

FRANCHISE DISCLOSURE DOCUMENT



HPB HVAC LLC
A Pennsylvania limited liability company
2525 N 117th Avenue, Third Floor, Omaha, NE 68146
1 (800) 490-8991
franchising@varsityzone.com
www.varsityzone.com

We offer qualified individuals the right to operate a business which specializes in commercial and residential heating, ventilation, and air conditioning installation, maintenance, and repair services under the “Varsity Zone” marks.

The total investment necessary to begin operation of a Varsity Zone business ranges from \$204,046 to \$268,679, which includes \$96,090 in fees that must be paid to us or our affiliates prior to opening. We also offer qualified parties the right to enter into multiple franchise agreements at once and subsequently operate multiple Varsity Zone businesses.

The total investment necessary to operate two to three Varsity Zone businesses ranges from \$254,046 to \$363,679, which includes \$136,090 to \$171,090 that must be paid to us or our affiliates prior to opening. The total investment necessary to operate four to five Varsity Zone businesses ranges from \$329,046 to \$443,679, which includes \$201,090 to \$231,090 that must be paid to us or our affiliates prior to opening.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or an affiliate of ours in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Varsity Zone’s Home Office at 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164 or call 1(800) 490-8991.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

The Issuance Date of this Disclosure Document is April 29, 2025-, [as amended December 30, 2025.](#)

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 I .
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 discretion. 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 E included 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 Varsity Zone 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’s it like to be a Varsity Zone franchisee?	Item 20 or Exhibit I list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in [Exhibit A](#).

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, set forth on [Exhibit D](#) and pages (v), (vi) and (vii) of this Franchise Disclosure Document.

Special Risks to Consider About *This* Franchise

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

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

~~1. **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.~~
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

4. **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.
5. **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.
- 4.6. **Unopened Franchises.** The franchisor has signed a significant number of ~~franchise agreements~~ Franchise Agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also ~~may~~ experience delays in opening your own outlet.
7. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" set forth on Exhibit D to see whether your state requires other risks to be highlighted.

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CONNECTICUT**

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MICHIGAN**

NOTICE

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 be conducted outside this state. This shall not preclude the franchises 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 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 franchise 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 the notice should be directed to the Michigan Department of Attorney General, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

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

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EXHIBITS

Exhibit A	List of State Administrators and Agents for Service of Process
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Exhibit C	Multi-Unit Addendum
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Exhibit F	Sample Termination and Release Agreement
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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, HPB HVAC LLC, is referred to in this Disclosure Document as “we,” “us” or “our.” “You” or “your” means the person who buys the franchise and includes your owners and principals if you are a corporation, limited liability company, or other business entity.

The Franchisor

We are a limited liability company organized under the laws of the Commonwealth of Pennsylvania on July 11, 2023. Our principal business address is 2525 N. 117th Avenue, Omaha, Nebraska 68164. We conduct business under our corporate name, and the trade name and trademark “Varsity Zone” Our agents for service of process are listed in Exhibit A to this Disclosure Document.

We grant qualified individuals the right to operate a business that offers and sells installing, maintaining and repairing certain heating, ventilation, air conditioning (“HVAC”) installation, maintenance, and repair services to residential and commercial customers under the “Varsity Zone” mark (the “Varsity Zone Business” or “Franchised Business”). We have been franchising since June 2024. Other than the above services, we do not engage in any other business activities and have not offered franchises in any other line of business.

The Varsity Zone Business

Your Varsity Zone Business will offer “Heating, Ventilation, and Air Conditioning Services” to residential and commercial customers within a defined protected territory (the “Protected Territory”) on a year-round basis. Specifically, Heating, Ventilation, and Air Conditioning Services include: (i) installation, maintenance, and repair of certain residential and commercial heating, ventilating, air conditioning equipment; (ii) indoor air quality services; (iii) geothermal and refrigeration services and equipment; and (vi) other products, services and events that we may approve and modify from time to time (collectively, the “Approved Products and Services”). You do not need any specific prior experience in these areas of service to operate a Varsity Zone Business, however, you will be required to obtain certain licensure, permits, and/or certificates to operate the Franchised Business.

Each Varsity Zone Business operates according to our proprietary business system which includes: (a) methods to assess residential and commercial properties; (b) methods to use, provide, and install the Approved Products and Services; (c) customized and proprietary software; and (d) general procedures for operating and managing a Varsity Zone Business, including scheduling, job estimating, production of the work, and sales processes (the “System”).

You must enter into our form of franchise agreement (each, a “Franchise Agreement”), which is attached to this Disclosure Document as Exhibit B, for each Varsity Zone Business we grant you the right to open and operate.

As a franchisee, you and your team will provide estimates for customers seeking the Approved Products and Services. When a customer places a work order, you will schedule the work order with your employees or a reputable subcontractor for installation or services. It is your responsibility to maintain a team of qualified employees or otherwise create a network of reputable subcontractors who will perform the work.

Multi-Unit Offerings

We also offer qualified parties the right to enter our Multi-Unit Addendum attached to this Disclosure

Document as Exhibit C (“Multi-Unit Addendum”). Subject to the terms of the Multi-Unit Addendum, you will be granted the right to execute two (2) or more Franchise Agreements to open and operate two (2) or more Varsity Zone Businesses at once, each with their own Protected Territory that are typically contiguous to one another (“Multi-Unit Offering”). You will sign the Franchise Agreement attached to this Disclosure Document as Exhibit B for each Protected Territory that you are granted. Each Varsity Zone Business will be opened and operated pursuant to its respective Franchise Agreement, but you will also need to comply with the terms and conditions set forth in our form of Multi-Unit Addendum, including, but not limited to, minimum purchasing requirements, cumulative minimum royalty fees, minimum vehicle requirements, and other requirements as set forth in this Disclosure Document and the Multi-Unit Addendum (which will apply to your operation of all Varsity Zone Businesses granted as part of your Multi-Unit Offering).

You will be required to sign all Franchise Agreements associated with your Multi-Unit Offering, as well as your Multi-Unit Addendum, at the same time. As of the issuance date of this Disclosure Document, we do not intend or expect to offer a new prospect the right to enter into a Multi-Unit Offering for more than five (5) Varsity Zone Businesses (but we reserve the right to do so).

Parents, Predecessors and Affiliates

Our parent is JEZ Investments LLC, a Pennsylvania limited liability company organized on May 12, 2020, with a principal address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164.

We have one predecessor, Amped Services Plus, INC., a Florida corporation formed on May 20, 2021, with a principal business address at 3115 Lakewood Ranch 109, Lakewood Ranch, FL 34211, owned by our Founder, Philip Crutchfield. Amped Services Plus INC. has operated a commercial and residential heating, ventilation, air conditioning installation, maintenance, and repair business in Lakewood Ranch, FL, since 2001. We acquired certain assets and confidential information from Amped Services Plus, INC., on June 9, 2023. Historical information contained in this Disclosure Document relating to the events before June 9, 2023, represents information about Amped Services Plus, INC.

Our affiliate HPB HVAC Holdings LLC is a Pennsylvania limited liability company organized on December 26, 2023, with an address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB HVAC Holdings LLC owns the HPB HVAC Marks, confidential information, copyrights, and related intellectual property associated with the HPB HVAC System. HPB HVAC Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate, HorsePower Nation LLC, is a Pennsylvania limited liability company organized on May 19, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HorsePower Nation LLC engages in franchise consulting services and may provide these services our franchisees and to franchisees of certain of our affiliates. HorsePower Nation LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate, HPB Accounting LLC d/b/a ZeeBOOKS, is a Pennsylvania limited liability company organized on June 21, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Accounting LLC engages in accounting services and may provide these services to our franchisees and to franchisees of certain of our affiliates. HPB Accounting LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Automotive Sales LLC, d/b/a ZeeFleet, is a Pennsylvania limited liability company organized on January 18, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor,

Omaha, Nebraska 68164. HPB Automotive Sales LLC engages in automotive sales services and may provide these services to our franchisees and to franchisees of certain of our affiliates. HPB Automotive Sales LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Blinds and Shutters LLC d/b/a Bumble Bee Blinds (“HPB Blinds and Shutters”), is a Pennsylvania limited liability company organized on June 29, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since September 2022, HPB Blinds and Shutters LLC has franchised a business that offers and sells blinds and shutters installation services to residential and commercial customers under the mark “Bumble Bee Blinds.”

Our affiliate HPB Blinds and Shutters Holdings LLC, is a Pennsylvania limited liability company organized on July 11, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Blinds and Shutters Holdings LLC owns the HPB Blinds and Shutters Marks, confidential information, copyrights, and related intellectual property associated with the HPB Blinds and Shutters System. HPB Blinds and Shutters Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Fencing LLC d/b/a Stand Strong Fencing (“HPB Fencing”), is a Pennsylvania limited liability company organized on May 10, 2023, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since October 2023, HPB Fencing LLC has franchised a business that offers and sells fencing installation services to residential and commercial customers under the mark “Stand Strong Fencing”.

Our affiliate HPB Fencing Holdings LLC, is a Pennsylvania limited liability company organized on May 15, 2023, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Fencing Holdings LLC owns the HPB Fencing Marks, confidential information, copyrights, and related intellectual property associated with the HPB Fencing System. HPB Fencing Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Foam LLC d/b/a iFoam and iFoam Insulation (“HPB Foam”), is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since January 2022, HPB Foam has franchised a business that offers and sells spray foam insulation services to residential and commercial customers under the marks “iFoam” and “iFoam Insulation”.

Our affiliate HPB Foam Holdings LLC, is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Foam Holdings LLC owns the HPB Foam Marks, confidential information, copyrights, and related intellectual property associated with the HPB Foam System. HPB Foam Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Glass LLC, d/b/a Gatsby Glass (“HPB Glass”), is a Pennsylvania limited liability company organized on February 3, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since June 2022, HPB Glass LLC has franchised a business that offers and sells glass installation products and services to residential and commercial customers under the mark “Gatsby Glass”.

Our affiliate HPB Glass Holdings LLC, is a Pennsylvania limited liability company organized on February

4, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Glass Holdings LLC owns the HPB Glass Marks, confidential information, copyrights, and related intellectual property associated with the HPB Glass System. HPB Glass Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB iFoam Omaha LLC d/b/a iFoam Insulation 105, is a Nebraska limited liability company organized on May 12, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB iFoam Omaha LLC is a company owned iFoam franchisee.

Our affiliate HPB Lawn Care LLC d/b/a Heroes Lawn Care (“HPB Lawn Care”), is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since March 2022, HPB Lawn Care has franchised a business that offers and sells fertilization, irrigation, and pet waste removal services to residential and commercial customers under the marks “Heroes Lawn Care”, “Heroes Fertilizer Force”, “Heroes Irrigation Army”, and “Heroes Doody Duty”.

Our affiliate HPB Lawn Care Holdings LLC, is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Lawn Care Holdings LLC owns the Marks, confidential information, copyrights, and related intellectual property associated with the HPB Lawn Care System. HPB Lawn Care Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Lighting LLC d/b/a Blingle! and Blingle Premier Lighting (“HPB Lighting”), is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since November 2021, HPB Lighting has franchised a business that offers and sells holiday lighting, installation, maintenance, and storage to residential and commercial customers under the marks “Blingle!” and “Blingle Premier Lighting” (the “Blingle! Business”).

Our affiliate HPB Lighting Holdings LLC is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Lighting Holdings LLC owns the HPB Lighting Marks, confidential information, copyrights, and related intellectual property associated with the HPB Lighting System. HPB Lighting Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Marketing LLC d/b/a Franchise Procurement (“HPB Marketing”), is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Marketing engages in franchise procurement services and may provide these services to our franchisees and to franchisees of certain of our affiliates. HPB Marketing does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash (“HPB Painting”), is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since August 2022 HPB Painting has franchised a business that offers and sells painting and power washing services to residential and commercial customers under the mark “Groovy Hues Peace Love Paint Powerwash”.

Our affiliate HPB Painting Holdings LLC, is a Pennsylvania limited liability company organized on June 27, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Painting Holdings LLC owns the HPB Painting Marks, confidential information, copyrights, and related intellectual property associated with the HPB Painting System. HPB Painting Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Wholesale Lighting LLC (“HPB Wholesale Lighting”), is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Wholesale Lighting is a vendor of lighting inventory that is required to be purchased in order to operate the Blingle! Business. HPB Wholesale Lighting does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate MDR United LLC d/b/a Mighty Dog Roofing (“MDR”) is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since November 2020, MDR has franchised a business that offers and sells roofing services to residential and commercial customers under the mark “Mighty Dog Roofing”.

Our affiliate MDR United Holdings LLC is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. MDR United Holdings LLC owns the MDR Marks, confidential information, copyrights, and related intellectual property associated with the MDR System. MDR United Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate SVHB Marketing LLC d/b/a HorsePower Brands, a Pennsylvania limited liability company organized on May 13, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. SVHB Marketing LLC engages in franchise administration services. SVHB Marketing LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Except as noted above, we do not have any parent or affiliates that: (a) offer or operate franchises in any line of business; or (b) provide products or services to System franchisees.

Market and Competition

Your Varsity Zone Business will offer our Approved Products and Services to the public, which will include residential and commercial property owners, residential and commercial property builders, and property managers. The market for Approved Products and Services is well developed, and there will be competition from other national and regional chains and local businesses that offer HVAC services, and similar products and services within the Protected Territory you are granted. Our Approved Products and Services are seasonal and may be affected by climate, weather or other environmental conditions. Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service, in the operation of your Varsity Zone Business.

Industry Specific Regulations

Your Varsity Zone Business will be subject to laws and regulations in your state, county, or municipality regarding the operation of an HVAC business, which may include laws related to licenses or certifications associated with the installation, maintenance, or repair of an HVAC system or operation of your Varsity Zone Business. various states including Arizona, Florida, Massachusetts, and Nevada have contractors’

licensing laws, which apply generally to persons defined as “contractors” under applicable law. In addition, various states including California, Florida, Georgia, Indiana, Kentucky, Louisiana, Massachusetts, Michigan, New Jersey, New York, Ohio, Oklahoma, Texas, and West Virginia have laws which regulate the terms of home improvement contracts with customers. Your particular locality may require certain licenses, permits, or certifications to perform HVAC services or operate the Franchised Business. You are solely responsible for compliance with any license, permit, or certification requirement(s) under all applicable federal, state, or local laws related to HVAC services or operation of the Franchised Business and agree to pay any and all costs related to compliance with any license, permit, or certification requirement(s) under all applicable federal, state, or local laws related to HVAC services or operation of the Franchised Business. You should consult an attorney and/or your local city, county and state authorities about the specific legal license, permit, certificate, or related requirements for HVAC services and the Franchised Business. Additionally, you should consult an attorney and/or your local city, county and state authorities about the specific legal requirements for payment of sales tax and business licenses and related types of expenses. The Varsity Zone Business will also be subject to federal, state and local Occupational Safety and Health Administration (OSHA) and Environmental Protection Agency (EPA) regulations, and you must strictly comply with all federal, state, and local regulations regarding the use, handling, transportation, and disposal of hazardous materials.

There are federal, state and possibly local laws covering how to classify workers, for example, whether as independent contractors or employees, or as exempt or non-exempt, for different purposes, such as tax, wage and hour laws, unemployment compensation and workers’ compensation. These laws and regulations can vary from state to state, city to city and at the federal level, and could affect, in some instances materially, the operation of your Varsity Zone Business. You should investigate the application of these laws further.

ITEM 2 **BUSINESS EXPERIENCE**

Joshua Skolnick: Founding Partner

~~Joshua Skolnick is one of our Founding Partners and has held this position since our inception. From May 2020 until January 2021, Mr. Skolnick served as the Chief Executive Officer of our affiliate SVHB Marketing LLC d/b/a Horsepower Brands. From May 2020 until October 2021, Mr. Skolnick served as the Chief Executive Officer of our affiliate MDR United LLC. From May 2018 until June 2021, Mr. Skolnick served as the Chief Executive Officer of RedBox+ Franchising, LLC of Doylestown, Pennsylvania. From October 2011 until September 2021, Mr. Skolnick served as the founder, Chief Executive Officer and President of Monster Franchisee, LLC of Doylestown, Pennsylvania. From February 2005 until September 2020, Mr. Skolnick served as the founder, Chief Executive Officer and President of Monster Tree Services, Inc. of Doylestown, Pennsylvania.~~

Suave Brachowski: Group President

Suave Brachowski has served as our Group President since December 2025. Since December 2025, Mr. Brachowski has served as Group President for our affiliates HPB Lawn Care LLC and HPB Lighting LLC of Omaha, Nebraska. Since April 2025, Mr. Brachowski has served as Brand President for our affiliate HPB Lighting LLC of Omaha, Nebraska. Since May 2025, Mr. Brachowski has served our Brand President. From September 2022 until November 2024, Mr. Brachowski served as President for FDIE, LLC of Cleveland, Ohio. From September 2022 until November 2024, Mr. Brachowski served as Brand President for USA Insulation Franchise LLC, of Cleveland, Ohio. From February 2021 until September 2022, Mr.

Brachowski served as the Vice President of Franchise Operations for USA Insulation Franchise LLC. From January 2016 until January 2021, Mr. Brachowski served as Director of Franchise Support for USA Insulation Franchise LLC.

Christopher Phalen: Vice President of Development

Christopher Phalen has served as our Vice President of Franchise Development since July 2023. Since May 2023, Mr. Phalen has served as the Vice President of Franchise Development for our affiliate HPB Fencing LLC of Omaha, Nebraska. Since September 2022, Mr. Phalen has served as Vice President of Franchise Development of our affiliates HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, HPB Glass LLC, MDR United LLC, and SVHB Marketing LLC d/b/a Horsepower Brands, each of which is located in Omaha, Nebraska. From January 2022 until August 2022, Mr. Phalen served the Director of Franchise Development for our affiliate SVHB Marketing LLC d/b/a HorsePower Brands of Omaha, Nebraska. From January 2021 until January 2022, Mr. Phalen served as the Market Manager for Manpower Group of Omaha, Nebraska. From May 2017 until January 2021, Mr. Phalen served as the Sr. Business Development Manager for Cornerstone Staffing, Inc. of Omaha, Nebraska.

Anthony “Tony” Hulbert: Chief Executive Officer

Anthony Hulbert has served as our Chief Executive Officer since July 2023. Since May 2023, Mr. Hulbert has served as the Chief Executive Officer of our affiliate HPB Fencing LLC of Omaha, Nebraska. Since June 2022, Mr. Hulbert has served as the Chief Executive Officer of our affiliates HPB Blinds and Shutters LLC and HPB Glass LLC , each of which is located in Omaha, Nebraska. Since October 2021, Mr. Hulbert has served as the Chief Executive Officer our affiliates HPB Lighting LLC, HPB Painting LLC, HPB Foam LLC, HPB Lawn Care LLC, MDR United LLC, and SVHB Marketing LLC d/b/a Horsepower Brands , each of which is located in Omaha, Nebraska. From January 2021 until September 2021, Mr. Hulbert served as the Chief Financial Officer for us and our affiliate SVHB Marketing LLC d/b/a Horsepower Brands , each of which is located in Omaha, Nebraska. From October 2017 until January 2021, Mr. Hulbert served as the Vice President of Sales and Marketing for LinPepCo of Lincoln, Nebraska.

Donald Conway: President

Donald Conway has served as our President since January 2025. Since January 2025, Mr. Conway has served as President for our affiliates HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Glass LLC, HPB Foam LLC, MDR United LLC, and SVHB Marketing LLC d/b/a Horsepower Brands , each of which is located in Omaha, Nebraska. Since May 2023 until December 2024, Mr. Conway served as the Chief Operating Officer ~~effor~~ for us and our affiliates MDR United LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, HPB Glass LLC, and SVHB Marketing LLC d/b/a Horsepower Brands , each of which is located in Omaha, Nebraska. From February 2022 until April 2023, Mr. Conway served as the Brand President for our affiliate HPB Foam LLC of Omaha, Nebraska. From July 2021 until February 2022, Mr. Conway served as the Chief Financial Officer for Vio Security of Irving, Texas. From January 2016 until July 2021, Mr. Conway served as the Chief Financial Officer for Signal 88, LLC of Omaha, Nebraska.

Mark Stanek: Chief Operating Officer

Mark Stanek has served as our Chief Operating Officer since July 2023. Since May 2023, Mr. Stanek has served as the Chief Operating Officer of our affiliate HPB Fencing LLC of Omaha, Nebraska. Since June 2022, Mr. Stanek has served as the Chief Operating Officer of our affiliates HPB Blinds and

Shutters LLC and HPB Glass LLC, each of which is located in Omaha, Nebraska. Since April 2022, Mr. Stanek has served as the Chief Operating Officer of our affiliates HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, HPB Lighting LLC, MDR United LLC, and SVHB Marketing LLC d/b/a/Horsepower Brands, each of which is located in Omaha, Nebraska. From June 2021 until March 2022, Mr. Stanek served as our Brand President. From May 2019 until May 2021, Mr. Stanek served as the Chief Financial Officer for Sympateco Inc. of Omaha, Nebraska.

