Addendum is hereby amended to state: No disclaimer, questionnaire, clause, or statement signed by a franchisee or prospective franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The Franchise Agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

Pursuant to Cal. Corp. Code Section 31512.1:

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, 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.

Sections 1(A-D), 1(F), and 1(I) of the Franchise Agreement are deleted in their entirety.

The Franchisee Disclosure Acknowledgement Statement in **Exhibit G** of the Franchise Agreement is hereby deleted and is not to be completed by a franchise applicant. Should a franchise applicant complete or answer the foregoing, the franchisor will disregard any responses as if they had not been submitted and will not rely on any such representations inferred from the franchise applicant's answer.

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

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.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

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.

The franchisor will defer collection of initial franchise fees until the franchisor has completed its pre-opening obligations to the franchisee and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20_____.

FRANCHISOR

FRANCHISEE

ADDENDUM REQUIRED BY THE STATE OF INDIANA

Neither Insulation Commandos Franchising, LLC nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the ten (10) year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

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

Section 19(A) of the Franchise Agreement is hereby modified to provide that: (i) the acts described in this Section may cause Franchisor irreparable harm; and (ii) Franchisor is entitled to seek (rather than obtain) restraining orders or injunctive relief in accordance with the terms of these Sections without the necessity of posting a bond.

Section 21 of the Franchise Agreement is hereby modified by adding the following subsection after the last subsection thereof:

Indiana Law. The conditions under which this Agreement can be terminated may be affected by Indiana law [IC Stat. Sec. 23-2-2.5 and 23-2-2.7] which provides Franchisee with certain termination rights.

Section 21(C) of the Franchise Agreement is hereby modified such that Franchisor agrees to select as the place for mediation a location within the State of Indiana and the laws of the State of Indiana shall apply to the mediation proceedings.

Section 21(J) of the Franchise Agreement is hereby modified by deleting everything in the first sentence thereof after the words “brought before the expiration of” and before “and that any action not brought...,” and replacing the deleted portion with “two (2) years after the violation of IC Stat. 23-2 and, with respect to other claims, three (3) years after discovery by the Franchisee/Developer of the facts constituting the violation.”

Any covenant not to compete in the Franchise Agreement which extends beyond the termination of such agreement(s) (whichever are applicable) may not be enforceable under Indiana law.

Notwithstanding anything to the contrary in Section 21(A) of the Franchise Agreement, the laws of the State of Indiana shall govern the construction and enforcement of this agreement.

Section 21(E) of the Franchise Agreement, as well as Section 22(A) of the Development Agreement, are hereby modified by adding the following text as the last sentence thereof:

This provision shall not in any way abrogate or reduce any rights of Franchisee as provided for under Indiana law including, but not limited to, the right to submit matters to the jurisdiction of the courts of Indiana.

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Representations in the Franchise Agreement 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.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that 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 three years after the grant of the Franchise.

The Franchise Agreement is amended to state that 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.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

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 and other term of any document executed in connection with the franchise.

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

We will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

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

Minn. Rule Part 2869.4400(d) prohibits us from requiring that you assent to a general release as set forth in Item 17 of this Disclosure Document. Accordingly, the Sections of the Franchise Agreement regarding your obligation to execute a general release upon assignment or renewal are deleted in their entirety in accordance with Minnesota Rule Part 2860.4400(D).

Nothing in the Disclosure Document, Franchise Agreement or Multi-Territory Addendum shall effect your rights under Minnesota Statute Section 80C.17, Subd. 5.

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

Section 7(M) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

- M. Franchisor agrees to indemnify Franchisee from and against any losses, liabilities and damages for which Franchisee is held liable by a court of competent jurisdiction in any proceeding arising solely out of Franchisee's use of the mark "INSULATION COMMANDOS" and all other trademarks, service marks and associated marks and symbols utilized by Franchisee pursuant to this Agreement, provided such use is in accordance with and pursuant to the provisions of this Agreement. The foregoing indemnification is conditioned upon the following: Franchisee must (i) provide written notice to Franchisor of any claims subject to indemnification hereunder within twenty (20) days of Franchisee's receipt of any written information pertaining to such claims, (ii) tender the defense of the claims to Franchisor if Franchisor so desires, and (iii) permit Franchisor to have sole control of the defense and settlement of any such claim.