Michael Stillmock: Chief Financial Officer

~~Michael Stillmock has served as our Chief Financial Officer since July 2023. Since May 2023, Mr. Stillmock has served as the Chief Financial Officer for our affiliate HPB Fencing LLC of Omaha, Nebraska. Since June 2022, Mr. Stillmock has served as the Chief Financial Officer for our affiliates HPB Blinds and Shutters LLC and HPB Glass LLC, each of which is located in Omaha, Nebraska. Since December 2021, Mr. Stillmock has served as the Chief Financial Officer of our affiliates HPB Lawn Care LLC, HPB Painting LLC, HPB Lighting LLC, HPB Foam LLC, MDR United LLC, and SVHB Marketing LLC d/b/a/Horsepower Brands, each of which are in Omaha, Nebraska. From September 2021 until December 2021, Mr. Stillmock served as the Director of Due Diligence of our affiliate SVHB Marketing LLC d/b/a/Horsepower Brands of Omaha, Nebraska. From September 2021 until December 2021, Mr. Stillmock served as the Director of Sales and On-Boarding and our affiliates MDR United LLC and SVHB Marketing LLC d/b/a Horsepower Brands each of which is located in Omaha, Nebraska. From June 2019 until August 2021, Mr. Stillmock served as an Audit Manager for KPMG of Omaha, Nebraska.~~

Laura Vodvarka: Chief Marketing Officer

Laura Vodvarka has served as our Chief Marketing Officer since September 2023. Since September 2023, Mrs. Vodvarka has served as the Chief Marketing Officer of our affiliates HPB Blinds and Shutters LLC, HPB Fencing LLC, HPB Glass LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, MDR United LLC, and SVHB Marketing LLC d/b/a Horsepower Brands, each of which is located in Omaha, Nebraska. From January 2023 until August 2023, Mrs. Vodvarka served as the President of Customer Experience of our affiliate SVHB Marketing LLC d/b/a Horsepower Brands of Omaha, Nebraska. From May 2022 until December 2022, Mrs. Vodvarka served as the Brand President of our affiliate HPB Glass LLC of Omaha, Nebraska. From November 2020 until May 2022, Mrs. Vodvarka served as the Director of Franchise Development and Marketing for Clear Summit Group of Ontario, Toronto. From September 2007 until November 2020, Mrs. Vodvarka served as the Vice President of Innovation for Signal 88 of Omaha, Nebraska.

Michael McAllister: Group President

~~Michael McAllister has served as our Group President since December 2024. Since December 2024, Mr. McAllister has served as Group President for our affiliates HPB Glass LLC and HPB Foam LLC. From May 2024 until November 2024, Mr. McAllister has served as the Group President for our affiliates HPB Lawn Care LLC and HPB Lighting LLC. From March 2022 until November 2023, Mr. McAllister served as the Vice President of Operations for Line X of Huntsville, Alabama. From July 2019 to March 2022, Mr. McAllister served Director of Field Operations for Profile by Sanford of Sioux Falls, South Dakota.~~

Steve Pacholski: Brand President

~~Steve Pacholski has been our Brand President since March 2024. From August 2023 until December 2023, Mr. Pacholski served as the Director of Sales for Delta T LLC d/b/a Big Ass Fans of Lexington,~~

Kentucky. From April 2018 until July 2023, Mr. Pacholski served as the Director of Sales for Carrier Enterprise Central Plains Distributing of Omaha, Nebraska.

Thomas ‘Turp’ Ricketts Jr.: President of Franchise Development

Thomas ‘Turp’ Ricketts Jr. has served as our President of Franchise Development since March 2024. Since March 2024, Mr. Ricketts has served as our President of Franchise Development for our affiliates HPB Glass LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, MDR United LLC, and SVHB Marketing LLC d/b/a Horsepower Brands. From January 2021 until February 2024, Mr. Ricketts Jr. served as the Vice President of Franchise Development for us and our affiliates HPB Glass LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, MDR United LLC, and SVHB Marketing LLC d/b/a Horsepower Brands. From March 2020 until January 2021, Mr. Ricketts Jr. served as our Director of Franchise Development of SVHB Marketing LLC d/b/a Horsepower Brands. From January 2017 until February 2020, Mr. Ricketts Jr. served as the Franchise Lending Vertical Manager for UniFi Equipment Finance of Ann Arbor, Michigan.

Christopher Phalen: Vice President of Development

Christopher Phalen has served as our Vice President of Franchise Development since July 2023. Since May 2023, Mr. Phalen has served as the Vice President of Franchise Development for our affiliate HPB Fencing LLC. Since September 2022, Mr. Phalen has served as Vice President of Franchise Development of our affiliates HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, HPB Glass LLC, MDR United LLC, and SVHB Marketing LLC d/b/a Horsepower Brands. From January 2022 until August 2022, Mr. Phalen served the Director of Franchise Development for our affiliate SVHB Marketing LLC d/b/a HorsePower Brands. From January 2021 until January 2022, Mr. Phalen served as the Market Manager for Manpower Group of Omaha, Nebraska. From May 2017 until January 2021, Mr. Phalen served as the Sr. Business Development Manager for Cornerstone Staffing, Inc. of Omaha, Nebraska.

Courtney Reppert: Vice President of Franchise Development

Courtney Reppert has served as our Vice President of Franchise Development since June 2024. Since June 2024, Mrs. Reppert has served as the Vice President of Franchise Development for our affiliates HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, HPB Glass LLC, MDR United LLC, and SVHB Marketing LLC d/b/a Horsepower Brands. From March 2023 until June 2024, Mrs. Reppert served as Director of Development for our affiliate SVHB Marketing LLC d/b/a HorsePower Brands. From December 2022 until March 2023, Mrs. Reppert served as Vice President of Franchise Development for VODA Cleaning and Restoration of Virginia. From October 2022 until December 2022, Mrs. Reppert served as the Vice President of Franchise Development for Premium Service Brands of Charlottesville, Virginia. From November 2021 until September 2022, Mrs. Reppert served as Director of Franchise Development for our affiliate SVHB Marketing LLC d/b/a HorsePower Brands. From March 2019 until October 2021, Mrs. Reppert served as the Owner of S&C Nutrition Inc of Lynchburg, Virginia, Roanoke, Virginia, Portage, Michigan, and Lansing, Michigan.

Anthony Spagnola: Vice President of Franchise Development

Anthony Spagnola has served as the Vice President of Franchise Development since June 2024. Since June 2024, Mr. Spagnola has served as the Vice President of Franchise Development for our affiliates HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, HPB Glass LLC, MDR United LLC, and SVHB Marketing LLC d/b/a

Horsepower Brands. From June 2022 until May 2024, Mr. Spagnola served as Director of Franchise Development for our affiliate SVHB Marketing LLC d/b/a HorsePower Brands. From July 2021 until June 2022, Mr. Spagnola served as the Vice President of Sales for Metric Collective of New York, New York. From January 2020 until July 2021, Mr. Spagnola served as the Director of sales for Metric Collective of New York, New York. From December 2017 until July 2022, Mr. Spagnola served as the Partner & Advisor of Sweet Berry Bowls of Jersey City, New Jersey. From July 2018 until December 2020, Mr. Spagnola served as the Owner of Sweet Berry Bowls of Jersey City, New Jersey. From April 2016 to January 2020, Mr. Spagnola served as the Owner and a Consultant for Spags Consulting, LLC of Jersey City, New Jersey.

Philip Crutchfield: Founder

~~Philip Crutchfield has served as our Founder since December 2023. From May 2021 until December 2023, Mr. Crutchfield served as owner of Amped Services Plus, INC. of Sarasota, Florida.~~

ITEM 3 **LITIGATION**

Pending Actions:

1. ~~SmithJMR Capital Holdings, INC., et al. v. HPB Lawn CareMDR United LLC d/b/a Heroes Lawn Care et al. (E.D.Pa.N.J No. 2:2425-cv-4869). We were not named as a defendant in this case. 18583-JKS-MAH). On September 13, 2024December 12, 2025, Plaintiffs Jeffrey Smith and JGS One, JMR Capital Holdings Inc., former Heroes Lawn Care franchisees, MSG Contracting Corp., Scale Beyond LLC, and On Top Roofing Corp., filed a complaintcivil action in the U.S. District Court for the District of New Jersey (the "Complaint") against our affiliate, HPB Lawn Care LLC d/b/a Heroes Lawn Care (the franchisor of the Heroes Lawn Care franchise System), MDR United LLC, Joshua Hoffmann, Brandon Zurek, Josh Skolnick, Chris Phalen, Luke Schwartz, and Zach Beutler ("HPBThomas Ricketts (collectively, the "MDR Parties"), in the U.S. District Court for Eastern Pennsylvania. The Complaint asserts claims foralleged fraudulent misrepresentation, negligent misrepresentation, fraud in the inducement, breach of contract, breach of the implied covenant of good faith and fair dealing, and violations of the Ohio Business Opportunity Law. The Complaint seeksNew Jersey Consumer Fraud Act and Pennsylvania Unfair Trade Practices and Consumer Protection Law. Plaintiffs sought rescission of their franchise agreements, restitution, punitive or exemplary monetary damages, in an unspecified amount, and reasonable attorneys' fees, and other relief. In response, on September 30, 2024, and again October 17, 2024, HPB and costs. The litigation is pending, and no determination has been made. The MDR Parties sent Plaintiffs a Demand for Dismissal of the Complaint, citing, among other reasons, the failure deny the allegations and plan to comply with the mediation pre-condition to litigation. On January 27, 2025, Plaintiffs amended the initial Complaint. In response, on March 10, 2025, HPB parties filed a Defendants Memorandum in Reply to Plaintiffs' Response in Opposition to Defendants' Motion to Dismiss the Amended Complaint and Award Attorneys' Fees. HPB Parties will vigorously defend against the claims.~~

~~Schaefer, et al. v. HPB Foam LLC et al. (E.D.Pa. No. 2:24 cv 06298). We were not named as a defendant in this case. On November 25, 2024, Plaintiffs Werner Schaefer, Leah Schaefer, and Shepherd International Innovations, Inc., current iFoam franchisee, filed a complaint (the "Complaint") against our affiliate, HPB Foam LLC (the franchisor for the iFoam franchise system), our parent, SVHB Marketing LLC d/b/a HorsePower Brands, several of our affiliates, Josh Skolnick, Zach Beutler, and Tony Hulbert ("HPB Parties"), in the U.S. District Court for Eastern Pennsylvania. The Complaint asserts claims for fraud/intentional misrepresentation, negligent misrepresentation, breach of contract and the implied~~

~~covenant of good faith and fair dealing, violations of the Texas Deceptive Trade Practices Act, and violations of the Pennsylvania Unfair Trade Practices and Consumer Protection Law. The Complaint seeks rescission of the franchise agreements, rescission damages, actual damages, declaratory judgment, punitive or exemplary damages, attorneys' fees, and other relief. On February 3, 2025 HPB parties filed a Motion to Dismiss seeking to dismiss the case in its entirety. On March 7, 2025 Plaintiff filed an amendment to the initial Complaint. In response, on April 4, 2025 HPB Parties filed a Motion to Dismiss the entire case. HPB Parties will vigorously defend against the claims.~~

Concluded Actions: None

Material Civil Actions During the Prior Fiscal Year involving our Parent, Affiliates and Certain Item 2 persons: *None*

1. Beutler Holdings, LLC and Zachery Beutler v. Joshua Skolnick, Skolnick Holdings, LLC, and JEZ Investments, LLC (American Arbitration Association, Omaha, Nebraska). On December 8, 2025, Beutler Holdings, LLC and Zachery Beutler (collectively, the "Claimants") filed a demand for arbitration with the American Arbitration Association in Omaha, Nebraska against Joshua Skolnick, Skolnick Holdings, LLC, and JEZ Investments, LLC (collectively, the "Respondents"). The arbitration arises out of disputes concerning the governance, ownership interests, and operation of JEZ Investments, LLC. The Claimants assert claims for fraudulent misrepresentation, declaratory judgment, minority oppression, breach of the fiduciary duty of good faith and fair dealing, breach of the fiduciary duty of care, statutory dissolution, and breach of the second operating agreement. The Claimants seek, among other relief, rescission of the second operating agreement, monetary damages in an unspecified amount, declaratory relief regarding ownership interests, dissolution of JEZ Investments, LLC, and reasonable attorneys' fees and costs. The Respondents deny the allegations and contend that the claims are barred by, and subject to, the terms of the governing operating agreement. The arbitration is pending, and no determination has been made. The Respondents plan to vigorously defend against this arbitration demand.

Other than the actions disclosed above, no litigation is required to be disclosed in this Item. ~~We estimate that as of the date of this Disclosure Document, the franchisees that have filed actions against us and our affiliates in connection with the franchise relationship constitute 0.6% of the total number of system-wide franchisees of our parent company SVHB Marketing LLC d/b/a HorsePower Brands.~~

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 \$59,500 (the "Initial Franchise Fee") when you sign the Franchise Agreement, which includes a Protected Territory of approximately 200,000 in total general population. The Initial Franchise Fee is paid in a lump sum, but we may finance up to sixty percent (60%) of this for your second Protected Territory and up to eighty percent (80%) of this fee for your third, fourth, and fifth Protected Territory(ies) (see Item 10 for financing terms).

You may purchase additional units each with a stand-alone territory containing approximately 200,000 of general population per territory ~~by paying us the following initial fee.~~ The amount of the Initial Franchise Fee will depend on the number of Protected Territories you purchase and is calculated as follows:

Territories	Cumulative Initial Franchise Fees	Individual Franchise Fee	Cumulative General Population
#1	\$59,500	\$59,500	200,000
#2	\$99,500	\$40,000	400,000
#3	\$134,500	\$35,000	600,000
#4	\$164,500	\$30,000	800,000
#5	\$194,500	\$30,000	1,000,000

You must sign a separate franchise agreement for each Protected Territory purchased. The Initial Franchise Fee is nonrefundable. The Initial Franchise Fee is uniformly imposed and deemed fully earned upon execution of your Franchise Agreement. The Initial Franchise Fee covers the costs of marketing, sales, and administrative services incurred or paid by Franchisor, including fees and expenses paid by Franchisor to third-party networks, consultants, brokers, and HorsePower Nation LLC. If the cumulative general population figures used to calculate your Protected Territory exceed the cumulative general population figures set forth in the chart above, you are required to pay, in addition to your Initial Franchise Fee, an overage fee in an amount equal to the number of excess cumulative general population multiplied by thirty cents (\$0.30) per individual.

In the event that you are an existing franchisee of one of our current or future affiliates, your Initial Franchise Fee may be discounted, at Franchisor's discretion.

All fees and expenses described in this Item 5 are nonrefundable. Except as otherwise indicated in the chart above, we expect to uniformly impose all fees and expenses listed for all franchisees who purchase a franchise under this Disclosure Document, and they are payable to us in lump sum and are deemed fully earned upon receipt by us.

Emerging Business Academy Fee. Prior to opening, you must pay us an Emerging Business Academy training fee of \$9,995 (the "Emerging Business Academy Fee"). The Emerging Business Academy covers the costs of attendance for the Emerging Business Academy, administered by BDR. If you purchase more than one (1) Protected Territory, you are only required to pay one Emerging Business Academy Fee.

Brand Marketing Fee. Within forty-five (45) days after execution of the Franchise Agreement, you must pay us, or an affiliate (as we designate), a brand marketing fee ("Brand Marketing Fee") of \$15,500. The Brand Marketing Fee covers the costs of creation, production and distribution of brand marketing assets, strategies and other materials or activities in any medium, which may include, but not limited to, the internet, social media, search engine optimization, video production, photography, campaign development and related advertising or marketing expenses, including administration expenses, in accordance with our brand standards and specifications, as more fully set forth in our Operations Manual. If you purchase more than one (1) Protected Territory you are only required to pay one (1) Brand Marketing Fee. This is a one-time fee.

Tuition Fee. Within forty-five (45) days after execution of the Franchise Agreement, you must pay us our then current initial training Tuition Fee (defined herein) of \$4,995 to attend our Initial Training Program (defined herein), for you and up to two (2) additional representatives you designate, one of which must be your general manager or Designated Manager (defined herein). This is a one-time fee. The Tuition Fee

covers the costs of training, lodging, and certain meals during the Initial Training Program. If you purchase more than one (1) Protected Territory, you are only required to pay one Tuition Fee for the Initial Training Program for you and up to two (2) additional attendees.

Technology Fee. You must pay us or a Designated Vendor a monthly Technology Fee. As of the date of this Disclosure Document, the current monthly Technology Fee is \$1,100. We reserve the right to modify the Technology Fee as new technology and software becomes available and/or we modify the technology and software requirements that you must use for the Varsity Zone Business, and to designate and/or change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

ZeePartnerships Fee. Within forty-five (45) days after execution of the Franchise Agreement, you must pay to us a one-time zeepartnerships fee (the “ZeePartnerships Fee”) of \$5,000. The ZeePartnerships Fee covers the costs of building, developing, and maintaining national and regional strategic partnerships that assist in promoting brand awareness and creating lead generation opportunities. If you purchase more than one (1) Protected Territory, you are only required to pay one ZeePartnerships Fee.

Except as described above, all the fees described in Item 5 are uniformly calculated and imposed.

ITEM 6
OTHER FEES

THE AMOUNTS SET FORTH BELOW IN THIS ITEM 6 ARE SUBJECT TO CHANGE.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	The greater of (i) Royalty Percentage of Gross Revenues; or (ii) the Minimum Royalty Fee.	Monthly via Electronic Funds Transfer from your bank account.	See Note 1 See Note 2 for Minimum Royalty Fee structure
Technology Fee	The then-current ongoing Technology Fee. Currently, the Technology Fee is \$1,100 per month.	Billed monthly.	See Note 3
Late Payment	The then-current late fee. Currently, \$100 per incident plus 1½% interest per month, or maximum allowed by law.	When payment is past due.	See Note 4
Initial Training	The then-current initial training Tuition Fee. Currently the Tuition Fee is \$4,995 and includes training, lodging, and certain meals during formal training sessions, for up to three total (3) attendees (franchisee plus two (2) additional attendees).	Within forty-five (45) days after execution of the Franchise Agreement.	See Note 5

Assistance Training Fee	The then-current Assistance Training Fee. Currently, \$500 per day per person.	Before assistance or refresher training begins.	See Note 5
Emerging Business Academy	The then-current Emerging Business Academy fee Currently, \$9,995	Before opening.	Note 6
Renewal Fee	20% of the then-current Initial Franchise Fee per Protected Territory that is being renewed.	Upon signing new franchise agreement.	See Note 7
Transfer Fee	20% of the then-current Initial Franchise Fee per Protected Territory that is being transferred, subject to state law.	Prior to the time of the transfer.	See Note 8
Temporary Management Fee	In the event of Franchisee's death, disability, absence or otherwise, we reserve the right operate Franchisee's Franchised Business on behalf of Franchisee. Franchisee must reimburse us for our management services.	As incurred.	See Note 9
Attorneys' Fees and Costs	Reimbursement for our actual fees and costs.	Upon receipt of bill.	See Note 10
Supplier and/or Non-Approved Product Approval	Reimbursement of actual costs incurred in reviewing any alternate supplier or non-approved product you propose.	As incurred.	See Note 11
Software Updates	Actual costs of updated software programs and training (if applicable).	Upon receipt of bill.	See Note 12
Audit Costs	Actual costs of audit.	Upon receipt of bill.	See Note 13
Taxes on Payments	Actual costs of taxes imposed on payments	As incurred.	See Note 14
Indemnification	Actual costs of indemnification.	Upon receipt of bill.	See Note 15
Brand Fund Contribution	Currently not assessed.	As incurred.	See Note 16
Local Advertising Deficiency	<i>Payable only if you fail to perform the Local Advertising Expenditure Requirement.</i> You are required to spend at least \$20,000 within the first ninety (90) days of commencing operations on Initial Marketing Expenditure Requirement. Thereafter on a monthly basis, the greater of either: (i) \$2,000 per month; or (ii) 5% of your monthly Gross Revenues Collected, on Local Advertising Expenditure Requirement.	As incurred.	See Note 17

Insurance Reimbursement	Cost to obtain and maintain required insurance under the Franchise Agreement, plus a service fee (if we are forced to obtain the required insurance for you on your behalf).	As incurred.	See Note 18
Annual Conference	The then-current annual conference fee per person. Currently, \$1,000 per person.	As incurred.	See Note 19
Termination/Expiration Expenses	The costs and expenses you incur in complying with your post-termination/expiration obligations under the Franchise Agreement.	Upon receipt of bill.	See Note 20
Liquidated Damages	Will vary depending on the circumstances	As incurred.	See Note 21
Accounting Services Fee	The then-current Accounting Services Fee. Currently, \$440 per month, plus additional monthly fees and a one-time setup fee of \$399.	Billed monthly.	See Note 22
Outstanding Account Receivable Fee	15% of amount collected.	As incurred.	See Note 23
Contact Center Fee	The then-current Contact Center Fee. Currently, the Contact Center Fee is \$300 per month plus additional fees.	Billed monthly.	See Note 24
Brand Marketing Fee	The then-current Brand Marketing Fee. Currently, the Brand Marketing Fee is \$15,500.	Within forty-five (45) days after execution of the Franchise Agreement, for the first 12 months of invoices.	See Note 25
Digital Management Fee	The then-current Digital Management Fee. Currently, \$500 per month.	Billed monthly.	See Note 26
Special Software Fee	The then-current Special Software Fee Currently, \$300 per month	Billed monthly.	See Note 27

Explanatory Notes:

1. General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates (as we designate) or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we expect to uniformly impose all fees and expenses listed for all franchisees who purchase a franchise under this Disclosure Document, and they are payable to us and are fully earned upon receipt by us.

Manner of Payment. All sales and work orders must be inputted into the POS System. With the exception of the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the “EFT Program”), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the “EFT Account”). You must immediately deposit all revenues from operations of your Varsity Zone Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. Upon execution of the Franchise Agreement, you must provide us with: (i) your bank’s name, address, and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account.

We reserve the right to require you to report and pay any fees due under by other means as we may specify from time to time. We reserve the right to require you to provide us with verified Gross Revenue Reports in the event we are unable to process an electronic funds transfer based upon information you input you into the POS System. Each Gross Revenue Report must set forth: (i) your Gross Revenues Collected generated during the previous month; (ii) your calculation of the Royalty; and (iii) any other information we may require. We may change the form and content of the Gross Revenue Reports from time to time and/or require you to submit Gross Revenue Reports on a monthly basis, upon notice to you. If a Gross Revenue Report is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations. Additionally, you must send us monthly finalized profit and loss statements by the 21st of the following month. Failure to do so upon 14 days’ written notice is grounds for termination of the Franchise Agreement.

2. Royalty Fee. You must pay us a monthly royalty fee (the “Royalty”) deducted via the EFT Program in an amount equal to the greater of:

- i. The applicable tiered percentage of Gross Revenue Collected during the immediately preceding month based on January 1 through December 31 Calendar year-to-date Gross Revenues (the “Royalty Percentage”) (see table below); or

Tier	Year-to-Date Gross Revenue	Royalty Percentage
1	\$0 - \$1,000,000	5%
2	\$1,000,001 - \$3,000,000	4%
3	\$3,000,001 and above	3%

- ii. The applicable monthly minimum royalty fee (“Minimum Royalty”), as described below.

Minimum Royalty Fees. The monthly Minimum Royalty is: (i) \$500 per month for the period beginning on the one-year anniversary of the Effective Date and continuing through the remainder of the Term. Notwithstanding the foregoing, after the expiration of the fifth year of the Term, Franchisor has the right to increase the monthly Minimum Royalty for each of the sixth, seventh, eighth, ninth, and tenth year of Term, in an amount not to exceed ten percent (10%) of the Minimum Royalty payable during the immediately preceding year of the Term.

If you are a party to more than one Franchise Agreement with Franchisor, you are required to pay the

Minimum Royalty due under each such Franchise Agreement for each Protected Territory.

Failure to pay the required Royalty constitutes a material breach of your obligations under the Franchise Agreement. Without limiting your obligations under Franchise Agreement and/or Franchisor's rights under this Agreement, at the end of each calendar year, Franchisor may conduct a review of the Royalty fees you paid to Franchisor during such calendar year and if Franchisor determines you failed to pay the required Minimum Royalty, you must pay the difference immediately upon your receipt of an invoice from Franchisor. Franchisor reserves the right to true-up all Royalty payments at any time and at any interval.

In addition to any and all other remedies available to Franchisor under the Franchise Agreement (including Franchisor's right to terminate) and applicable law, if you do not pay to Franchisor the required Royalty fee, Franchisor has the right to reduce, modify or eliminate the Protected Territory rights granted to you under the Franchise Agreement as an alternative remedy option.

If you elect to renew the Franchise Agreement after the expiration of the Term (which renewal is subject to your compliance with the renewal conditions set forth in the Franchise Agreement) the Royalty may be increased for the renewal term and will, in no event, be less than the Minimum Royalty you were required to pay to us during the last year of the Term; provided, however, the increase for the first year of the renewal term will be limited to a ten percent (10%) increase over the Royalty due during the last year of the Term (except as otherwise provided in any renewal agreement).

"Gross Revenues Collected" means any and all revenue or other compensation actually collected by Franchisee from customers of the Franchised Business.

"Gross Revenues" are defined in the Franchise Agreement to include all income of any type or nature and from any source that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of the Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds. Gross Revenues shall also include the total amount of all sales for labor, material, equipment and/or services performed or rendered by: (a) Franchisee, or (b) any third-party subcontractors or agents of Franchisee who perform services for Franchisee's customers or clients as part of Franchisee's services. Gross Sales shall also include all commissions, finder's fees, referral fees, construction management fees or other compensation received by Franchisee on the value of any work performed. Franchisee agrees that all Royalty fees, including any Minimum Royalty fees, are non-refundable. However, the definition of Gross Revenues does not include sales tax that is collected from customers and transmitted to the appropriate taxing authorities.

Special Programs. Franchisor reserves the right, but not the obligation, to establish special programs that reward franchisees for meeting certain criteria. In the event Franchisor establishes any special programs, Franchisor will have the right, in Franchisor's sole discretion, to change, modify or dissolve any special programs upon notice to Franchisee.

Royalty Incentive Programs. Franchisor reserves the right, but not the obligation, to offer royalty incentive programs for the benefit of qualifying franchisees. To qualify for such programs, Franchisee must satisfy Franchisor's then-current specifications and standards as provided in the Operations Manual or otherwise in writing by Franchisor. Franchisor reserves the right to modify, supplement, or terminate any royalty incentive programs upon notice to Franchisee.

3. Technology Fee. As noted in Item 5, you must pay us or a Designated Vendor a monthly Technology Fee. As of the date of this Disclosure Document, the current monthly Technology Fee is \$1,100. We reserve the right to modify the Technology Fee as new technology and software becomes available and/or we modify the technology and software requirements that you must use for the Varsity Zone Business, and to designate and/or change the amount (not to exceed a 10% increase), scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

4. Late Payment. If you fail to timely pay your Royalty fee or other fee owed to us (under the Franchise Agreement or otherwise), then you are subject to our then-current late fee, currently of \$100 per incident plus 1.5% interest per month of the unpaid balance, or the maximum permitted by law, whichever is greater. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Late Payment, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

5. Initial Training. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us our initial training tuition fee (“Tuition Fee”) to attend our initial training program (the “Initial Training Program”), for you and up to two (2) additional representatives you designate, one of which must be your general manager or Designated Manager. As of the date of this Disclosure Document, the current Tuition Fee for the Initial Training Program is \$4,995. The Tuition Fee covers the costs of training, lodging, and certain meals during the Initial Training Program, however, the Tuition Fee does not include travel expenses, meals outside of the formal Initial Training Program hours, and other living or miscellaneous expenses you may incur during the time of training. Any additional personnel, or replacement personnel, you wish to attend Initial Training Program must pay an additional \$2,500 per person to our Initial Training Program (subject to class availability and the schedule/availability of our personnel). We may also establish additional assistance and/or refresher training, as we deem necessary from time to time, and make your attendance at this training mandatory or discretionary. In the event you wish (or are required) to attend any additional assistance or refresher training, we may charge you our then-current additional assistance or refresher training fee (“Assistance Training Fee”) to attend this training (subject to class availability and the schedule/availability of our personnel) and reserve the right to charge our then-current Assistance Training Fee, which currently is \$500 per person per day. Except as expressly set forth above or herein, you are responsible for all out-of-pocket expenses (including travel costs, if any) incurred in connection with your and any of your personnel’s attendance at the Initial Training Program, as well as any additional assistance and/or refresher training we conduct. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Tuition Fee and Assistance Training Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

6. Emerging Business Academy Fee. As noted in Item 5, prior to opening, you must pay us an Emerging Business Academy Fee. As of the date of this Disclosure Document, the current Emerging Business Academy Fee is \$9,995. See Item 11 of this Disclosure Document for additional information regarding the Emerging Business Academy training.

7. Renewal Fee. Before we will approve the renewal of your Franchise Agreement, you must pay us a renewal fee equal to 20% of our Initial Franchise Fee. We have a number of additional conditions that you must meet in order to renew your Franchise Agreement, including without limitation: (i) providing us with written notice of your intent to renew no less than 6 months prior to the expiration of the term of the then-current Franchise Agreement; (ii) executing our then-current form of Franchise Agreement, the terms of which may materially differ from your current agreement; (iii) substantially complying with your Franchise Agreement during the existing term; and (iv) executing our prescribed form of general release in favor of us. See Item 17 in this Disclosure Document for additional information regarding

renewal.

8. Transfer Fee. You must pay us a transfer fee equal to 20% of our then-current Initial Franchise Fee per Protected Territory that is being transferred to transferee, subject to state law. In the event you transfer multiple Protected Territories at once, we reserve the right, but have no obligation, to reduce the transfer fee for any of the Protected Territories being transferred, and by any amount. If a third-party broker locates the transferee, you will also be solely responsible for any broker fees associated with the transfer. There are other conditions for transfer and all conditions must be met before the transfer is approved by us. Provided certain conditions are met, we will not charge you a transfer fee if you are an individual and transfer ownership to a corporation or limited liability company that you control. See Item 17 in this Disclosure Document for additional information regarding transfer.

9. Temporary Management Fee. In the event of Franchisee's death, disability, absence or otherwise, we reserve the right to operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as we determine, 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 we determine from time-to-time. We may pay ourselves a reasonable amount to reimburse us for our management services and other costs. We may obtain approval of a court or arbitrator for any such arrangements, the attorneys' 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 us 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.

10. Attorneys' Fees and Costs. If we prevail in any action or other legal/administrative proceeding brought against you arising out of the Franchise Agreement or any other agreement with us, you must reimburse us for our reasonable attorneys' fees and other costs paid that we incurred in such proceedings in the event we prevail. If you bring any legal action to interpret or enforce the terms of the Franchise Agreement or any other agreement with us, and your claim in such action is denied or the action is dismissed, then we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending the matter, and to have such an amount awarded as part of the judgment in the proceeding.

11. Supplier and/or Non-Approved Product Approval. We reserve the right to charge you a fee for reviewing any non-approved supplier of any vehicles, supplies, equipment, inventory or services, as well as any non-approved product, which you propose for use in connection with the Varsity Zone Business. If we determine that it is necessary to inspect the supplier's facilities or conduct tests, we may require you or the supplier to pay the actual costs we incur for such inspection and testing. Please see Item 8 of this Disclosure Document for additional information regarding our approval process for alternate suppliers or non-approved products.

12. Software Updates. You must purchase all updates for your third-party software programs, as sent to you by the software provider(s). We may also send you software updates, as we deem necessary in our sole discretion, or other materials that we may develop in connection with the System or System software that we require you to purchase.

13. Audit Costs. You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Varsity Zone Business. We and our designees retain the right to inspect and/or audit your business records at any time during normal business hours, without notice, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of

the Franchise Agreement and Operations Manual. In the event any such audit discloses an understatement of amounts reported or paid to us, you agree to pay to us the amount due, plus interest (at the rate and on the terms provided for herein) from the date originally due until the date of payment. Furthermore, you must reimburse us for our costs and expenses associated with conducting the audit in the event: (i) such audit is made necessary by your failure to timely furnish reports, supporting records, other information or financial statements required under the Franchise Agreement; or (ii) if that audit reveals an understatement of greater than 2%. These costs and expenses include, without limitation, our legal and accounting fees, travel, lodging and meal expenses and applicable per diem charges for our employees. The foregoing remedies are in addition to our other remedies and rights under the Franchise Agreement and/or applicable law. In the event any audit reveals that your information has been inaccurately reported, we reserve the right to audit other entities owned, controlled by, or affiliated with you.

14. Taxes on Payments. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to us, Franchisee must, in addition to all payments due to us, pay such tax, levy or assessment.

15. Indemnification. You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising out of, or related to, the operation of your Varsity Zone Business, including warranty claims. Your indemnification obligations are described more fully in the Franchise Agreement.

16. Brand Fund Contribution. We reserve the right to establish our Brand Fund (defined herein). If established, you will be required to contribute the then-current Brand Fund Contribution in the manner we prescribe. The Brand Fund Contribution shall not exceed 3% of your monthly Gross Revenues Collected, nor shall the sum of the Brand Fund Contribution and the Royalty fee exceed the then-current Royalty fee immediately preceding establishment of the Brand Fund, as a percentage of monthly Gross Revenues Collected. The Brand Fund Contribution must be paid to us each month in the same manner as you are required to pay your Royalty. We reserve the right to modify the Brand Fund Contribution and/or modify the digital marketing and advertising requirements that you must use for your Varsity Zone Business, and to designate and/or change the amount, scope, or manner of payment of the Brand Fund Contribution, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days). Please see Item 11 of this Disclosure Document for additional information regarding the Brand Fund and your other advertising/marketing obligations.

17. Local Advertising Deficiency. You are required to spend at least \$20,000 during the first ninety (90) days of operations of your Varsity Zone Business to satisfy your advertising requirements for the initial marketing expenditure requirement (“Initial Marketing Expenditure Requirement”). Additionally, after the first ninety (90) days of operations of your Varsity Zone Business, and for the remainder of the term of the Franchise Agreement, you must spend the greater of (i) \$2,000 per month, or (ii) 5% of monthly Gross Revenue Collected on Local Advertising Expenditures within your Protected Territory (collectively, “Local Advertising Expenditure Requirement”), of which, a minimum of \$2,000 per month must be spent on advertising, marketing, and/or related expenses, through our affiliate, or our designated vendor (as we designate) (however the above does not contemplate or include your required monthly Digital Management Fee, see section 11(e)(4) of this Disclosure Document). You must submit to us, upon our request, evidence of your Initial Marketing Expenditure Requirement and Local Advertising Expenditure Requirement. We have the right to review your books and records to determine these expenditures. We must approve all advertising and promotional materials prior to your use or distribution. If you do not expend the required Local Advertising Expenditure Requirement, we have the right to require you to pay the deficiency amount to us, which we may use to expend directly, locally in your market, or we may require that

you pay the deficiency to the Brand Fund, if established. Please see Item 11 of this Disclosure Document for additional information.

18. Insurance Reimbursement. You must obtain and maintain certain insurance in connection with your Varsity Zone Business from our designated vendor. If you fail to obtain the required levels of insurance, we may obtain such insurance on your behalf and require that you reimburse us for the costs associated with obtaining this insurance for you, as well as pay us a service fee in connection with obtaining this insurance. Additionally, you agree not to permit any third-party subcontractor to perform any work or offer any services on your behalf unless such subcontractor maintains insurance coverage in such amounts and types as we require you to maintain, with the specific addition that subcontractors cannot exclude principals from its Workers' Compensation coverage and that liability policies name us as an additional insured. You agree to maintain evidence that such insurance by subcontractors is in effect and to provide such proof of insurance as we may require, in our sole discretion, from time to time. See Item 8 for more information regarding our insurance requirements. We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by Franchisor to operate the Varsity Zone Business.

19. Annual Conference. We hold an annual conference for our System (the "Annual Conference") and require that you and your management (if applicable) attend this Annual Conference and pay us our then-current registration fee per person. As of the date of this Disclosure Document the fee for the Annual Conference is \$1,000 per person. You will be charged \$1,000 if you do not register for the Annual Conference by the deadline. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Annual Conference, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

20. Post-Termination or Post-Expiration Expenses. Upon termination, expiration, non-renewal, and/or transfer of the Franchise Agreement, you are responsible for the costs associated with de-identifying yourself and your Varsity Zone Business from the Varsity Zone System. Additionally, we may elect to take steps to modify, alter or de-identify your Varsity Zone Business. If we do so, you must also reimburse us for our costs and expenses.

21. Liquidated Damages. If the Franchise Agreement is terminated as a result of Franchisee's default before the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by us because of the unpredictability of future business conditions, inflationary prices, the impact on our reputation from having closed a franchised business, our ability to replace the Franchised Business in the same market and other factors. Accordingly, if the Franchise Agreement is terminated as a result of any default by Franchisee, we will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the greater of: (a) \$150,000; or (b) the aggregate royalty and other ongoing fees due to us under the Franchise Agreement (the "Continuing Fees") during the thirty-six (36) full calendar months during which the Franchised Business was open and operating immediately before the termination date (or, if the Franchised Business has not been open and operating for thirty-six (36) months before the termination date, the average monthly Continuing Fees due to us for all months during which the Franchised Business was open and operating) multiplied by thirty-six (36) or the number of months remaining in the then-current term of the Franchise Agreement, whichever is less. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then we may pursue all other available remedies, including claims for lost future royalty fees.

22. Accounting Services Fee. You must pay our designated affiliate HPB Accounting LLC d/b/a ZeeBOOKS, a monthly fee for bookkeeping, payroll, and certain billing services, excluding the monthly

subscription fees set forth below (“Accounting Services Fee”). As of the date of this Disclosure Document the current monthly Accounting Services Fee is \$440 per month. We reserve the right to increase your required spend on the Accounting Services Fee up to 0.5% of your total Gross Revenues Collected. The Accounting Services Fee estimate does not include the costs of: (i) your required monthly subscription to online accounting software, which is currently \$60 per month per user; (ii) your required monthly payroll fee, which is currently \$70 per month; or (iii) a one-time setup fee of \$399. All Accounting Services Fees and other fees that you must pay are subject to change at any time. We reserve the right to modify the Accounting Services Fee as new bookkeeping resources and technology becomes available or changes, and/or modify the bookkeeping requirements that you must use for your iFoam Business at any time upon providing reasonable notice. We also reserve the right to designate and/or change the amount (not to exceed a 10% increase), scope, structure, or manner of payment of the Accounting Services Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days). We also reserve the right to require franchisees to use our affiliate or designated vendors for payroll, sales tax filing, and other related services.

23. Outstanding A/R Collection Fee. We have the right to assist you in collecting outstanding balances from your customer for amounts more than 60 days past due. If we assist in collecting such outstanding amounts, you must pay us a fee in the amount of 15% of the amount collected.

24. Contact Center Fee. You must pay our designated vendor a monthly contact center fee (the “Contact Center Fee”). As of the date of this Disclosure Document the current monthly Contact Center Fee is \$300 per month plus \$23 per appointment. You must also pay a one-time startup fee of \$300. The Contact Center Fee covers the management, processing, and routing of prospective and existing Varsity Zone customer contacts, communications, inquiries, and work orders. We reserve the right to (a) modify the Contact Center Fee as new contact center, communication, or order processing technology and software becomes available or changes, and/or (b) modify the contact center requirements that Franchisee must use for the Varsity Zone Business, and (c) designate and/or change the amount, (not to exceed a 10% increase), scope, or manner of payment of the Contact Center Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

25. Brand Marketing Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us or our affiliate (as we designate) a Brand Marketing Fee of \$15,500. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Brand Marketing Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

26. Digital Management Fee. You must pay our affiliate, or our designated vendor (as we designate), a monthly digital management fee (the “Digital Management Fee”). Currently, the Digital Management Fee is a monthly fee of \$500. The Digital Management Fee covers the costs of digital marketing and website management. We reserve the right to (a) modify the Digital Management Fee as new digital marketing and advertising technology and software becomes available or changes, and/or (b) modify the digital marketing and advertising requirements that you must use for the Varsity Zone Business, and (c) designate and/or change the amount (not to exceed a 10% increase), scope, or manner of payment of the Digital Management Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

27. Special Software Fee. You must pay our Designated Vendor(s) (as we designate) a monthly special software fee (the “Special Software Fee”). Currently, the Special Software Fee is \$300 per month. The Special Software Fee covers access to, and use of, special software platforms and programs, including, but not limited to artificial intelligence, as required by us, and in accordance with our standards and specifications. We reserve the right to modify the Special Software Fee as new technology and software

becomes available and/or we modify the technology and software requirements that you must use for the Varsity Zone Business, and to designate and/or change the amount, scope, or manner of payment of the Special Software Fee, any time upon providing reasonable notice (which need not exceed 30 days).