Section 21 of the Franchise Agreement is hereby modified to add the following subsection after the last subsection therein:

Minnesota Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Minnesota law which provides Franchisee

with certain termination and non-renewal rights. Minnesota Statute Section 80C.14, subdivisions 3, 4 and 5 require, except in certain specified cases, that the Franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice for non-renewal of the Franchise Agreement.

Section 21(E) of the Franchise Agreement is hereby modified by adding the word "seek to" in the first sentence thereof after the word "to" and before the word "obtain."

Non-Sufficient Funds (NSF) fees are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

Section 21(F) of the Franchise Agreement is hereby modified by adding the following text as the last sentence thereof:

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

Section 21(J) of the Franchise Agreement is hereby modified by replacing all references of "one year" time limit to "three years" time limit to institute claims.

Nothing in the Franchise Agreement is intended to abrogate or reduce any rights of the Franchisee as provided in for Minnesota Statutes, Chapter 80C.

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

All references to “Disclosure Document” shall be deemed to include the term “Disclosure Document” as used under New York law.

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities,

antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

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

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

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Franchise Agreement provides that the laws of Delaware apply, the Rhode Island Franchise Investment Law may supersede these agreements because the Rhode Island Franchise Investment Law provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under the Act.”

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

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

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

With respect to disclosures in Item 6 of the Disclosure Document regarding a franchisee securing funds by selling securities in the franchise, be advised that any securities offered or sold by an Investor Franchisee as part of its Insulation Commandos Franchising, LLC Franchise must be either registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

ADDENDUM TO MULTI-TERRITORY ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Development Fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Multi-Territory Addendum.

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

ADDENDUM REQUIRED BY THE STATE OF WISCONSIN

Section 21 of the Franchise Agreement is hereby modified to add the following subsection after the last subsection therein:

Wisconsin Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Wisconsin law, Chapter 135, Wisc. Stats., the Wisconsin Fair Dealership Law.

Section 21(E) of the Franchise Agreement is hereby modified by adding the following language after the last sentence thereof:

“The Wisconsin Fair Dealership Law supersedes any provision of this Agreement which is inconsistent with that law.”

Washington Addendum to the Franchise Disclosure Document, the Franchise Agreement, the Multi-Unit Territory Addendum, and All Related Agreements

The provisions in this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchise, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal of transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the

franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in a franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary and Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgment.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **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 the franchisor franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any of term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
19. **Deferred Franchise Fees.** The franchisor will defer collection of all initial franchise fees until the Franchisor has fulfilled its pre-opening obligations to the franchisee and the franchisee is open for business. In addition, the franchisor will prorate the development fee such that the franchisee will pay the Franchisor the development fee proportionally upon the opening of each unit franchise.
20. **Acknowledgements and Representations.** Sections 1(A), 1(C), 1(D), 1(F)-(I), and 1(L) of the Franchise Agreement do not apply.
21. **Pre-Opening Obligations Acknowledgement.** Section 5(P) of the Franchise Agreement does not apply.
22. **Franchisee’s Death, Disability or Incapacity.** Section 14(B) of the Franchise Agreement is hereby modified to provide for 180 days to effect a transfer upon the franchisee’s death, disability, or incapacity.
23. **Covenants – Intent and Enforcement.** The final two sentences in Section 14(C) of the Franchise Agreement do not apply.
24. **Step-In Rights.** Section 15(F) of the Franchise Agreement does not apply.
25. **Notice Requirement.** Section 21(H) of the Franchise Agreement does not apply.
26. **Acknowledgements.** Section 23 of the Franchise Agreement does not apply.
27. **Liquidated Damages.** Section 15(D) of the Franchise Agreement is hereby modified to provide for liquidated damages equal to the average Royalty Fees for the lesser of two years or the remaining term of the Franchise Agreement.
28. **Guaranty.** The final two sentences of Article IV, Section 13 of the Personal Guaranty attached to the Franchise Agreement as Exhibit B, do not apply. Section 15 of Exhibit B to the Franchise Agreement does not apply.
29. **Questionnaire.** The Questionnaire enclosed as Exhibit G to the Franchise Agreement does not apply.
30. **Sample Form of Release.** Section 8 of Exhibit K to the Franchise Disclosure Document does not apply.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20____.