ITEM 7
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE VARSITY ZONE FRANCHISED BUSINESS IN A SINGLE PROTECTED TERRITORY

Type of Expenditure	Amount		Method of Payment	When Due	Payment Payable
	Low	High			
Initial Fee ⁽¹⁾	\$59,500	\$59,500	Lump Sum	At Signing of the Franchise Agreement.	Us
Insurance (90 days) ⁽²⁾	\$5,000	\$7,500	As Arranged	Before Opening.	Designated Vendor
Tuition Fee ⁽³⁾	\$4,995	\$4,995	Lump Sum	Within forty-five (45) days after execution of the Franchise Agreement.	Us
Travel and Living Expenses while Training ⁽⁴⁾	\$1,500	\$3,500	As Incurred	Before opening.	Third-Party Providers
Emerging Business Academy ⁽⁵⁾	\$9,995	\$9,995	Lump Sum	Before opening.	Designated Vendor
Opening Package ⁽⁶⁾	\$5,000	\$6,500	Lump Sum	Before opening.	Approved Suppliers, Designated Vendors or Third-Party Providers
Initial Inventory Package ⁽⁷⁾	\$5,000	\$7,500	Lump Sum	Before opening.	Approved Suppliers, Designated Vendors or Third-Party Providers
Rent and Utilities (90 days) ⁽⁸⁾	\$7,000	\$15,000	As Incurred	Before opening.	Landlord and Utility Providers
Vehicles ⁽⁹⁾	\$35,547	\$40,880	As Incurred	As required by Suppliers or Us or affiliate.	Approved Suppliers, which may include Us or an affiliate
Licenses Certificates and Permits ⁽¹⁰⁾	\$0	\$5,000	As Incurred	Before opening.	Licensing Authorities

Professional Fees ⁽¹¹⁾	\$1,000	\$10,500	As Incurred	Before opening.	Third-Party Providers (Attorneys / Accountants)
Technology Fee ⁽¹²⁾	\$3,300	\$3,300	As Incurred	Paid monthly.	Us or Designated Vendor
Special Software Fee ⁽¹³⁾	\$900	\$900	As Incurred	Paid monthly.	Designated Vendor
Contact Center Fee ⁽¹⁴⁾	\$1,200	\$3,500	As Incurred	Paid monthly.	Designated Vendors
Dues and Subscriptions ⁽¹⁵⁾	\$0	\$1,000	Lump Sum	Before opening.	Business and Construction or Contracting Associations
Leasehold Improvements ⁽¹⁶⁾	\$0	\$5,000	As Incurred	Before opening.	Third Party Providers
Brand Marketing Fee ⁽¹⁷⁾	\$15,500	\$15,500	Lump Sum	Within forty-five (45) days after execution of the Franchise Agreement.	Us or affiliate
Initial Marketing Expenditure and Local Advertising Expenditure (90 days) ⁽¹⁸⁾	\$20,000	\$20,000	Lump Sum	Before opening.	Third-Party Providers or Designated Vendors
Digital Management Fee ⁽¹⁹⁾	\$1,500	\$1,500	As Incurred	Paid monthly.	Affiliate or Designated Vendor
Accounting Services Fee ⁽²⁰⁾	\$2,109	\$2,109	As Incurred	Paid monthly.	ZeeBooks
ZeePartnerships Fee ⁽²¹⁾	\$5,000	\$5,000	As Incurred	Within forty-five (45) days after execution of the Franchise Agreement.	Us
Additional Funds (90 days) ⁽²²⁾	\$20,000	\$40,000	As Incurred	After opening.	Employees, Suppliers, etc.
Total⁽²³⁾	\$204,046	\$268,679			

Explanatory Notes:

Generally. All fees and payments described above are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on several factors, including market condition and the geographic location of your Varsity Zone Business.

1. **Initial Franchise Fee.** Upon execution of your Franchise Agreement, you must pay to us an Initial Franchise Fee of \$59,500 which you must pay in a lump sum. The Initial Franchise Fees is non-refundable and deemed fully earned upon execution of your Franchise Agreement. See Item 5 of this

Disclosure Document for additional information.

2. Insurance (90 days). We estimate that your initial insurance deposit will be approximately \$5,000 to \$7,500 and will include coverage for general liability, liability/professional liability, commercial auto/equipment, and worker's compensation (state specific). You should check with the designated vendor for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Varsity Zone Business will be located, your experience with the insurance carrier, your loss experience, your level of sales and other factors beyond our control. You should also check with our designated vendor or other insurance agent or broker regarding any additional insurance that you may want or be required to carry. See Item 8 for additional required insurance information.

3. Tuition Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us our then-current initial training Tuition Fee to attend our Initial Training Program, for you and up to two (2) additional representatives you designate, one of which must be your general manager or Designated Manager. As of the date of this Disclosure Document, the current Tuition Fee for the Initial Training Program is \$4,995. The Tuition Fee covers the costs of training, lodging, and certain meals during the Initial Training Program, however, the Tuition Fee does not include travel expenses, meals outside of the formal Initial Training Program hours, and other living or miscellaneous expenses you may incur during the time of training. See Note 5 in Item 6. Please see Item 11 of this Disclosure Document for additional information.

4. Travel and Living Expenses While Training. We estimate that your travel and living expenses for attendance to our Initial Training Program will be \$1,500 to \$3,500. While your Tuition Fee includes expenses and fees for training, lodging, and certain meals during the Initial Training Program, you are required to pay for transportation to and from our offices (or any other location) and pay all expenses associated with travel and other living and miscellaneous expenses during the time of training (including any employee wages). We estimate costs of approximately \$500 per day, per person, for living and other miscellaneous expenses, plus travel expenses to and from your personal residence. The range assumes that no additional people other than you and two (2) additional attendees, one of which must be your general manager or Designated Manager, will attend our Initial Training Program. See Note 5 in Item 6. Please see Item 11 of this Disclosure Document for additional information.

5. Emerging Business Academy. Prior to opening, you must pay our Designated Vendor (as we designate) the Emerging Business Academy Fee of \$9,995. See Note 6 in Item 6 for additional information.

6. Opening Package. Prior to opening, you must purchase from our Approved Suppliers, Designated Vendors (as we designate), or Third-Party Providers, the required opening package (the "Opening Package"), which includes items such as promotional materials, including brochures, yard signs, apparel, and other equipment, tools, and supplies related to the operation of your Varsity Zone Business. We estimate that that full purchase price of the entire Opening Package is approximately \$5,000 to \$6,500. We reserve the right to modify the components, standards and/or specifications of this Opening Package, which may modify the total costs associated with this Opening Package. If you purchase more than one (1) Protected Territory, you are only required to purchase one Opening Package.

7. Initial Inventory Package. Prior to opening, you must purchase from our Approved Suppliers, Designated Vendors (as we designate), or Third-Party Providers, the required initial inventory package ("Initial Inventory Package") which includes items such as piping, tubing, refrigerant, electronics, capacitors, breakers, relays, wiring, thermostats, caulking, and other equipment, tools, and supplies related to the operation of your Varsity Zone Business. We estimate that that full purchase price of the

entire Initial Inventory Package is approximately \$5,000 to \$7,500, including estimated tax and freight. Your actual payments will depend on your credit worthiness, as determined by the lender or supplier, and the lease or finance options you select, if any. We reserve the right to modify the components, standards and/or specifications of this Initial Inventory Package, which may modify the total costs associated with Initial Inventory Package. Tax and freight charges associated with delivery of the Initial Inventory Package may vary. If you purchase more than one (1) Protected Territory, you are only required to purchase one (1) Initial Inventory Package.

8. Rent and Utilities. You will need to secure approximately 1,500 to 2,000 square feet of leased commercial office/warehouse or flex space. Your office may be included within the warehouse or flex space you rent. The space should be large enough to store your Initial Inventory Package plus additional equipment, tools and supplies. The figures above assume that you will rent approximately 1,500 to 2,000 square feet of commercial office/warehouse or flex space. Rent or warehouse. Utilities includes electric, water, and other utilities for your commercial office or warehouse. Rent and Utilities may vary depending on geographic location, size, length of lease and general market conditions. Lease security deposits will vary depending upon several different factors, such as occupancy rate, location, length of lease, personal vs. corporate signature, and your personal financial history. Our low and high estimates represent a security deposit and three (3) months' rent and assumes minimal office modifications or improvements. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.

9. Vehicles. You are required to acquire the following vehicles: one (1) service van, and one (1) sales truck as designated by our standards. The required vehicles must be upfitted with our Proprietary Mark vehicle wraps and certain equipment, tools, and supplies, including any required equipment to be used in the operation of your Varsity Zone Business. You must procure the required vehicles and equipment prior to commencing operations of your Varsity Zone Business, from an Approved Supplier, which may be us or an affiliate.

The "low" and "high" estimates above reflect the costs to finance or lease the required vehicles, as set forth below:

Service Van	Low	High
Vehicle Cost *including cost to wrap and otherwise upfit to system standards	\$81,381.94	\$93,589.23
Deposit (20%)	16,276.39	18,717.85
Amount Financed or Leased	65,105.55	74,871.38
Term in Months	60	60
Rate	7.00%	7.00%
Per Month	\$1,289.17	\$1,482.54
3 Month Payment	\$3,868.00	\$4,448.00
Total Vehicle Cost	\$20,144.39	\$23,165.85
Sales Truck	Low	High
Vehicle Cost *including cost to wrap and otherwise upfit to system standards	\$62,232.24	\$71,567.08
Deposit (20%)	12,446.45	14,313.42
Amount Financed or Leased	49,785.79	57,253.66

Term in Months	60	60
Rate	7.00%	7.00%
Per Month	\$985.82	\$1,133.69
3 Month Payment	\$2,958.00	\$3,402.00
Total Vehicle Cost	\$15,404.45	\$17,715.42
Combined	Low	High
Vehicle Cost *including cost to wrap and otherwise upfit to system standards	\$143,614.18	\$165,156.31
Deposit (20%)	28,722.84	33,031.26
Amount Financed or Leased	114,891.34	132,125.05
Term in Months	60	60
Rate	7.00%	7.00%
Per Month	\$2,274.99	\$2,616.23
3 Month Payment	\$6,825.00	\$7,849.00
Total Vehicle Cost	\$35,547.84	\$40,880.26

These estimates may vary based upon lender or supplier, global supply chain, market conditions, interest rate, geographic location, and the vehicle package options you may select. The estimates reflected above and herein are for the initial required vehicles and equipment used in the operation of a single Varsity Zone Business in a single Protected Territory. The estimated costs of the required vehicles include the required equipment and transportation costs. We strongly recommend and expect that you will obtain leasing or financing for the vehicles from a third party. We do not provide any leasing or financing services in connection with the required vehicles and equipment. If you choose to lease or finance the purchase of your vehicle(s) and equipment, your actual payments will depend on your credit worthiness, as determined by the lender or supplier, global supply chain, market conditions, interest rates, geographic location, vehicle package options you may select, and the finance or lease options you select. Your deposit, term and interest rate may vary. The vehicles must be (i) wrapped in accordance with our designated requirements which incorporate our Proprietary Marks, and (ii) upfitted to our System standards and specifications. All sales calls, estimates, and installations must be done using the required wrapped vehicles.

10. Licenses, Certifications, and Permits. You must acquire a general business license, any specialty licenses required by federal, state, or local law, and any third-party certifications that may be required by us. Your particular locality may require certain permits or licenses to perform HVAC services or have other business licensing requirements. You are solely responsible for obtaining any permits or HVAC licenses as well as any other business licenses required in your locality and are also responsible for any and all costs incurred in connection with compliance with federal and state laws relating to the operation of the Business. You should consult your attorney and/or your local city, county and state authorities about the specific legal requirements for payment of sales tax and business licenses and related types of expenses. We estimate that the costs of these licenses and certifications could be up to \$5,000. The \$0 estimate assumes that you live in a state, county, or city that does not require licenses, certifications, or permits.

11. Professional Fees. This estimate is based on the fees necessary to create a franchisee entity and retaining legal counsel and accountants to review this Disclosure Document and Franchise Agreement, as well as review applicable state or local laws and regulations pertaining to your business. The high

estimate also includes the costs associated with recruiting services offered by our Designated Vendor. The recruiting services are optional, however, if you elect to receive recruiting services, you must pay our Designated Vendor the then-current recruiting fee (the "Recruiting Fee"). Currently, the Recruiting Fee is between \$2,400 and \$9,500.

12. Technology Fee. You must pay us or a designated vendor a monthly Technology Fee of \$1,100, which we collect on your behalf and remit to our designated vendor. See Note 3 in Item 6. See Item 11 of this Disclosure Document for additional information.

13. Special Software Fee. You must pay our designated vendor a monthly Special Software Fee of \$300. See Note 27 in Item 6.

14. Contact Center Fee. You must pay our designated vendor a monthly Contact Center Fee of \$300 plus \$23 per appointment. See Note 24 in Item 6. The high estimate above reflects 100 appointments at \$23 per appointment.

15. Dues and Subscriptions. These fees will cover the cost of membership to certain professional and business organizations we recommend that you join. We estimate that these costs could be up to \$1,000. The \$0 figure assumes you decline to join those recommended professional and business organizations.

16. Leasehold Improvements. This includes any cosmetic or other changes necessary to your commercial office/warehouse or flex space. The low estimate figure assumes that the office/warehouse or flex space does not require any changes. This also includes purchasing shelving to store inventory, equipment, tools, and supplies.

17. Brand Marketing Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us, or our affiliate (as we designate), a Brand Marketing Fee of \$15,500. This is a one-time fee. See Note 25 in Item 6.

18. Initial Marketing Expenditure Requirement and Local Advertising Expenditure Requirement. You are required to spend at least \$20,000 during the first ninety (90) days of operations of your Varsity Zone Business to satisfy your advertising requirements for the initial marketing expenditure requirement ("Initial Marketing Expenditure Requirement"). Additionally, after the first ninety (90) days of operations of your Varsity Zone Business, and for the remainder of the term of the Franchise Agreement, you must spend the greater of (i) \$2,000 per month, or (ii) 5% of monthly Gross Revenue Collected on Local Advertising Expenditures within your Protected Territory (collectively, "Local Advertising Expenditure Requirement"), of which, a minimum of \$2,000 per month must be spent on advertising, marketing, and/or related expenses, through our affiliate, or our Designated Vendor (as we designate) (however the above does not contemplate or include your required monthly Digital Management Fee, see section 11(e)(4) of this Disclosure Document). See Item 11 of this Disclosure Document for additional information.

19. Digital Management Fee. You must pay our affiliate, or our Designated Vendor (as we designate) a monthly Digital Management Fee of \$500. See Note 26 in Item 6.

20. Accounting Services Fee. You must pay our affiliate ZeeBOOKS a monthly Accounting Services Fee of \$440 plus additional monthly fees. See Note 22 in Item 6.

21. ZeePartnerships Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay to us a ZeePartnerships fee in the amount of \$5,000. This is a one-time fee.

22. Additional Funds. The estimate of additional funds of \$20,000 to \$40,000 is for a period of at least three months and is based on an owner-operated business and does not include any allowance for an owner’s draw or salary. These estimated costs are calculated by estimating the range of funds needed to cover wages, salaries, and benefits for 3 months of operations. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate. If you purchase more than one (1) Protected Territory we recommend, but do not require, that you allocate an estimated \$10,000 - \$20,000 of additional funds for each additional Protected Territory you purchase.

23. Initial Investment. These estimates are based on our experience in offering and selling franchises since 2024, as well as the experience of predecessor and estimates we have received from third-party vendors. We do not directly or indirectly offer financing for your initial investment. See Item 10 for more details.

B. YOUR ESTIMATED INITIAL INVESTMENT FOR A MULTI-UNIT OFFERING WITH MULTIPLE PROTECTED TERRITORIES

TYPE OF EXPENDITURE	AMOUNT - TWO OR THREE TERRITORIES	AMOUNT - FOUR OR FIVE TERRITORIES	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fees (Note 1)	\$99,500 - \$134,500	\$164,500 - \$194,500	Lump Sum	Upon execution of the Multi-Unit Addendum	Us
Initial Investment – First Territory (less initial franchise fee)	\$144,546 - \$209,179	\$144,546 - \$209,179			
Additional Expenditures (Note 2)	\$10,000 - \$20,000	\$20,000 - \$40,000	See Item 7, Chart A (Note 22)		
Total	\$254,046 - \$363,679	\$329,046 - \$443,679	See Item 7, Chart A (Note 23)		

Generally. The Chart above relates to the operation of one (1) Approved Location for two (2) to three (3) Varsity Zone Businesses in two (2) to three (3) Protected Territories, and for one Approved Location for four (4) to five (5) Varsity Zone Businesses in four (4) to five Protected Territories. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on several factors, including market condition and the geographic location of your Approved Location and Varsity Zone Businesses.

1. Multi-Unit Initial Franchise Fees. You will be required to execute a Franchise Agreement for each Varsity Zone Business you are granted to open, as well as our prescribed form of Multi-Unit Addendum, all at the same time. The Initial Franchise Fees will be paid in a lump-sum at the time you execute each Franchise Agreement and Multi-Unit Addendum. The multi-unit Initial Franchise Fees are deemed fully earned and non-refundable upon payment. Please see Item 5 of this Disclosure Document for additional information on the multi-unit Initial Franchise Fees.

2. Additional Expenditures Associated with Opening and Operating Varsity Zone Businesses. We expect that you will operate your Varsity Zone Businesses from a single centralized Approved Location and using: (i) the same vehicles; and (ii) the required equipment, tools, and supplies. However, we recommend that you allocate additional expenditures for Additional Funds, depending on the number of

Protected Territories you purchase.

The additional expenditures are as follows:

# of Territories	Additional Funds for first three (3) months
2-3	\$10,000 - \$20,000
4-5	\$10,000- \$20,000
Cumulative total Additional Expenditures (including Additional Funds for 1 st Territory)	\$40,000 - \$80,000

You will only be required to purchase or pay for a single Technology Fee, Contact Center Fee, Accounting Services Fee regardless of the number of Protected Territories you purchase. Please review the Explanatory Notes following Charts 7(A) and 7(B) for additional information, as well as the Multi- Unit Addendum attached as Exhibit C.

We only require you to attend, and successfully complete, our Initial Training Program and the Emerging Business Academy once in connection with the purchase of multiple Varsity Zone Protected Territories.

3. Initial Investment. These estimates are based on our experience in offering and selling franchises since 2024, as well as the experience of our predecessor and estimates we have received from third-party vendors.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Varsity Zone Business in conformance with our methods, standards, and specifications, which we prescribe in our confidential operations manual, our proprietary and confidential operations Manual (the “Operations Manual”), and various other confidential manuals, writings, and other information prepared by us for your use in operating a Varsity Zone Business which are provided in the Operations Manual or communicated to you in writing or other means of communication. We may periodically change our standards and specifications at our sole discretion, and you must comply with all changes.

Approved Products and Services

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

We reserve the right to require you to purchase any of the items necessary to establish and operate your Varsity Zone Business in accordance with our standards and specifications and/or from an Approved

Supplier, from us, an affiliate, or our designated vendors and suppliers.

You must offer for sale all products and services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must always maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use, and sell all private label products which we may now or in the future designate for sale by System franchisees. Some suppliers may provide us with test equipment for use in our training center, advertise in our newsletters, and may also sponsor events and/or rent booth space at our Annual Conference or regional meetings.

Designated and Approved Suppliers

As of the date of this Disclosure Document, we, or our affiliates, are the Approved Supplier for certain services, supplies, equipment, and inventory required for the establishment and operation of your Varsity Zone Business as determined by us and as set forth in the Operations Manual. We reserve the right to require you to purchase or lease certain goods or services from designated vendors or Approved Suppliers, which may include us or an affiliate, and/or to negotiate arrangements, or modify the structure, terms, or prices of such arrangements, with these designated vendors or Approved Suppliers, which may be us or an affiliate, including service requirements for our franchisees, prices, and terms, for the benefit of the franchisees, as well as rebates.

You must purchase your initial vehicles and certain other equipment, tools, and supplies, from one of our designated vendors or Approved Suppliers, which may be us or an affiliate. We strongly recommend and expect that you enter into a financing or leasing arrangement with a third party for your vehicles and certain other equipment, tools, and supplies you must procure for the operation of your Varsity Zone Business, and your payments made in connection with these financed or leased items will be paid to that third-party financing/leasing provider and not us or an affiliate.

You must purchase your Opening Package, Initial Inventory, Special Software, and Insurance, from our Approved Suppliers or one of our designated vendors (as we designate).

As of the issuance date of this Disclosure Document, we and/or our affiliates are also the only Approved Suppliers for the following goods and services: (i) Brand Marketing Fee; (ii) Accounting Services Fee; (iii) Tuition Fee; (iv) ZeePartnerships fee; and (v) all sales materials and merchandise bearing the Proprietary Marks.

Following your initial purchase of the aforementioned items from us, you must purchase merchandise with our Proprietary Marks from us, an affiliate, or our designated vendor.

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

We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are required to purchase from only that supplier (each a "System

Supplier”). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with our proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System Varsity Zone Businesses. You recognize that such products and services are essential to the operation of your Varsity Zone Business and to the System generally. Your failure to pay System Suppliers may interfere with such suppliers’ willingness to supply the System and may result in other System Varsity Zone Businesses’ inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay System Suppliers as and when due. You must use products purchased from Approved Suppliers solely in connection with the operation of your Varsity Zone Business and not for any competitive business purpose.

Ownership Interest in Approved Suppliers / Revenue Derived from Franchise Purchases and Leases

Our officers Josh Skolnick and Philip Crutchfield own interests in us. Officer Josh Skolnick owns interests in all of the affiliates listed in Item 1 of this Disclosure Document. Other than these ownership interests, as of the issuance date of this Disclosure Document, neither we, our affiliate nor any of our officers currently own an interest in any of our other Approved Suppliers.

We and our affiliates may derive revenues from required purchases and leases by franchisees as well as in the form of rebates or marketing allowances paid to us or our affiliates by Approved Suppliers that we require you to use. During our fiscal year ending December 31, 2024, we generated a total revenue of \$212,437.04. Of the total revenue generated, we received a total of \$0.00 from all rebates, which equals 0.00% of our total revenue during the reporting period. As of the issuance date of this Disclosure Document, our affiliate HPB Procurement has negotiated arrangements on our behalf with Approved Suppliers pursuant to which these suppliers pay our affiliate HPB Procurement certain rebates ranging from \$42 to \$307,357, determined on the basis of either number of units of required products purchased, new accounts established, or a percentage of total value of sales orders of required purchases on account of franchisee purchases. During our fiscal year ended December 31, 2024, our affiliate HPB Procurement derived \$1,611,689, or 100% of HPB Procurement’s total revenues for rebate income of \$1,611,689 on account of required franchisee purchases for us and our affiliates, of which \$0 was allocated to us in 2024. We and our affiliates reserve the right to negotiate arrangements with these Approved Suppliers including service requirements for our franchisees, prices, and terms, for the benefit of the franchisees, as well as rebates.

Your obligations to purchase or lease certain products or services from us, our affiliates and/or our Approved Suppliers, and to purchase or lease goods, services, supplies, fixtures, equipment, computer hardware and software, training and real estate that meet our specifications, are considered “Required Purchases”. We estimate that your Required Purchases will account for approximately 75% to 85% of your total costs incurred in establishing your Varsity Zone Business, and approximately 60% to 70% of your ongoing costs to operate the Varsity Zone Business after the initial start-up phase.

We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by Franchisor to operate the Varsity Zone Business.

We and our affiliates reserve the right to derive revenue from the Required Purchases you make from us and our affiliates, as well as purchases or leases made from or by our designated and Approved Suppliers. As we are a newly formed entity, neither we nor any affiliate has derived any revenue from our franchisees’ required purchases or lease as of the issuance date of this Disclosure Document.

As we are a newly formed entity, neither we nor any affiliate has derived any revenue from our franchisees’ required purchases or lease as of the issuance date of this Disclosure Document.

Alternative Product or Supplier Approval

If you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier or provider, you must provide us the name, address and telephone number of the proposed supplier or provider, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. We are not required to approve any particular product or supplier. We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier/provider itself, but also indirectly to the uniformity, efficiency, and quality of operation we consider necessary or desirable in our System as a whole, as well as the maintenance of our Confidential Information, in our sole discretion. We have the right to receive payments from suppliers on account of their dealings with you and other Varsity Zone Businesses and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We are not required to approve an unreasonable number of suppliers or providers for a given item if we believe that such approval may result in higher costs or prevent the effective or economical supervision of approved suppliers or providers.

You, or the proposed supplier or provider, must advance us our reasonable costs we estimate we will incur in connection with inspecting the alternate supplier or provider, its facilities and/or the previously non-approved item(s) you propose prior to any purchase. If the costs we incur are more than the amount you advanced, then we may withdraw additional funds through the EFT Program from your designated bank account for the difference; or if the actual amount we incur is less than the amount of the advancement, then we will credit the excess amount to the payment of your future obligations.

We will use reasonable efforts to notify you in writing if your request is approved or denied within 30 days of: (i) our receipt of all supporting information from you regarding your request; and (ii) our completion of any necessary inspection or testing associated with your request. If we do not provide written approval within this period, then your request will be deemed denied.

We may, but are not required to, provide your proposed supplier or provider with our specifications for the item that you wish the third-party to supply, provided that third-party executes our required non-disclosure agreement form. Each proposed supplier or provider that we approve of must comply with our requirements regarding insurance, indemnification, and non-disclosure. If we approve any supplier or provider, you may enter supply contracts or other agreements with that third party, but under no circumstances will we guarantee your performance of any such supply contract or other agreement. We may re-inspect and revoke our approval of particular products or suppliers/providers if we determine that such products or suppliers no longer meet our standards, in our sole discretion. Once you receive written notice from us that we have revoked our approval, you must immediately cease purchasing products from that supplier or provider.

We do not provide any material benefit to you if you buy from sources we approve, but we may default you under (or terminate) your Franchise Agreement, or otherwise deny your request to enter into or renew these agreements, based on your failure to make required purchases from our Approved Suppliers or otherwise in accordance with our standards and specifications.

Insurance

You must purchase and maintain, at your own expense, the types and minimum amounts of insurance coverage and bonds we specify for Varsity Zone Business. You must purchase the required insurance from our designated vendor at least 30 days before opening your Varsity Zone Business or upon signing a lease for the Approved Location or commercial office or warehouse, if any, whichever is earlier. The limits described in the paragraph below are the minimum amounts that you are required to purchase. You must

carry insurance required by the lease of your Approved Location or commercial office or warehouse, if any, by any of your lenders or equipment lessors, and such Worker's Compensation Insurance as may be required by applicable law. If you sign a lease for the Approved Location or commercial office or warehouse, if any, or any agreement that requires a higher amount than provided below, then you must obtain the higher level of coverage under the terms of the lease or agreement. However, if you sign a lease for the Approved Location or commercial office or warehouse or any agreement that does not require the minimum coverage set forth below, you must still purchase and maintain insurance that meet our requirements.

The paragraph below sets out our current required and recommended insurance coverage as of the date of this Disclosure Document, which are subject to change: (i) Commercial General Liability insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate limit per location, which will include products and completed operations coverage, personal and advertising injury, fire damage liability and medical payments coverage; and it will be provided on an occurrence form. Also, the Professional Liability policy may be combined with the Commercial General Liability policy; (ii) Automobile Liability and Physical Damage insurance in the amount of \$1,000,000 Combined Single Limit coverage for all owned, non-owned and hired vehicles and include physical damage coverage with deductibles not higher than \$1,000 for comprehensive and collision damage; (iii) Contractor's Equipment Floater insurance in the amount of to cover the mobile equipment used in your franchised business; (iv) Employment Practices Liability insurance in the amount of \$250,000 aggregate including third party endorsement and naming franchisor as Co-Defendant; (v) Workers' Compensation and Employer's Liability statutory coverage and Employer's Liability insurance in the amount of \$1,000,000 by accident, \$1,000,000 by disease-policy limit, \$1,000,000 by disease each accident; (vi) Contractor's Professional Liability insurance in the amount of \$1,000,000 to cover errors and omissions claims; (vii) Property Insurance for one hundred percent (100%) of the replacement cost of your business personal property; and, notwithstanding the foregoing; and (viii) Umbrella Liability insurance to be excess over Commercial General Liability, Automobile Liability and Employer's Liability. We reserve the right to increase or modify the insurance coverage requirements and/or require different or additional kinds of insurance for which you will comply upon written notice from us.

We must approve all insurance carriers in advance and in writing. Our acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy.

Each of your insurance policies must be written by a carrier with an industry rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Reports, must name us, our subsidiaries, affiliates, and respective officers, directors, members, shareholders and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us, in our sole discretion. Each insurance policy must contain an express waiver by the insurance company of subrogation rights in favor of us, our affiliates, successors, assigns and any party we designate and will be primary and non-contributory to any insurance we might carry. All insurance policies you hold will be primary and non-contributory to any policy or policies held by us or our affiliates. Each insurance policy will list us as an additional insured except the Employment Practices Liability policy will provide us coverage. The Employment Practices Liability policy is required to have an endorsement as listed on Form CG 20 29 or its equivalent and must name franchisor as Co-Defendant.

At least 30 days prior to opening your Varsity Zone Business, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least 10 days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services. All insurance policies you hold will be primary to any policy or policies held by us or our affiliates.

Additionally, you agree not to permit any third-party subcontractor to perform any work or offer any services on your behalf unless such subcontractor maintains insurance coverage in such amounts and types as we require you to maintain, with the specific addition that subcontractors cannot exclude principals from its workers' compensation coverage and that liability policies name us and our affiliates as additional insured parties. You agree to maintain evidence that such insurance by your subcontractors is in effect and to provide such proof of insurance as we may require, in our sole discretion, from time to time.

We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by us to operate the Varsity Zone Business.

Computer Hardware and Software

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. Please see Item 11 of this Disclosure Document for additional information regarding our computer hardware and software purchasing requirements.

There are no annual costs to you for any optional or required maintenance updating, upgrading or support contracts for the point of sale or computer systems. There currently are no maintenance/support contracts, but we reserve the right to require them. As of the date of this Disclosure Document, we have not rolled out any required maintenance or updates.

Purchasing and Distribution Cooperatives: Rebate Programs

As of the date of this Disclosure Document we do not participate in any purchasing or distribution cooperatives, although we reserve the right to do so; and we reserve the right to establish these types of cooperatives in the future. We, or our affiliates, may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchisees.

We and/or our affiliates and/or designated suppliers (as we designate or authorize) reserve the right to establish rebate programs for certain purchases of certain products and/or services, and/or in connection with use of our approved suppliers or designated vendors (the "Rebate Program") which may include discounted pricing, special terms, rebates, or other incentives or benefits (individually and collectively, the "Rebate"). We, and/or our affiliates, and/or third party suppliers reserve the right to (but are not contractually required to) establish and offer you an opportunity to participate in one or more Rebate Programs and to condition your participation in any such Rebate Program on, among other conditions we may designate, your: (i) meeting certain eligibility requirements; (ii) execution of a designated form of Rebate Program participation agreement or amendment, which may include, among other terms, a general release of claims you, your owners and/or affiliates may have against us and/or any of our affiliates, owners, employees, officers, directors, successors and/or assigns; and (iii) compliance with purchasing requirements. We, our affiliates and third-party suppliers are not required to establish or offer Rebate Programs but may do so at any time. Additionally, if established, we, our affiliates and third-party suppliers reserve the right to discontinue or terminate any Rebate Program at any time effective on notice to you. We, and/or our affiliates, may derive revenue, material consideration and/or receive a commission or fee in connection with any Rebate Program.

As of the date of this Disclosure Document we have not received any revenues from any Rebate Program.

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase those certain goods, services, furnishings, fixtures,

computer hardware and software, including CRM software and Microsoft Office 365 accounts with support for applications such as Outlook email, OneDrive file sharing, and Teams communication tools, and other equipment, tools, supplies, and inventory, from us or from approved or designated suppliers that we will specify, from time to time, in the Operations Manual and otherwise in writing (each an “Approved Supplier”). We, our affiliates or a designated third party may be one of several, or the only, Approved Supplier of any particular good or service. We reserve the right to require you to purchase any products and services, including equipment, supplies, computer hardware and software, directly from us or our affiliate. We and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that we, our affiliates, or our Approved Suppliers supply and/or provide to you.

ITEM 9
FRANCHISEE’S OBLIGATIONS

The table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Franchise Agreement	Section in Multi-Unit Addendum	Item of Disclosure Document
a. Site selection and acquisition/lease	7.1	Not Applicable	Items 7, 8, 11 and 12
b. Pre-opening purchases/ leases	7.1, 7.3, 7.4, and 7.8	4	Items 7 and 8
c. Site development and other pre-opening requirements	7.1 and 9	Not Applicable	Items 6, 7, 8 and 11
d. Initial and ongoing training	7.2 and 8	2	Items 6 and 11
e. Pre-Opening and Post-Opening Success Meetings	7.20	Not applicable	Item 11
f. Opening	7.3	Not Applicable	Item 11
g. Fees	2.2.9, 3, 12, 14.3.2.7, 14.3.2.8, and 22.7	3	Items 5, 6, 7, and 11
h. Compliance with standards and policies/ operations manual	6 and 7	Not Applicable	Items 8 and 11
i. Trademarks and proprietary information	4, 5, 7.8 and 7.14	Not Applicable	Items 13 and 14
j. Restrictions on products/ services offered	1.2 through 1.7, 7.4 and 7.5	Not Applicable	Items 8, 12 and 16
k. Warranty and customer service requirements	7.18 and 7.19	Not Applicable	Items 15 and 16
l. Territorial development and sales quotas	Not Applicable	Not Applicable	Items 12 and 17
m. Ongoing product/ service purchases	7.4 and 7.5	Not Applicable	Items 8 and 11
n. Maintenance, appearance and remodeling requirements	7.1.2, 7.15, and 7.17	Not Applicable	Items 6, 7, 8 11, and 12
o. Insurance	9	Not Applicable	Items 6, 7 and 8
p. Advertising	12	Not Applicable	Items 6 and 11

q. Indemnification	13.2	Not Applicable	Item 6
r. Owners' participation/ management/ staffing	7.6.3 through 7.6.5, and 7.10	5	Items 11 and 15
s. Records and reports	10 and 11	Not Applicable	Item 6
t. Inspections and audits	7.7 and 11	Not Applicable	Items 6 and 11
u. Transfer	14	Not Applicable	Item 17
v. Renewal	2.2	Not Applicable	Item 17
w. Post term obligations	16.1 and 17.2	Not Applicable	Item 17
x. Noncompetition covenants	17	Not Applicable	Item 17
y. Dispute Resolution	18	Not Applicable	Item 17

ITEM 10
FINANCING

We may, in limited circumstances and at our option, but under no circumstances are we obligated to, finance a portion of your Initial Franchise Fee, up to sixty percent (60%) of the Initial Franchise Fee for the purchase of your second (2nd) Protected Territory and up to eighty percent (80%) of the Initial Franchise Fee for the purchase of your third (3rd), fourth (4th), and fifth (5th) Protected Territories, up to a maximum of \$100,000 (the "Maximum Amount"). Our decision to finance a portion of your Initial Franchise Fees for the purchase of your second (2nd), third (3rd), fourth (4th), or fifth (5th) Protected Territory will be based, in part, on your creditworthiness, the collateral you have available to secure the financing and our then-current financing policies. We do not offer financing of the Initial Franchise Fee for the purchase of your first (1st) Protected Territory.

If you wish to finance a portion of your Initial Franchise Fee up to the Maximum Amount, and we agree to provide such financing, you must sign a Secured Promissory Note and General Security Agreement substantially in the form of Exhibit J to the Franchise Agreement. If you are a corporation or limited liability company, all of the franchisee's owners must personally guarantee the obligations of the corporation or limited liability company (as applicable), a Personal Guarantee of Corporate Obligations substantially in the form of Exhibit A to the Franchise Agreement. The Secured Promissory Note obligates you to pay us the amount of your Initial Franchise Fee that we agree to finance, plus interest at the rate set forth below, plus any fees set forth in the Secured Promissory Note. The General Security Agreement grants us a security interest in substantially all of your assets, including after acquired property, to secure your payments under the Secured Promissory Note, pursuant to which we will file a UCC financing statement with the appropriate governmental authority. Under the terms of the Secured Promissory Note, you agree to waive your right to notice of a collection action and to assert any defenses to collection against us. You may prepay the principal amount of the Secured Promissory Note at any time without prepayment penalty. All franchisees approved for financing agree to the same financing terms for the portion of the Initial Franchise Fee that is financed.

The terms under which we may finance a portion of your Initial Franchise Fee include:

Item Financed	Amount Financed	Term (months)	Rate of Interest Plus Finance Charge	Monthly Payment	Prepay Penalty	Liability Upon Default	Loss of Legal Right
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Initial Franchise Fee— 2 nd Territory	Up to 60% (\$24,000)	Up to 4860 Months	Prime Rate (defined in Note 1) + 1%5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 2.	See Note 21.
Initial Franchise Fee— 3 rd Territory	Up to 80% (\$28,000)	Up to 4860 Months	Prime Rate (defined in Note 1) + 1%5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 2.	See Note 21.
Initial Franchise Fee— 4 th Territory	Up to 80% (\$24,000)	Up to 4860 Months	Prime Rate (defined in Note 1) + 1%5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 2.	See Note 21.
Initial Franchise Fee— 5 th Territory	Up to 80% (\$24,000)	Up to 4860 Months	Prime Rate (defined in Note 1) + 1%5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 2.	See Note 21.

Notes:

~~1. “Prime Rate” means the U.S. prime interest rate as published in The Wall Street Journal on the date immediately preceding the date of execution of the Franchise Agreement, or if not published on such date, the most recent such rate previously published in The Wall Street Journal. As of the date of this Disclosure document, the current prime rate is 7.5%.~~

2.1. Potential Liabilities Upon Default: If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys’ fees if a collection action is necessary. We also have the right to terminate your Franchise Agreement if you do not make your note payments on time. If your Franchise Agreement is terminated, you will lose your right to operate the Franchised Business and will be responsible for complying with all post-termination obligations under the Franchise Agreement, including payment of lost future royalty fees and any and all damages associated with the termination, including attorney’s fees and costs of enforcement. You waive your rights to notice of a collection action and to assert any defenses to collection against us. We may discount the Secured Promissory Note to a third party who may be immune under the law to any defenses to payment you may have against us. If we elect to offer financing of the Initial Franchise Fee to franchisees, we expect that all franchisees approved for financing must agree to the same financing terms disclosed in this Item 10.

Currently, we have no practice or intent of selling, assigning, or discounting to a third party any note, contract or other instrument that you execute, although we reserve the right to do so. We and our affiliates do not receive any direct or indirect payments from any person for the placement of financing.

Except as described above, we do not offer direct or indirect financing. We do not guarantee your note or any other obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING

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

A. Pre-Opening Obligations.

Before you open your Varsity Zone Business, we, an affiliate or our designee will provide you with the following assistance:

1. Define your Protected Territory. (Franchise Agreement, Section 1.2).
2. Provide you the Opening Package upon your payment of the required fees. (Franchise Agreement, Sections 3.5 and 6.2)
3. Provide you with our list of all other Approved Products and Services, items and equipment needed to open your Varsity Zone Business, along with our proprietary list of Approved Suppliers for those items (as applicable) (Franchise Agreement, Sections 6.2).
4. Provide you access to our confidential Operations Manual and grant you access to our Intranet System, which includes access to our confidential and proprietary information, including our standards and specifications. Our Operations Manual is stored within our Intranet System. You must operate the Varsity Zone Business in accordance with the Operations Manual and all applicable laws and regulations. The Operations Manual may be amended or modified to reflect changes in the System. You must keep the Operations Manual confidential and current and may not copy any part of any Operations Manual without our consent. (Franchise Agreement, Section 6.1). The table of contents for our Operations Manual as of the Issue Date of this Disclosure Document is attached as Exhibit G.
5. Provide you and two (2) additional individuals, one of which must be your general manager or Designated Manager, with our Initial Training Program, that you must attend and complete to our satisfaction, in accordance with the Initial Training Program chart below. (Franchise Agreement, Section 8.1).
6. Provide advice and guidance, in preparing to open your Varsity Zone Business, including standards and procedures for obtaining inventory and supplies, providing approved services, advertising and promoting the business and otherwise operating the Varsity Zone Business during the start-up phase. (Franchise Agreement, Sections 6.1 and 8.1).
7. Provide you with a dedicated phone number and email accounts which you must use in connection with your Varsity Zone Business and in all marketing items. (Franchise Agreement, Section 7.11).

8. Provide you with assistance in coordinating brand marketing and the other pre-opening and opening services. (Franchise Agreement, Section 3.6).

B. Training.

You (or your operating principal if you are an entity) and up to two (2) additional attendees, one of whom must be your general manager or Designated Manager, for a total of three (3) attendees, must attend and successfully complete our Initial Training Program, consisting of Phase I, Phase II, and Phase III Training, which may be conducted at a location of our choosing or via webinar/video-conferencing. You must complete all three phases of our Initial Training Program prior to commencing operations of your Varsity Zone Business. You must pay us our then current Tuition Fee for attendance to the Initial Training Program. As of the date of this Disclosure Document, the current Tuition Fee for the Initial Training Program is \$4,995. All Phase I and Phase II Training occurs digitally or via webinar/video conferencing, while all Phase III Training is conducted at our facility in Omaha, Nebraska (or other facility that we may designate), at various times during the year, depending on the number of new franchisees entering our franchise system. The Phase I and Phase II Training will generally last 7 weeks but training time may vary depending upon the knowledge, qualifications, and experience of the franchisee. After Phase I and Phase II Training has been completed, you will attend Phase III training at our facility in Omaha, Nebraska (or other facility that we may designate), which generally will last 3 days. The Tuition Fee covers the costs of training, lodging, and certain meals during Phase III Training, however, the Tuition Fee does not include travel expenses, meals outside of the formal Initial Training Program hours, and other living or miscellaneous expenses you may incur during the time of training. In addition to these costs and expenses, you will also be responsible for paying an additional fee of \$2,500 per attendee for the Initial Training Program for: (i) any individuals other than you and the two (2) additional representatives of your Varsity Zone Business that attend the Initial Training Program; and (ii) any replacement personnel that we may require attend our Initial Training Program. (Franchise Agreement, Section 8.1).