Signature of Franchisor Representative

Signature of Franchisee Representative

Title of Franchisor Representative

Title of Franchisee Representative

**EXHIBIT H
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF FRANCHISEES

List of Current Franchisees as of 12/31/20242025

Name	Address	Telephone Number	# of Territories
Arizona			
Eric Aramian	101 W. Boca Raton Road, Phoenix, AZ 85023	(602) 920-4010	4
California			
Atticlean Insulation Inc.	15500 Erwin Street, Suite 2463, Van Nuys, CA 91411	(818) 213-2485	1
Jason Taylor	30879 Laecalia Circle, Murrieta, CA 92563	(714) 931-6459	4
Florida			
Josh Crum	312 N Lauber Way, Tampa, FL 33609	(352) 258-3933	6
<u>Wendy Wing</u>	<u>2372 Gabriel Ln West Palm Beach, FL 33406</u>	<u>(303)-994-6449</u>	<u>5</u>
Georgia			
Mark Beal	215 Spring Drive, Roswell, GA 30075	(770) 990-3719	5
~~Kentucky~~			
~~McCarthy Home Services, LLC~~	~~17118 Meander Way, Louisville, KY 40245~~	~~(502)-644-6095~~	~~2~~
Missouri			
Wamwell Corp.	405 SE Topaz Drive, Lees Summit, MO 64063	(816) 394-3886	3
North Carolina			
Antonio Stagnitta	6420 Lauraca Lane, Fuquay Varina, NC 27526	(919) 356-9248	5
<u>Simon Scholl</u>	<u>4409 Raney Way, Charlotte, NC 28205</u>	<u>(704) 307-9266</u>	<u>4</u>
Nebraska			
Robert Jameson	5156 N 176th Avenue Circle, Omaha, NE 68116	(308) 520-1563	4
<u>Oklahoma</u>			

<u>Michael Hathaway</u>	<u>5424 Runway Rd,</u> <u>Oklahoma City, OK</u> <u>73135</u>	<u>(405) 414-2855</u>	<u>2</u>
Tennessee			
~~Findlater~~ <u>Justin and Short</u> ~~Services, LLC~~ <u>Janine Ebach</u>	~~6015 Johnson Chapel~~ ~~Road~~ <u>9208 Prestmoor</u> <u>Place,</u> Brentwood, ~~TN~~ <u>Tennessee</u> 37027	~~(706) 577-7684~~ <u>(615)</u> <u>556-3900</u>	4
<u>Matthew Rich</u>	<u>256 Donna Lane,</u> <u>Ringgold, GA 30736</u>	<u>(423) 421-3377</u>	<u>3</u>
Texas			
DKTC, Inc.	9374 Hunters Creek Drive, Dallas, TX 75243	(214) 728-4264	~~7~~ <u>6</u>
<u>Kyle Terrell</u>	<u>105 Thistle Ct, Highland</u> <u>Village, TX 75077</u>	<u>(214) 952-4417</u>	<u>2</u>
<u>Michael Kimball</u>	<u>5545 Colony Drive,</u> <u>Sealy, TX 77474</u>	<u>(281) 814-9480</u>	<u>4</u>

List of Franchisees That Have Signed Franchise Agreements But Were Not Yet Open as of ~~the~~
Issuance Date December 31, 2025

~~None.~~

<u>Colorado</u>			
<u>Mark Loney</u>	<u>483 Southpark Rd, Highlands Ranch, CO 80126</u>	<u>(615) 202-4569</u>	<u>4</u>
<u>Idaho</u>			
<u>Trevor Higby</u>	<u>460 E Mapleside CT, Eagle, ID 83616</u>	<u>(208) 207-4026</u>	<u>2</u>
<u>Louisiana</u>			
<u>Chris Groome and Linda De Los Santos</u>	<u>36502 Belle Savanne Ave. #D104, Geismar, LA 70734</u>	<u>(225) 614-4621</u>	<u>2</u>
<u>Michigan</u>			
<u>Eric Beezhold</u>	<u>6200 Country Pine Ct SE, Alto, MI 49302</u>	<u>(616) 260-6103</u>	<u>3</u>
<u>South Carolina</u>			
<u>Robert (Lee) Moore</u>	<u>418 Christiane Way, Greenville, SC 29607</u>	<u>(864) 331-9078</u>	<u>3</u>
<u>DKE Ventures, LLC</u>	<u>3593 Mack Lineberry Rd, Franklinville, NC 27248</u>	<u>336-328-6883</u>	<u>2</u>
<u>Texas</u>			
<u>Douglas Yono</u>	<u>4554 Southern Oak Ln, San Angelo, TX 76904</u>	<u>(281) 795-9066</u>	<u>6</u>