In addition to the Initial Training Program, prior to opening, you must pay us an Emerging Business Academy Fee of \$9,995. The Emerging Business Academy training is administered by BDR, and includes weekly 1-hour sessions, conducted over 48 weeks.

We may also offer additional or refresher training and continuing education from time to time that may be elected, but is not required, by Franchisee, which will occur digitally, via webinar/video conferencing, at our Facility in Omaha, Nebraska, or any other location selected by us. If elected, you and any others who attend this training or continuing education courses must pay our then-current Assistance Training Fee for this type of training/education. As of the date of this Disclosure Document, the current Assistance Training Fee is \$500 per person per day. You will not be compensated for your work at the franchised business and you must pay all your travel, living and miscellaneous or other associated expenses while attending field training.

If the franchisee is a business entity, each franchise owner must attend and successfully complete the Initial Training Program.

The primary materials used in connection with the Initial Training Program are contained in our Operations Manual, and we reserve the right to supplement and modify any training materials as we deem necessary in our sole discretion. (Franchise Agreement, Section 8.1). We reserve the right to substitute any in-person training for virtual training at our discretion. All training materials we provide you with will remain our property, and you agree not to challenge our or our affiliates' title

or rights in or to the training materials. You may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials. (Franchise Agreement, Section 8.1). Failure to complete initial training to our satisfaction within the applicable period may result in termination of the Franchise Agreement. (Franchise Agreement, Section 8.1).

Any training provided by us or our affiliate to any of your workers will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers. You are solely responsible for ensuring that your workers receive adequate training. (Franchise Agreement, Section 6).

The training schedule and activities of the training programs are described below:

INITIAL TRAINING PROGRAM

Phase I				
Subject	Department Bucket	Hours of Coach Training	Hours of LMS Training	Week
Welcome Call		30 min		1
Welcome and Business Formation	Operations		25 min	self-paced
Initial 1:1 Onboarding Call		30 min		1
IT Set Up and Processes	Business		10 min	self-paced
Insider Training	Operations		20 min	self-paced
Finance	Finance		30 min	self-paced
Securing a Location	Operations		30 min	self-paced
Ops Manual Quest	Operations		30 min	self-paced
Insurance 101	Operations		60 min	self-paced
Crime and Cyber Liability (Optional)	Business		20 min	self-paced
Accounting	Finance		5 min	self-paced
Recruiting	Operations		30 min	self-paced
EOS	Business		90 min	
HPB - 2023 Annual Convention	Business		12 hours	self-paced
HPB - 2024 One Convention Speakers	Business		12 hours	self-paced
Onboarding Call #2		30 min		3
Onboarding Call #3		30 min		5
Onboarding Call #4-6		60 min		6 - 12 *
		3 hours	30 hours	

*Dependent on funding strategy

Phase II			
Subject	Hours of Coach Training	Hours of LMS Training	Week
HBP University: New Owner Learning Path		5	1
ServiceTitan Training	1.5	3	1
Sales/Field Training		3	1
Introduction to Marketing	1		1
Week 1 Review	0.5		1
HBP University: New Owner Learning Path		1.5	2
ServiceTitan Training	1.5	1.25	2
Sales/Field Training		0.5	2
Marketing	1		2
Week 2 Review	0.5		2
HBP University: New Owner Learning Path		1.25	3
ServiceTitan Training	1.5	1	3
Sales/Field Training		0.5	3
Marketing	1		3
Week 3 Review	0.5		3
HBP University: New Owner Learning Path		2.25	4
ServiceTitan Training	1.5	1	4
Sales/Field Training		0.5	4
Marketing	1		4
Week 4 Review	0.5		4
HBP University: New Owner Learning Path		1.5	5
ServiceTitan Training	1.5	3	5
Bloom Growth / EOS		0.5	5
Sales/Field Training		0.5	5
Marketing	1		5
Week 5 Review	0.5		5
HBP University: New Owner Learning Path		4.5	6
ServiceTitan Training	1.5	1	6
Sales/Field Training		0.5	6
Week 6 Review	0.5		6

ServiceTitan Training	1.5	1	7
Week 7 Review	0.5		7
Totals	19	33.25	

Phase III; Academy Week			
Subject	Hours of In Person Training	Hours of Online Training	Day
Welcome & Agenda Overview	1		1
Emerging Business Academy	1		1
Service Titan Overview	1.2		1
ProNexis Overview	1		1
Zee Books Overview	1		1
Marketing Overview with FMC	1		1
HVAC Partners Review	0.5		1
Welcome, Recap & Agenda Review	1		2
Solace Air Product Overview & Sales Process	1.2		2
Varsity Zone Way - MVP Experience	1		2
HVAC Sales Process w/Role Play	1.5		2
The Sales Cadence	0.3		2
Service Scenarios & Best Practices	1.2		2
Recap of Day 2	0.3		2
Welcome, Recap & Agenda Review	0.3		3
System Sizing Exercise	2		3
Technician Management Best Practices	1		3
Principles of Tech Selling	1		3
Continuing Education Tools & Training	1		3
Creating your Organic Playbook	0.5		3
Academy Recap / Group Discussion	1		3
Totals	20		

Emerging Business Academy powered by BDR		
Subject	Hours of Online Live Training	Week
Revenue Per Truck	1	1
Overhead & Breakeven	1	2

Residential Estimating	1	3
Residential Estimating P2	1	4
Gross Profit	1	5
Accessory Program	1	6
Accessory Program P2	1	7
Accessory Program P3	1	8
Pricing and Labor	1	9
Pricing and Labor	1	10
Diagnostics	1	11
Maintenance Agreements	1	12
Maintenance Agreements	1	13
Maintenance Agreements	1	14
Maintenance Agreements	1	15
Concepts Recap	1	16
Sales Performance	1	17
Sales Cadence	1	18
Service Tracking	1	19
Lead Generation	1	20
Differentiators	1	21
Customer Delivery	1	22
Promotions/Rebates	1	23
Recap	1	24
Billing/Collection/Labor	1	25
Timecards	1	26
Departmentalization	1	27
Cost of Goods	1	28
Chart of Accounts	1	29
P&L 1	1	30
P&L2	1	31
Breakeven	1	32
CRM and QBs	1	33
Reporting	1	34
Long Term Goals	1	35
Owners Role	1	36
Organizational Chart	1	37
Job Description	1	38
Pay Scales	1	39
Recap/Review	1	40
Business Planning	1	41
Service Planning	1	42
Sales	1	43

Installation	1	44
Marketing	1	45
Overhead Management	1	46
Goal Review	1	47
Implementation	1	48
	Total Hours 48	Total Weeks 48

The training program is typically held once per month, or whenever minimum class sizes are achieved.

You will receive training and instruction from our training managers ~~listed below~~, our employees, affiliate’s personnel, and existing franchisees.

The instructor’s experience, including the instructor’s length of experience in the field and with the franchisor is listed in the chart below.

INSTRUCTOR	SUBJECTS TAUGHT	YEARS OF EXPERIENCE IN THE INDUSTRY	YEARS OF EXPERIENCE WITH FRANCHISOR
Matt Korth	Daily Field Operations, Managing Technicians, HVAC industry best practices, System troubleshooting & repair procedures. Service Titan Scheduling & Order Management, equipment vendor overview and ordering	25	<1
Jon Boston	Operations Software, Daily Office Operations: Customer Service best practices, teaching the Varsity Zone Way to provide an MVP experience to customers. Contact Center procedures	20	<1
Steve Pacholski	Brand Overview and Foundation, Final Review and Open Questions & Answers, Marketing & Networking Your Varsity Zone Business, Managing Business Activity, Estimating & In-Home Sales, Key Performance Indicators	6	<1

Because of their experience in the industry, each of our instructors is uniquely equipped to train you in our franchise system, franchise operations, franchise business model, coaching, communication, skills, support tools, resources, technology, reporting systems, compliance, and legal awareness.

You must also attend, every year, at your expense, the annual training or conference event specified by us and currently referred to as the “Annual Conference” (see Item 6 for more detail), and any other training we designate as required. We may also require you to attend and complete a “refresher” training course or advanced training course if we determine that you are not current on all aspects of the System or are otherwise in need of training.

Opening of Franchise

Our franchisees typically open for business within 30 days after completing Phase III Training, which will generally take place 5 months after signing the Franchise Agreement. The Franchise Agreement requires you to open within 6 months after signing the Franchise Agreement. The factors that affect how quickly you can open your Business include the training schedule, your ability to obtain necessary financing, and any local requirements for permits or licenses (Franchise Agreement Section 7.3).

C. Site Selection Assistance.

1. You must operate the Varsity Zone Business from an approved facility located in the Protected Territory that meets our current standards and specifications (the “Approved Location”). You will need to lease approximately 1,500 to 2,000 square feet of commercial office/warehouse or flex space for your equipment, supplies and inventory. Our offer assumes that all necessary equipment, supplies, and inventory are stored within leased commercial office/warehouse or flex space of this size. Your Approved Location must: (i) be secured within ninety (90) days after the date of execution of the Franchise Agreement; (ii) be located in a Protected Territory; (iii) be approved and consented to by Franchisor in writing within thirty (30) days, prior to execution of any lease thereon; and (iv) meet our current standards and specifications, including, but not limited to, square footage, design, layout, signage, equipment and inventory storage. The factors we consider in approving your location include but are not limited to: (i) the type of commercial space; (ii) the geographic location of the space and whether it is centrally located within your Protected Territory; (iii) whether there is enough space for office and storage; and (iv) whether the terms of the lease are favorable. We may also condition our approval of your lease upon, among other conditions, execution of a collateral assignment of lease (which is attached to the Franchise Agreement as Exhibit F) by you and your landlord, if any, under which your landlord shall grant us the rights to assume your rights and obligations under your lease in the event that you breach your lease agreement or your Franchise Agreement is terminated or expires. You must continuously maintain an Approved Location throughout the Term of the Franchise Agreement without interruption. You may not relocate the Varsity Zone Business without our prior written consent.
2. The Approved Location must be within the Protected Territory granted to you under the Franchise Agreement, unless consented to in writing by the Franchisor or as provided herein. You may not relocate your Bumble Bee Blinds Business without our written consent, which we will not unreasonably withhold provided that the new location meets our then-current criteria for an Approved Location. You are not required to have more than one Approved Location in the event that your purchase two or more contiguous Protected Territories.
3. We generally do not own sites and lease them to franchisees, lease sites and sublease them to franchisees, or select sites for franchisees.
4. We may (but are under no obligation to): (i) provide you with standards and/or guidelines for your office or warehouse, if any; and/or (ii) otherwise assist you in locating an office or warehouse, if any, to operate your Varsity Zone Business (Franchise Agreement, Section 1.3).
5. We do not provide assistance with conforming your Approved Location to local ordinances and building codes, obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.
6. We do not provide assistance with providing equipment, signs, fixtures, opening inventory, and

supplies.

7. If you elect to utilize a leased commercial property as your Approved Location, and such proposed location has not been approved as of date of execution of the Franchise Agreement, we will enter into our prescribed form of Site Selection Addendum (as attached as Exhibit E to the Franchise Agreement), the terms of which will govern the parties' site selection obligations.

8. We estimate that it will take between 150 and 180 days for you to commence operations of your Varsity Zone Business and complete our Initial Training Program and otherwise comply with all your other pre-opening obligations under your Franchise Agreement. The actual length of this period will depend upon factors such as whether you can acquire acceptable financing arrangements, our training schedules, and time necessary to obtain zoning permits, licenses, and variances in your area. You must successfully comply and complete all your pre-opening obligations and open your Varsity Zone Business within 180 days of executing your Franchise Agreement or we may terminate your Franchise Agreement upon notice to you. (Franchise Agreement, Sections 7.3 and 15.2.25).

In addition, based on examples from Varsity Zone businesses, we may, from time to time, make suggestions to you with regard to your pricing policies. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

D. Post-Opening Obligations.

After you open your Varsity Zone Business, we, or our affiliate or designee, will provide you with the following assistance:

1. You may elect to, but are not required to, request to attend, additional or remedial training courses. (Franchise Agreement, Sections 6.4 and 6.5). If so elected, you must pay our then-current Assistance Training Fee, which, as of the date of this Disclosure Document, is \$500 per person per day, for you and any other persons that attend such additional or refresher training, and you will be solely responsible for any and all expenses associated with such training except as provided herein (including transportation, certain meals, living expenses, employee wages incurred during training, and employee benefits). We will provide this training to you and your employees digitally online, at our corporate headquarters or other training facility we designate. (Franchise Agreement, Section 8.2).
2. We reserve the right to provide you with remedial training if we determine, in our sole discretion after conducting an audit or inspection of your Varsity Zone Business, that you are not complying with our System standards and specifications. The purpose of remedial training is to get you back on track and in compliance with our standards and specifications. (Franchise Agreement, Section 8.2).
3. Updates or modifications to the System standards and specifications, will be provided to you with updated lists of: (i) Approved Products and Services; (ii) Approved Suppliers; and (iii) items you must purchase in accordance with our System standards and specifications (i.e., equipment, fixtures, inventory, and supplies). (Franchise Agreement, Section 6.1)
4. Provide you with our list of all other Approved Products and Services, items and equipment, tools, supplies, and other items we require you to use in connection with the operation of your Varsity Zone Business, along with our proprietary list of Approved Suppliers or sources of supply for those items (as applicable). (Franchise Agreement, Section 6.2)
5. We and/or our affiliate or designated vendor have established and may operate a Contact Center

which will handle the management, processing, and routing of prospective and existing Varsity Zone customer contacts, communications, inquiries, and work orders. We and our affiliates or designated vendor reserve the right to discontinue the Contact Center at any time. (Franchise Agreement, Sections 6.6).

6. We and our affiliates reserve the right to establish, administer and maintain the Brand Fund as described in further detail below. (Franchise Agreement, Section 12.3).

7. You may only offer for sale all products and services which we prescribe, and only those products and services. You must offer, use, and sell all private label products that we may now, or in the future, designate for sale by System franchises. (Franchise Agreement, Section 7.5).

8. We will review any alternate supplier or non-approved item you propose for use in connection with the Varsity Zone Business, and subsequently approve or deny these proposals as disclosed more fully in Item 8 of this Disclosure Document. (Franchise Agreement, Section 7.4).

9. We reserve the right to conduct periodic inspections and/or audits of your Varsity Zone Business and/or financial records, as we deem advisable in our sole discretion. (Franchise Agreement, Sections 7.7 and 11.1).

10. We will provide periodic advice and guidance regarding the ongoing operation of your Varsity Zone Business and/or the use of the Proprietary Marks and System in general. Our advice and assistance may be provided through meetings, printed materials and/or other media that we may make available to you in the System from time to time, or otherwise by telephone, e-mail, electronically, or other manner of communication. In certain circumstances, we reserve the right to charge our then-current Assistance Training Fee in connection with providing such assistance (Franchise Agreement, Section 6.3).

E. Advertising and Marketing.

1. Brand Fund

As of the date of this Disclosure Document, we have not established a creative national brand fund (the "Brand Fund") for the common benefit of the System but reserve the right to do so at any time. If we establish the Brand Fund, you will be required to participate in and contribute up to 3% of your Gross Revenues Collected (the "Brand Fund Contribution"). However, the Brand Fund Contribution shall not exceed 3% of your monthly Gross Revenues Collected, nor shall the sum of the Brand Fund Contribution and the Royalty fee exceed the then-current Royalty fee immediately preceding establishment of the Brand Fund, as a percentage of monthly Gross Revenues Collected (Franchise Agreement, Section 12.3). The Brand Fund Contribution must be paid to us each month in the same manner as you are required to pay your Royalty. We reserve the right to modify the Brand Fund Contribution and/or modify the digital marketing and advertising requirements that you must use for your Varsity Zone Business, and to designate and/or change the amount, scope, or manner of payment of the Brand Fund Contribution, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

If established, Brand Fund Contributions will be payable monthly (or on such other recurring basis as we designate) directly to the Brand Fund via EFT for Gross Revenues Collected during the immediately preceding month. We will have the right to use Brand Fund Contributions, in our

sole discretion, to develop, produce, and distribute national, regional and/or local marketing materials and to create advertising materials and public relations materials which promote, in our sole judgment, the services offered by System franchisees. (Franchise Agreement, Section 12.3). We may use Brand Fund Contributions to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing internet, television, radio, social media, magazine, and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting National and Regional Accounts (NORAs); the cost of public relations activities and advertising agencies; the cost of developing and maintaining an internet website; personnel and other departmental costs for advertising that we internally administer or prepare; and building partnerships with national and regional brands. Not all System franchisees will benefit directly or on a pro rata basis from such expenditures. (Franchise Agreement, Section 12.3). While we do not anticipate that any part of Brand Fund Contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund Contribution for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." (Franchise Agreement, Section 12.3).

If all Brand Fund Contributions are not spent by the end of each fiscal year, the funds will be carried forward into the next fiscal year. You will be required to contribute to the Brand Fund regardless of amounts due from other System franchisees.

We will prepare on an annual basis and will have available for you within 120 days of the end of the fiscal year, an unaudited statement of contributions and expenditures for the Brand Fund. Upon your written request, we will provide you with the statement. There is no requirement that the Brand Fund be audited. (Franchise Agreement, Section 12.3).

If we establish a Brand Fund, the source of funding will be handled in-house. We have the right to incorporate the Brand Fund as a separate business entity. The Brand Fund is not a trust, or our asset and we are not a fiduciary to you with respect to, or a trustee of, the Brand Fund or the monies therein, and we assume no obligation or liability to you with respect to the maintenance, direction or administration of the Brand Fund. (Franchise Agreement, Section 12.3). We may periodically assist franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to you if your results from a Survey fall below System-established minimum standards for such Surveys, which will be determined at the time we conduct a Survey. (Franchise Agreement, Section 12.3).

We have the sole right to determine how to spend contributions to the Brand Fund, or any funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount on advertising in your Protected Territory. Not all System franchisees will benefit directly or on a pro rata basis from our expenditures. Franchise Agreement, Section 12.3).

We have the right to reimbursement from the Brand Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund. (Franchise Agreement, Section 12.3).

Company or affiliate-owned Varsity Zone Businesses may contribute to the Brand Fund, but they are not required to do so. (Franchise Agreement, Section 12.3). We reserve the right to suspend or terminate the Brand Fund at any time and any surplus funds may only be used for marketing and advertising purposes until fully expended. (Franchise Agreement, Section 12.3). As we are a new franchisor, we have not collected any Brand Fund Contributions as of the close of the 2021 fiscal year.

2. Advisory Council

There is currently no Advisory Council, however, we reserve the right to form an Advisory Council for the purpose of exchanging ideas and problem-solving methods, advising us on expenditures for System-wide advertising, and coordinating franchisee efforts (an “Advisory Council”). In the event established and you are elected and accept, you must participate actively in the Advisory Council and participate in all Advisory Council meetings as we require. We reserve the right to prepare and amend the governing documents for the Advisory Council from time to time as we deem necessary, and we will determine the topic areas to be considered by the Advisory Council. The Advisory Council shall act in an advisory capacity only, and we shall have the right to form, change, or dissolve an Advisory Council at any time, as we deem necessary in our sole discretion. (Franchise Agreement, Section 12.6)

3. Initial Marketing Expenditure Requirement and Local Advertising Expenditure Requirement

You are required to spend at least \$20,000 during the first ninety (90) days of operations of your Varsity Zone Business to satisfy your advertising requirements for the initial marketing expenditure requirement (“Initial Marketing Expenditure Requirement”). Additionally, after the first ninety (90) days of operations of your Varsity Zone Business, and for the remainder of the term of the Franchise Agreement, you must spend the greater of (i) \$2,000 per month, or (ii) 5% of monthly Gross Revenue Collected on Local Advertising Expenditures within your Protected Territory (collectively, “Local Advertising Expenditure Requirement”), of which, a minimum of \$2,000 per month must be spent on advertising, marketing, and/or related expenses, through our affiliate, or our Designated Vendor (as we designated) (however the above does not contemplate or include your required monthly Digital Management Fee, see section 11(e)(4) of this Disclosure Document). (Franchise Agreement, Section 12.5). You must submit to us, upon our request, evidence of your Initial Marketing Expenditure Requirement and Local Advertising Expenditure Requirement. We also have the right to review your books and records to determine these expenditures. We must approve all advertising and promotional materials prior to your use or distribution. If you do not meet the minimum Local Advertising Expenditure Requirement, we have the right to require you to pay the deficiency amount to us, which we may use to expend directly on local advertising for your Varsity Zone Business or contribute the deficiency amount to the Brand Fund Contribution, if established.

If you wish to use any advertising or promotional materials other than those currently approved for use by System franchisees, then you must submit the materials you wish to use to us for our prior written approval at least 30 days prior to your intended use or publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the proposed materials from you. If you do not receive our written approval during that period, the proposed materials shall be deemed disapproved. Once approved, you may use the materials unless we withdraw or revoke our approval, which we may do at any time with written notice. All advertising must prominently display the Proprietary Marks and must comply with any standards we establish as specified in

the Operations Manual or in any other writing. We may require you to discontinue using any advertising or marketing material within a specified time frame, and at your own cost and expense. (Franchise Agreement, Section 12.1).