**EXHIBIT I
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FORMER FRANCHISEES THAT LEFT OUR SYSTEM IN THE PAST FISCAL YEAR
ENDING DECEMBER 31, ~~2024~~2025, OR THAT HAVE FAILED TO COMMUNICATE WITH
US IN THE PAST 10 WEEKS**

Name	Address	Telephone Number
~~Exit Seven Branch~~ McCarthy Home Services, LLC	~~10202 Pickfair Drive, Austin, TX 78750~~ 17118 Meander Way, Louisville, KY 40245	~~(856) 381-2464~~ (502) 644-6095

**EXHIBIT J
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF FRANCHISEE ORGANIZATIONS CREATED, SPONSORED, OR ENDORSED

None

EXHIBIT K
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE FORM OF RELEASE

THIS IS A SAMPLE FORM THAT IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Insulation Commandos Franchising LLC (“Insulation Commandos”) and _____ (“Franchisee”) enter into this Release of Claims (“Agreement”).

RECITALS

- A. Franchisor and Franchisee entered into an INSULATION COMMANDOS Franchise Agreement dated _____, _____
- B. [NOTE: Describe the circumstances relating to the release.]
- C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Insulation Commandos and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. Consideration. [NOTE: Describe the consideration paid.]
- 2-4. [NOTE: Detail other terms and conditions of the release.]
5. Release of Claims by Franchisee. In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Insulation Commandos and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney’s fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.
6. Reservation of Claims Against Non-Settling Parties. Insulation Commandos and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. Entire Agreement. This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. Voluntary Nature of Agreement. The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. Governing Law and Jurisdiction. This Agreement will be construed and enforced in accordance with the law of the state of _____.

10. Attorneys' Fees. All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

11. ~~The following applies if (a) the offer to sell a franchise is accepted in~~ Notice for Washington; ~~(b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington~~ Franchisees Only: This ~~Release of Claims~~ release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, ~~chapter~~ RCW 19.100-~~RCW~~, ~~or, and~~ the rules adopted thereunder.

Dated: _____, 20____

**INSULATION COMMANDOS FRANCHISING
LLC**

By: _____
Its: _____

Dated: _____, 20____

FRANCHISEE:

By: _____
Its: _____

**EXHIBIT L
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	~~Pending~~ August 31, 2024
Minnesota	Pending
New York	~~Pending~~ Not Registered
North Dakota	~~Not Registered~~ Pending
Rhode Island	Pending
South Dakota	~~Not Registered~~ Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

EXHIBIT M
TO
INSULATION COMMANDOS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS

RECEIPT (OUR COPY)

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

If Insulation Commandos Franchising, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 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. Michigan, Oregon, and Wisconsin require that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Insulation Commandos Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and your State Administrator listed in Exhibit E to this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed in Exhibit F.

I have received a Franchise Disclosure Document with an issue date of ~~March 31, 2025~~ April 16, 2026, which contained the following Exhibits:

- | | |
|--|---|
| A: Franchise Agreement | G: State Specific Addenda |
| B: Multi-Territory Addendum | H: List of Franchises |
| C: Operations Manual Table of Contents | I: List of Former Franchisees |
| D: Financial Statements | J: List of Franchise Organizations Created, Sponsored or Endorsed |
| E: List of State Administrators | K: Sample Form of Release |
| F: List of Agents for Service of Process | L: State Effective Dates |
| | M: Receipts |

The name, principal business address and telephone number of each franchise seller offering the franchise: (i) Dustin Ingle and Brock Adams, Insulation Commandos Franchising, LLC, ~~219 Industrial Drive, Suite B1170 Dunlop Lane, Building 300~~, Clarksville, Tennessee ~~3704037043~~, (615) 549-0727; and (ii) ~~Josh Titler and Ken Osness, Engineuity, LLC, 219 Industrial Drive, Suite B, Clarksville, Tennessee 37040, (734) 277-9069~~ or

If an individual:

By: _____

Print Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Name of Entity: _____

By: _____

Print Name: _____

Date: _____

RECEIPT (YOUR COPY)

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

If Insulation Commandos Franchising, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

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If an individual:

By: _____

Print Name: _____

Date: _____

If a Partnership, Corporation or Limited Liability Corporation:

Name of Entity: _____

By: _____

Telephone Number: _____

Print Name: _____

Date: _____