The Local Advertising Expenditure Requirement is in addition to the \$17,000 you must pay us or an affiliate for Brand Marketing Fee, and Digital Management Fees (first three months), as described below and in Item 7.

Within forty-five (45) days after execution of the Franchise Agreement, you must pay us or an affiliate (as we designate) a Brand Marketing Fee of \$15,500 to cover the costs of creation, production and distribution of brand marketing assets.

4. Digital Management Fee.

You must pay our affiliate, or Designated Vendor (as we designate), a monthly digital management fee (the "Digital Management Fee"). Currently, the Digital Management Fee is a monthly fee of \$500 per month. The Digital Management Fee covers the costs of digital marketing and website management. We reserve the right to (a) modify the Digital Management Fee as new digital marketing and advertising technology and software becomes available or changes, and/or (b) modify the digital marketing and advertising requirements that you must use for the Varsity Zone Business, and (c) designate and/or change the amount, scope, or manner of payment of the Digital Management Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

F. Website and Internet Presence.

You must have and maintain adequate hardware and software in order to access the internet at the bit speed we require from time to time. We have the right, but not the obligation, to establish and maintain website(s) that provides information about the System and the products and services offered by Varsity Zone franchises. If we exercise our right to create such website(s), we will have sole discretion and control over it. We also have the right, but not the obligation, to create interior pages on our website(s) that contain information about your Varsity Zone Business and other Varsity Zone locations. If we do create such website(s), we may require you to prepare all or a portion of the website(s) pages(s) for the Varsity Zone Business, at your sole expense, and may require you to use a template that we provide. (Franchise Agreement, Sections 12.2.1 and 12.2.2).

Unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the internet through any social networking site in connection with the operation of your Varsity Zone Business, including without limitation, Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site that uses any variation of the Proprietary Marks or references the System. If you seek and obtain our approval to create a separate website or other web presence, you must: (i) establish and operate the website or other web presence according to our standards and policies as we describe 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 your website(s) or other web presence. We may require you to update the content of any social media and/or networking site(s) at the times and in the manner we decide. (Franchise Agreement, Section 12.2.3).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section

12.2). We are currently the sole registrant of the domain name www.varsityzone.com and we will be the sole registrant of any other domain names we decide to register in connection with the System in the future. You are prohibited from registering any domain name that contains words used in, or similar to, any trademark or service mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation or visual variation). (Franchise Agreement, Section 12.2.5).

G. Computer Hardware and Software.

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (a) a compatible computer system that complies with our standards and specifications as set forth in the Operations Manual, and is capable of operating financial and other business software; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; and (d) Internet access mode and bandwidth (collectively, the “Computer System”). (Franchise Agreement, Section 7.8).

Presently, you are required to purchase a computer system that meets our Computer System standards and specifications, which includes one of the following packages:

Package 1:	Package 2:
<p>RIVNT Basic - Microsoft Office E1 Package Total Cost: \$45/month per user Includes:</p> <ul style="list-style-type: none"> • Microsoft Office E1 License <ul style="list-style-type: none"> ○ Web-based and Mobile/Tablet Office apps only (Word, Excel, PowerPoint, Outlook) ○ 50 GB Exchange mailbox ○ 1 TB OneDrive cloud storage ○ Microsoft Teams, SharePoint, and more. • Avanan Advanced Email Security <ul style="list-style-type: none"> ○ Anti-phishing, anti-malware, and email threat protection • Dropsuite for Microsoft 365 <ul style="list-style-type: none"> ○ Backup and recovery for Exchange, OneDrive, SharePoint, and Teams • Microsoft 365 Sign-In Security Audit <ul style="list-style-type: none"> ○ Real-time monitoring of sign-in logs and suspicious activity ○ Account Recovery • IT Support (Business Hours) <ul style="list-style-type: none"> ○ IT Specialist support when you need it 	<p>RIVNT Standard - Microsoft Office E3 Package Total Cost: \$60/month per user Includes:</p> <ul style="list-style-type: none"> • Microsoft Office E3 License <ul style="list-style-type: none"> ○ Full desktop & web/mobile/tablet Office apps (install on up to 5 devices) ○ 100 GB Exchange mailbox + archive mailbox ○ 1 TB+ OneDrive cloud storage 5TB max ○ Microsoft Teams, SharePoint, and more. ○ Advanced compliance features (eDiscovery, Litigation Hold, DLP) • Avanan Advanced Email Security <ul style="list-style-type: none"> ○ Anti-phishing, anti-malware, and email threat protection • Dropsuite for Microsoft 365 <ul style="list-style-type: none"> ○ Backup and recovery for Exchange, OneDrive, SharePoint, and Teams • Microsoft 365 Sign-In Security Audit <ul style="list-style-type: none"> ○ Real-time monitoring of sign-in logs and suspicious activity ○ Account Recovery • IT Support (Business Hours) <ul style="list-style-type: none"> ○ IT Specialist support when you need it

We also have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs that you must use in connection with any component of the Computer System, including Microsoft software, accounting or bookkeeping software such as Quickbooks, and proprietary software which you must license from us (collectively, the “Required

Software”); (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System. At our request, you must purchase or lease, and thereafter maintain, the hardware necessary to support Required Software. You must purchase the components of the System and required software from Approved Suppliers or designated vendors or third-party suppliers (as we designate). You agree, at your own expense, to keep your Computer System in good maintenance and\ repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. There currently are no maintenance and support contracts for your Computer System, but we reserve the right to require them at any time. (Franchise Agreement, Section 7.8).

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We have no obligations to maintain, repair, updated, or upgrade your computer and software.

We may, but are under no obligation to modify the specifications and the components of the Computer System from time to time and may require you to obtain specified computer hardware and/or software, including a license to use proprietary software developed by us or others, as well as service and support contracts for the hardware and software. As of the date of this Disclosure Document, we have not rolled out any required maintenance, or updates.

The Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System. The estimated cost of purchasing the Computer System is approximately \$2,500 and includes one tablet for your salesperson/estimator, one mobile printer, and hotspot or data service for the tablet(s). We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the Varsity Zone Business to us. (Franchise Agreement, Section 7.8).

We have the right to independently access, monitor, and retrieve any data you input or collect electronically, including access to your Computer System or for any other purpose we deem necessary. Data collected by your Computer System includes, but is not limited to, customer names, addresses, phone numbers, emails, and type (residential or commercial). The franchise agreements do not impose upon us any contractual limitations to our access to your data. You must deliver to us all access codes, static internet protocol (“IP”) addresses and other information to facilitate our access to the data within 30 days of opening the Varsity Zone Business (Franchise Agreement, Section 7.8). We are the sole owners of all databases, lists, templates, programs and any other software components that have been created and/or customized by us using the e-CCM System, Computer System and/or Required Software (the “Proprietary Software”). In the future, we may customize the Proprietary Software and create programs that conduct other activities. You are required to obtain the computer hardware that is necessary to implement the Proprietary Software and comply with all our specifications and standards as provided in the Operations Manual. This Proprietary Software will be our proprietary product and the information collected from it will be our confidential information. (Franchise Agreement, Section 7.8).

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or

ongoing training as we designate. You must use the computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above. (Franchise Agreement, Section 7.8).

H. Additional Investment

We have the right to require you to remodel, reequip, and otherwise refurbish your Varsity Zone Business to bring it into conformity with our then-current brand image. (Franchise Agreement, Section 7.17).

I. Pre-Opening and Post-Opening Progress Meetings.

During the pre-opening phase(s) of the Franchised Business, you must participate in and complete thirty (30) minute pre-opening progress meetings with our designated representative at various stages or phases before you begin operation of the Franchised Business, as we designate or as set forth in the Operations Manual. These meetings are designed to evaluate Franchisee progress and performance, and our completion of our pre-opening requirements. You must also participate in thirty (30) minute post-opening progress meetings with us at various stages or phases after you begin operating the Franchised Business, as we determine or as set forth in the Operations Manual. The pre-opening and post-opening progress meetings may be held or conducted digitally, electronically, or as otherwise as we designate. (Franchise Agreement, Section 7.17).

ITEM 12
TERRITORY

Approved Location

You must operate the Varsity Zone Business from an approved facility located in the Protected Territory that meets our current standards and specifications (the "Approved Location"). You will need to lease approximately 1,500 to 2,000 square feet of commercial office/warehouse or flex space for your equipment, supplies and inventory. Our offer assumes that all necessary equipment, supplies, and inventory are stored within leased commercial office/warehouse or flex space of this size. Your Approved Location must: (i) be secured within ninety (90) days after the date of execution of the Franchise Agreement; (ii) be located in a Protected Territory; (iii) be approved and consented to by Franchisor in writing within thirty (30) days, prior to execution of any lease thereon; and (iv) meet our current standards and specifications, including, but not limited to, square footage, design, layout, signage, equipment and inventory storage. The factors we consider in approving your location include but are not limited to: (i) the type of commercial space; (ii) the geographic location of the space and whether it is centrally located within your Protected Territory; (iii) whether there is enough space for office and storage; and (iv) whether the terms of the lease are favorable. We may also condition our approval of your lease upon, among other conditions, execution of a collateral assignment of lease (which is attached to the Franchise Agreement as Exhibit F) by you and your landlord, if any, under which your landlord shall grant us the rights to assume your rights and obligations under your lease in the event that you breach your lease agreement or your Franchise Agreement is terminated or expires. You must continuously maintain an Approved Location throughout the Term of the Franchise Agreement without interruption. You may not relocate the Varsity Zone Business without our prior written consent.

Protected Territory

We will grant you a Protected Territory within which to develop your Varsity Zone Business.

The size of your Protected Territory may vary from other System franchisees based on the location and demographics surrounding your Approved Location. Typically, a single Protected Territory will consist of a population of approximately 200,000 individuals, depending upon geography, demographics, and other factors. The demographics, geography, and other factors we use in defining your Protected Territory are based upon information provided to us by third-party sources that we select in our sole discretion. If the cumulative general population figures used to calculate your Protected Territory exceed the cumulative general population figures set forth in Item 5, you are required to pay, in addition to your Initial Franchise Fee, an overage fee in an amount equal to the number of excess cumulative general population multiplied by thirty cents (\$0.30) per individual.

If you purchase two (2) or more Varsity Zone Businesses, you will be granted separate Protected Territories under each Franchise Agreement you execute, which are generally, but not always, contiguous and immediately adjacent to each other.

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. While you will not receive any exclusive rights to provide our Approved Products and Services within your Protected Territory, it will be protected in that we will not establish or allow another person to establish a Varsity Zone Business utilizing the Proprietary Marks and System within your Protected Territory or allow another Varsity Zone franchise to provide Approved Products and Services within your Protected Territory excepted as stated below. As of the issuance date of this Disclosure Document and unless and until we designate otherwise, you must use the Contact Center, which will assign appointments based on several factors including your willingness or ability to perform these appointments in your Protected Territory. Appointments are not guaranteed to be assigned to you, including through your use of the Contact Center.

You may not solicit, advertise or attempt to service or service any customers outside of your Protected Territory without our prior written consent (which may be withheld for any reason). If you solicit, advertise or sell products or services outside of the Protected Territory without our prior written consent, in addition to all other rights and remedies available to us for a breach of this agreement, we will have the right to terminate the Franchise Agreement.

If, at any time during the term of your Franchise Agreement, more than 5% of your Gross Revenues are derived from operations from or within specific location(s) or area(s) that are outside of your Protected Territory, we may, among other conditions, require you to purchase an additional franchise and enter into our then-current franchise agreement and pay to us the then-current initial fees required under that agreement, however, under no circumstances shall this provision be interpreted to grant you an option, right of first refusal or other similar right to purchase additional franchises. You will not receive an option, right of first refusal, or other similar right to purchase additional franchises, and we are not required to offer you the opportunity to enter into a franchise agreement to continue operations in any area outside of your Protected Territory and we may revoke any prior granted approval allowing you to operate outside of the Protected Territory at any time, effective on notice to you.

Although you do not have a right to do so, we may permit qualified parties to establish another Varsity Zone Business, if they are in conformance with our standards and specifications set out in our Operations Manual, and otherwise in good standing under the terms of the Franchise Agreement. We have the absolute right to determine whether an existing franchisee is in conformance with our standards and specifications set out in our Operations Manual, and otherwise in good standing under the terms of the Franchise

Agreement. As of the date of this Disclosure Document, the criteria we consider are, among other factors: a franchisee's compliance with the System, operational success (including your existing Franchised Business(es) meeting or exceeding certain performance thresholds), leadership ability and team development, financial stability and ability to expand and potential limits on the number of Businesses any franchisee owns.

You must meet and maintain the following monthly Minimum Royalty Fees per Protected Territory during the terms of your Franchise Agreements:

The monthly Minimum Royalty is: (i) \$500 per month for the period beginning on the one-year anniversary of the Effective Date and continuing through the remainder of the Term. Notwithstanding the foregoing, after the expiration of the fifth year of the Term, Franchisor has the right to increase the monthly Minimum Royalty for each of the sixth, seventh, eighth, ninth, and tenth year of Term, in an amount not to exceed ten percent (10%) of the Minimum Royalty payable during the immediately preceding year of the Term.

Failure to pay the required Royalty constitutes a material breach of your obligations under this Agreement. Without limiting your obligations under this Section and/or Franchisor's rights under this Agreement, at the end of each calendar year, Franchisor may conduct a review of the Royalty fees you paid to Franchisor during such calendar year and if Franchisor determines you failed to pay the required Royalty, you must pay the difference immediately upon your receipt of an invoice from Franchisor. Franchisor reserves the right to true-up all Royalty payments at any time and at any interval.

National and Regional Accounts

There is currently no National and Regional Account ("NORA") programs, however, we have the exclusive right to create NORA programs for a group of customers, a partnership or group of partners, that operate under common ownership or control, under the same trademarks or service marks through independent franchises, dealers or licensees, or some other association, located at multiple locations, Chain Customers (as defined below) and other similar organizations for the benefit of the System. We have the exclusive right to solicit and service NORA customers within or outside of your Protected Territory. You may not solicit, service or otherwise pursue any NORA relationships, whether the contacts for these relationships are in your Protected Territory or not, without our prior written consent. You may not service, solicit or otherwise pursue a relationship with a NORA or potential NORA or any of its members or associates, without notice to us and our prior written consent. A "Chain Customer" is a non-residential customer, a group of customers, a partnership or group of partners, that operate under common ownership or control, under the same trademarks or service marks through independent franchises, dealers or licensees, or some other association, located at multiple locations whose presence is not confined within any one particular territory. Following the execution of a contract with or the acceptance of a bid by a NORA customer which contemplates the provision of services to one or more NORA locations within the Protected Territory, we may, at our sole option, provide you the option to perform such services pursuant to the terms and conditions of the NORA contract or on such terms and conditions as we determine in our sole discretion. In order to service any NORA customers, you must enter into our then-current form of NORA participation agreement, the terms of which will govern all NORA work. If we elect to exclusively service a NORA customer within the Protected Territory, if you are unable to service the NORA customer or are otherwise in default of your franchise agreement, or if you elect not to provide services to a NORA customer in conformity with the terms and conditions of the NORA bid or contract, we shall have the right, exercisable in its sole discretion, to:

1. provide, directly or through any other licensee or franchisee utilizing the Proprietary Marks, services to the NORA customer location(s) within the Protected Territory on the terms and conditions

contained in the NORA bid or contract; and/or

2. contract with another party to provide such services to the NORA customer location(s) within the Protected Territory on the terms and conditions contained in the NORA bid or contract between us and the NORA customer, utilizing the Proprietary Marks or any other trademarks, service marks or trade names.

Neither the direct provision by us (or a System franchisee, licensee, or our agent) of services to NORA customers, nor our contracting with another party to provide such services shall constitute a violation of your rights in the Protected Territory. You disclaim any compensation or consideration for work performed by us or others in the Protected Territory on account of NORA customers within the Protected Territory.

Rights Reserved by Us

We and our affiliates also reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other Varsity Zone Businesses using the Proprietary Marks and System at any location outside of the Protected Territory; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind regardless of location, except for businesses that engage in HVAC services within your Protected Territory; (iii) sell and distribute, directly or indirectly, or license others to sell and distribute within or outside the Protected Territory, directly or indirectly, any products, services or merchandise, Approved Products and Services, from any location or to any purchaser or through any alternative channel or method of distribution including, but not limited to, via retail and wholesale distribution, in supermarkets, hardware stores, club stores and other retail facilities, via mail order and e-commerce channels, as long as these sales are not conducted from a Varsity Zone Business physically operated from a location within the Protected Territory; and (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement. Although we reserve the right to open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Varsity Zone Business under marks other than the Proprietary Marks at any location, we and/or our affiliates currently do not have any plans to open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Varsity Zone Business under marks other than the Proprietary Marks at any location.

Alternate Channels of Distribution

We, our affiliates, or third parties retain the right to distribute our and our affiliates' products and services in your Protected Territory using our Marks or other trademarks, including various HVAC products or services, already developed and those yet to be developed, through any alternate channels of distribution that we may choose. These alternate channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the internet, catalog, telemarketing, direct marketing, and through joint marketing with partner companies under terms and conditions that we deem appropriate. We do not have to pay you for exercising our rights. As a result, you will not receive an exclusive territory. You may face competition from other franchisees, from other outlets we or our affiliates may operate, or from other channels of distribution or competitive brands that we, our affiliates, or third parties control, operate, or franchise. You have no right to: (i) to distribute such products or services through alternative channels of distribution; or (ii) to share in any of the proceeds that a party received through these alternate channels.

Contact Center and Servicing Customers Within Your Protected Territory

Under the Franchise Agreement, you must ensure that initial calls, work order requests, or otherwise inquiries made to your Varsity Zone Business are processed by the Contact Center and/or Franchisor’s customer relationship management (“CRM”) platform or software, as required by Franchisor. All Franchised Business-related phone numbers, internet lead sources, and other work order requests, or otherwise inquiries are required to be ported to or directed to the Contact Center and/or Franchisor’s CRM, as required by Franchisor.


Once a lead, prospect, or customer’s call, inquiry, or order is routed to the Contact Center (or otherwise input by Franchisee into the CRM) and assigned to the Franchised Business, Franchisor’s Contact Center and/or CRM Designated Vendor(s), including, but not limited to, software platforms that utilize artificial intelligence tools and programs (as designated by Franchisor), will route that customer’s inquiry, order, or work, to Franchisee if the customer’s location (where the work is to be performed) is within the Protected Territory, unless: (i) we determine that the work is in the nature of an emergency, that all or a portion of the Protected Territory has been subjected to a disaster or catastrophe; (ii) the work is of such a large scope, complexity and/or commercial nature that we determine, in our sole discretion, that the Franchisee is not capable of performing the work requested in accordance with System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case we may route the work order to Franchisee and additional franchisees, or other franchisees, or our affiliate, for completion); (iii) the inquiry, order, or work, is mistakenly routed to another franchisee or affiliate-owned business; or (iv) Franchisee is not operating the Franchised Business in compliance with this Agreement.

It is important for us to have the rights as described in this Item in order to: (i) maintain uniformity across the System and ensure that all work performed under the Proprietary Marks meets our System Standards for customer service; and (ii) account for inadvertent mistakes by our customers and the Contact Center. You do not have any right to share in the Gross Revenue generated from customers that are serviced within the Protected Territory unless you are assigned, and subsequently provide services to, such customers.

ITEM 13
TRADEMARKS

You will have the limited right to use the following Proprietary Marks that are pending registration with the United States Patent and Trademark Office (“USPTO”), as well as any other Proprietary Marks we may now or in the future designate in connection with the System, provided you use these marks in accordance with our System standards and specifications:

We have applied to the USPTO for the following design and character marks:

MARK	SERIAL NO.	APPLICATION DATE	REGISTER
“VARSITY ZONE”	98321358	December 19, 2023	Principal
	98907973	December 17, 2024	Principal

Additionally, we have secured a Georgia, Nebraska, and South Carolina trademark registration for the following design mark:

MARK	REGISTRATION DATE	STATE REGISTER
	April 16, 2024	Nebraska
	April 25, 2024	Georgia
	May 21, 2024	South Carolina

Required affidavits and renewals for the registrations for these Proprietary marks have been filed when due.

We and our principals derived the right to use the Proprietary Marks from a license agreement we entered into with our affiliate HPB HVAC Holdings LLC (the “License Agreement”). Under the License Agreement, we have the right to use the Proprietary Marks and System, as well as license third parties the right to use the Proprietary Marks and System to operate Varsity Zone Business(es), as part of our franchise system. Our affiliate may terminate the license agreement due to our material breach. Upon termination of the License Agreement, we will be required to cease all use of the Proprietary Marks and we will require you to do the same.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving any of the Proprietary Marks- that could materially affect your use of the Proprietary Marks. Currently, there is no litigation pending or otherwise that limits our ability to use or license the Proprietary Marks to you or any other franchisee. There are no other agreements that will affect our right to use, and license you to use, the Proprietary Marks in any manner material to the System and franchises offered in this Disclosure Document.

Your right to use the Proprietary Marks granted under the Franchise Agreement is non-exclusive, and we retain the right, among others: (i) to use the Proprietary Marks for selling products and services; (ii) to grant others licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and (iii) to develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

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

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

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

You must immediately notify us of any apparent infringement or challenge to your use of any Proprietary Mark, or any claim by any person of any rights in any Proprietary Mark. You agree not to communicate with any person other than us, our attorneys of choice and your attorneys in connection with any such claim or challenge. If we choose to take over or control the defense of any claim or challenge the cost of such defense will be paid by us, provided that if any claim or challenge is caused by your wrongful acts, we may request that you indemnify us for any claims or damages we incur. This includes paying all our attorneys', experts or other professional fees we may incur to defend any claim or challenge resulting from any of your wrongful acts. In limited instances, if we take over any claim or challenge, we may reimburse you for the reasonable expenses you incur in connection with cooperating with us, as we deem necessary in our sole discretion.

ITEM 14 **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We hold no patents and have no pending patent applications that are material to the franchise. We claim common law copyright and trade secret protection for several aspects of the System including, without limitation, our Operations Manual, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials.

Should you become aware that any unauthorized third party is using any of our patented and/or copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. In the event that we require you to discontinue use of any outdated copyrighted material and/or implement updated copyrighted material, the Franchise Agreement does not impose any obligation upon us concerning compensation to you. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

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

You must require your managers and other key employees to sign our then-current form of Confidentiality and Restrictive Covenant Agreement, where these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This agreement will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of any Varsity Zone Business, you will promptly notify us and provide us with all necessary related information, without compensation or consideration, including, but not limited to, bestowing any rights to you related thereto. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other intellectual property rights whatsoever related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees or contractors develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees or contractors develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that these provisions in the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

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 FRANCHISED BUSINESS

You (or your principals) must devote his or her personal attention, skill and best efforts to the management and operation of the Varsity Zone Business and to promote and increase the demand for our products and services within the Protected Territory. You agree that you may not, without our prior written consent, engage in any commercial activity that may be injurious to the Varsity Zone Business or the goodwill associated with the Proprietary Marks or System. Your (or your principals') violation of these terms will be a material breach of the Franchise Agreement, and we may terminate the Franchise Agreement with notice and without an opportunity to cure.

Upon your written request, we shall permit you to employ a manager to manage the day-to-day operations of the Varsity Zone Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by us in writing prior to hiring; and (ii) successfully completes our Initial Training Program before assuming any managerial responsibility. The Designated Manager need not have any equity interest in the Varsity Zone Business. If we ask, the Designated Manager must sign a written statement to maintain confidentiality of the trade secrets described in Item 14 (see Item 14 for more details). The Varsity Zone Business must always be staffed with at least one individual who has successfully completed the Initial Training Program. If a Designated Manager resigns or is otherwise terminated, the replacement must be trained pursuant to our then-current standards. The new Designated Manager must successfully complete training within 30 days of hiring. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of the Franchise Agreement.

You, your spouse, and your principal shareholders, members and/or owners must sign a Guaranty agreeing to pay and perform all obligations under the Franchise Agreement (attached to the Franchise Agreement as Exhibit A).

ITEM 16 **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

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

All products and services you use or offer for sale from your Varsity Zone Business must comply with our standards and specifications. Our standards and specifications are set forth in the Operations Manual, which is revised from time to time. You are responsible for ensuring that your Varsity Zone Business always meets these standards. We reserve the right to require you to invest in additional infrastructure and/or equipment and staffing requirements, as may be set forth more specifically in the Operations Manual, to ensure adequate brand servicing in the Protected Territory, including in the event your accounts receivable grows in excess of 40% (or such other percentage as we may designate) of your overall Gross Collected Revenue or your backlog of jobs reaches 12 weeks (or such other time period as we may designate). We have the right to inspect your Varsity Zone Business or attend a project site for quality control purposes. We have the right to change our System, and the requirements thereunder, from time to time.

You must agree to offer and honor, at your own cost, a warranty on all materials and work sold by your Varsity Zone Business to each of your customers in accordance with the terms we establish and modify from time to time.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
A. Length of the franchise term	2.1	Ten (10) years, which will commence on the date we execute the Franchise Agreement.
B. Renewal or extension of term	2.2	One (1) successive ten (10) year term.
C. Requirements for franchisee to renew or extend	2.2.1 through 2.2.9	Subject to state law, you must: (i) provide notice of your renewal no fewer than 12 months and no greater than 18 months prior to the end of the term; (ii) demonstrate to our satisfaction that you have the right to operate the Varsity Zone Business at the Approved Location for the duration of the renewal term; (iii) complete to our satisfaction, no later 90 days prior to expiration of your then-current term, any updating as necessary to bring the Varsity Zone Business into full compliance with our then- current System standards and specifications for new franchisees; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement with us, our affiliates, approved/designated suppliers and vendors, and also have been in substantial compliance with these agreements during their respective terms; (v) satisfy all monetary obligations you have to us, our affiliates, and approved or designated suppliers/vendors; (vi) execute our then- current form of franchise agreement, the terms of which may materially vary from the terms of your current Franchise Agreement; (vii) satisfy our then-current training requirements; (viii) execute a general release in favor of us and our affiliates in the form we prescribe; and (ix) pay a renewal fee

		equal to 20% of the then-current Initial Franchise Fee.
D. Termination by franchisee	Not Applicable.	You may terminate under any grounds permitted by law.
E. Termination by franchisor without cause	Not Applicable.	Not Applicable. Subject to state law.
F. Termination by franchisor with cause	15.1 through 15.4	Subject to state law, we may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.
G. "Cause" defined – curable defaults	15.3	The following are curable defaults under the Franchise Agreement, provided you cure the default within 15 days of our notice of: (i) If Franchisee or Franchisee's principals, including any shareholder, member, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within forty-eight (48) hours of Franchisee's receipt of written notice of a breach under this Section.
	15.4	Notwithstanding Sections 15.1, 15.2 and 15.3 of the Franchise Agreement, you will have 30 days to cure any other default under the Franchise Agreement, or any other agreement between us and our affiliates, from the date of our notice.
H. "Cause" defined – non-curable defaults	15.1	The Franchise Agreement will automatically terminate without notice or opportunity to cure upon the occurrence of any of the following: (i) if you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law,

		<p>or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Business; or (ii) if proceedings are commenced to have you adjudicated bankrupt or seek your reorganization under any state or federal bankruptcy or insolvency law and such proceedings are not dismissed within 60 days, or a trustee is appointed for you or the Franchised Business without your consent and the appointment is not vacated within 60 days.</p>
	<p>15.2</p>	<p>We have the right to terminate the Franchise Agreement upon notice and without opportunity to cure upon the occurrence of any of the following defaults: (i) you or one of your principal (s) are convicted of, or plead guilty or no contest to, a felony or other offense related to the operation of the Franchised Business or which we believe, in our sole discretion, is likely to have a material adverse effect on our Proprietary Marks or the goodwill associated therewith; (ii) you or your principal(s) commit any fraud or misrepresentation in the operation of the Franchised Business, including a material misrepresentation (financial or otherwise) made in completing your franchise application; (iii) If Franchisee or Franchisee's principals make any material misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation. (iv) If Franchisor sends Franchisee three (3) or more written notices of default pursuant to Sections 15.3 or 15.4 of this Agreement in any consecutive 12-month period, regardless of whether the defaults set forth in the notices were subsequently cured.; (v) If Franchisee or Franchisee's principals violate any provision</p>

	<p>hereof pertaining to Proprietary Marks or Confidential Information.;</p> <p>(vi) If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the public and fails to cure such violation within 24 hours of Franchisee's receipt of written notice from Franchisor; provided that, if the breach cannot reasonably be cured within such time frame, Franchisee shall take immediate steps to cure the violation and complete the cure as soon as commercially practicable.;</p> <p>(vii) If Franchisee violates the in-term restrictive covenant contained in Section 17.1.;</p> <p>(viii) If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within sixty (60) days.;</p> <p>(ix) If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue operations of the Franchised Business. .Without limiting the foregoing, failure to operate the Franchised Business for seven (7) consecutive days will be deemed a abandonment of the Franchised Business.;</p> <p>(x) If Franchisee purports to sell, transfer or otherwise dispose of any interest in the Franchised Business in violation of Section 14 hereof.;</p> <p>(xi) If Franchisee fails to maintain insurance, purchase insurance from designated vendors, or to repay Franchisor for insurance paid for by it, or otherwise fail to adhere to the requirements of Section 9.;</p> <p>(xii) If Franchisee fails to pay Franchisor as and when due any sums owed to Franchisor, any of Franchisor's</p>
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		<p>affiliates, or any of Franchisor's system suppliers or vendors, or if there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor two (2) or more times within any twelve (12) month period.; (xiii) If Franchisee operates the Franchised Business outside of the Protected Territory without Franchisor's prior written consent, as provided in Section 1.2 of this Agreement.; (xiv) If Franchisee fails to meet the Minimum Royalty Fee for any Territory granted hereunder in any period.</p>
<p>I. Franchisee's obligations on termination/non-renewal</p>	<p>16.1</p>	<p>Upon termination or expiration of the Franchise Agreement, your obligations include: (i) immediately cease all operations of the Varsity Zone Business; (ii) immediately pay all amounts owed to us, our affiliates and our major suppliers and vendors; (iii) immediately discontinue using the Proprietary Marks; (iv) immediately cease using the Varsity Zone System and Operations Manual, and within ten days return all proprietary and confidential materials; (v) immediately cease use of all telephone and facsimile numbers, and related listing, as well as any permitted domain names and/or Social Media Pages, that were used in connection with the Varsity Zone Business (collectively, the "Assigned Property") and take all necessary steps to assign the Assigned Property to us or our designee; (vi) immediately vacate the premises of the Varsity Zone Business; (vii) within ten days, return all stationery, printer matter, signs, advertising materials and other items containing our Proprietary Marks; (viii) cease holding yourself or the Varsity Zone Business out as part of our System; (ix) cease all contact with Varsity Zone customers; (x) take all</p>

		actions necessary to amend or cancel any assumed name, business name or equivalent registration that contains any trade name or Proprietary Mark, and furnish evidence to us that you have complied with this obligation within 15 days; (xi) permit us to make a final inspection of your financial records, books and other accounting records within one (1) month of the termination/expiration of your Franchise Agreement; (xii) comply with your post-term restrictive covenants set forth in Section 17 of the Franchise Agreement; (xiii) cease advertising or using in other any other manner any methods, procedures or techniques associated with us or the System; (xiv) de-identify all vehicles used in connection with the Varsity Zone Business; and (xv) execute from time to time any necessary papers, documents, and assurances to effectuate Section 16 of the Franchise Agreement.
J. Franchisor's right to transfer	14.5	There are no restrictions on our right to sell, transfer, or assign the Franchise Agreement.
K. "Transfer" by franchisee-defined	14.1 and 14.4	Subject to state law, you, or any of your principals', assignment, sale, gift, pledge, or other disposition of any interest in the Franchise Agreement or the Varsity Zone Business (whether voluntary or involuntary, direct or indirect).
L. Franchisor approval of transfer by franchisee	14.1 and 14.4	Subject to state law, any transfer requires our prior written consent.
M. Conditions for franchisor approval of transfer	14.3.2	Subject to state law, our approval of a proposed transfer is conditioned upon the satisfaction of the following conditions, as applicable: (i) all of your accrued monetary obligations to us, our affiliates, suppliers, and vendors have been paid; (ii) you have cured all existing defaults under the Franchise Agreement, and any other agreement with us our affiliates and designated/approved suppliers,

	<p>within the time period permitted for cure and have substantially complied with these agreements during their respective terms; (iii) you and your principals and the transferee (if it had any prior relationship with us or our affiliates) must execute a general release under seal in favor of us and our affiliates (including our officers, directors, shareholders and employees, in their corporate and individual capacities) in the form we prescribe; (iv) you or the transferee has provided us with a copy of the executed purchase agreement for the Varsity Zone Business, as well as all other documents relevant to the transaction, and we agree to the terms of the agreement; (v) transferee must satisfactorily demonstrate to us, in our sole discretion, that it meets our educational, managerial and business standards to operate the Varsity Zone Business; (vi) transferee must execute our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement, and assume a full term as set forth in the then-current form of franchise agreement for new franchisees; or, at our option, entering into an assignment and assumption of the Varsity Zone Business and all rights and obligations thereunder; (vii) you and transferee must pay us our transfer fee (per agreement transferred) of 20% of our Initial Franchise Fee and training fees; (viii) transferee must satisfactorily complete our Initial Training Program at its own expense within the time frame we set forth; (ix) you and your principals must comply with the post-termination provisions of the Franchise Agreement; (x) transferee must</p>
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		<p>obtain and maintain all permits and licenses required for the operation of the Varsity Zone Business within the time limits we set; (xi) if you are operating from a lease location, the lessor of that location must approve the assignment of the lease to the transferee; (xii) the transfer must comply with any state and federal laws that apply to the transfer; (xiii) you must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership; (xiv) the purchase price and its terms are not overly burdensome; (xv) you must request that we provide the transferee with our current form of disclosure documents; (xvi) our approval of your transfer does not constitute a waiver of any claims we might have against you; (xvii) we may disclose to any prospective transferee financial information concerning you and your Varsity Zone Business which you have supplied to us under the Franchise Agreement; and (xviii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.</p>
	14.4	<p>You do not need to pay a transfer fee if you are an individual and you wish to transfer the Franchise Agreement to a corporation or limited liability company, provided the following conditions are met: (i) the business entity is newly organized, and its activities are confined to operating the Varsity Zone Business; (ii) you remain, at all times, the owner of at least 51% of the outstanding shares of the corporation or limited liability company; (iii) the business entity agrees to assume all of your obligations under the Franchise</p>

		Agreement; (iv) all stockholders of the corporation, or members of the limited liability company, personally guarantee all of the transferee entity's obligations under the Franchise Agreement will be performed; and (v) at our request, you provide all true and correct copies of any documents and contracts governing the rights, obligations, and powers of the owners.
N. Franchisor's right of first refusal to acquire franchisee's business	14.3.1	Subject to state law, we have the right to match any bona fide third-party offer to buy your franchise rights, assets or controlling interest that is the subject of a proposed transfer (other than a transfer from an individual franchisee to a business entity as described in Section 14.4 of the Franchise Agreement). We may exercise this right of first refusal within 30 days of the date you provide us with a copy of the third-party offer and any other information that we request. If we do not exercise this option, you must complete the transfer to the third-party within 60 days, subject to the conditions set forth in Section 14.3.2. Otherwise, we will once again have our right of first refusal.
O. Franchisor's option to purchase franchisee's business	16.2	Subject to state law, upon your termination, we may purchase personal property used in connection with the operation of the Varsity Zone Business by: (i) providing you with notice of our election to do so within 60 calendar days of the expiration/termination of your Franchise Agreement; and (ii) pay you the book value for such personal property within 60 days of providing you with this notice.
P. Death or disability of franchisee	14.2.1	Upon the death, disability, physical or mental incapacity of any person with an interest in the Franchise Agreement, the franchisee, or in all or substantially all of the assets of the Varsity Zone Business, the personal representative of such

		<p>person shall have the right to continue operation of the Varsity Zone Business if: (i) within 180 days from the death/disability/incapacity, the representative meets our then-current standards to own a Varsity Zone Business, and has obtained our prior written approval and has executed our then-current form of franchise agreement for the unexpired terms of the franchise or has otherwise furnished a personal guaranty of any business entity franchisee's obligations to us and our affiliates; and (ii) this person successfully completes our then-current Initial Training Program, which will be provided at our then-current training Tuition Fee rate. In the case of a transfer by demise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the aforementioned conditions, the personal representative of the deceased franchisee will have a reasonable time, in our sole discretion and not to exceed 180 days from the date or transfer by demise or inheritance, to dispose of the deceased's interest in the Varsity Zone Business subject to all the terms of the Franchise Agreement. If the interest is not disposed of in the manner and time frame provided in the immediately preceding sentence, then we may terminate the Franchise Agreement.</p>
	14.2.2	<p>We may, but are not obligated to, operate the Varsity Zone Business during the 180-day period following the death/incapacity/disability, and we may pay ourselves a reasonable amount to reimburse us for providing management services and our other costs. Subject to state law.</p>
Q. Non-competition covenants during the term of the franchise	17.1	<p>During the term of the Franchise Agreement, neither you, nor your owners, officers, directors, principals or Designated Managers</p>

		<p>may directly or indirectly: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers commercial or residential HVAC services or any other products and/or services authorized or offered for sale by System franchisees (a “Competitive Business”) regardless of location provided that Section 17.1.1 of the Franchise Agreement does not apply to: (i) your ownership of a Varsity Zone Business under a Franchise Agreement with us; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services; (b) solicit any current, former, or prospective customer solicited by your Varsity Zone Business or any other customer that you become aware of as a result of access to our System and other franchisees for any competitive purpose. Subject to state law.</p>
<p>R. Non-competition covenants after the franchise is terminated or expires</p>	<p>17.2</p>	<p>For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your owners, officers, directors, or principals, nor any member of the immediate family of you or your owners, officers, directors, principals, or Designated Managers 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 as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Protected Territory, (b) within a 25-mile radius of the Protected</p>

		Territory or (c) within a 25-mile radius of any other protected territory franchised or licensed by us to a Varsity Zone Business as of the date of expiration/termination of the Franchise Agreement. This covenant does not apply to: (i) your ownership of a Varsity Zone Business under a Franchise Agreement with Franchisor; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing Competitive Services; or (2) solicit any current, former, or prospective customer solicited by your Varsity Zone Business or any other customer that you have become aware of as a result of access to our System and other franchisees for any competitive purpose. Subject to state law.
S. Modification of the agreement	22.1	The Franchise Agreement may not be modified except by a written agreement that both of us sign.
T. Integration/ merger clause	22.1	Only the terms of the Franchise Agreement and the Franchise Disclosure Document are binding (subject to state law). Any representations or promises made 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 we made in this Disclosure Document.
U. Internal Dispute Resolution	18.2	You must first bring any claim that is between us to the attention of our management. You must first exhaust our internal dispute resolution procedures before you may bring your dispute before a third party, including, but not limited to, the requirement to travel to our headquarters in Omaha, NE for a meeting with the Chief Executive Officer and any other appropriate personnel. The requirement that you must first attempt to resolve disputes

		internally will survive the termination or expiration of your term. Subject to state law.
V. Dispute Resolution by arbitration or mediation	18.3 and 18.4	<p>Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. Any and all disputes and claims that are not resolved by Internal Dispute Resolution must, be submitted to mediation, unless we provide in writing otherwise. The mediation will take place in Bucks County, Pennsylvania, under the auspices of the American Arbitration Association (“AAA”) in accordance with the AAA’s Commercial Mediation Rules then in effect.</p> <p>Any and all disputes and claims that are not resolved by mediation must, be submitted to arbitration, unless we provide in writing otherwise. The arbitration will take place in Bucks County, Pennsylvania, under the auspices of the American Arbitration Association (“AAA”) in accordance with the AAA’s Commercial Arbitration Rules then in effect.</p> <p>You may not commence any action against us or our affiliates regarding any claim or dispute in any court unless and until the occurrence of both: (a) mediation proceedings have occurred, or 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 written declaration by us; and then (b) arbitration proceedings have occurred, or such arbitration proceedings have been terminated either: (i) as the result of a written</p>

		<p>declaration of the arbitrator(s) that further arbitration efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our right to mediation and arbitration may be specifically enforced by us. Each party shall bear its own cost of mediation and/or arbitration, except that we will share the mediator's fees with you equally. This agreement to mediate and arbitrate will survive any termination or expiration of the Franchise Agreement.</p>
	18.3.1	<p>The parties shall not be required to first attempt to mediate and arbitrate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim relates to an allegation that Franchisee has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; (ii) any of the restrictive covenants contained in the Franchise Agreement; or (iii) the indemnification provisions set forth in the Franchise Agreement.</p>
W. Choice of forum	18.4	<p>All claims not subject to mediation or arbitration must only be brought in a competent court of general jurisdiction located in Bucks County, Pennsylvania or, if appropriate, the United States District Court for the Eastern District of Pennsylvania (subject to state law).</p>
X. Choice of law	18.1	<p>Subject to state law, Pennsylvania law governs all claims arising out of the Franchise Agreement, without reference to its conflict of laws provisions.</p>
Y. Liquidated Damages	18.13	<p>Franchisor and Franchisee agree that if this Agreement is terminated as a result of Franchisee's default before the expiration of the Term, it would be impossible to calculate</p>

	<p>with reasonable precision the losses that would be incurred by Franchisor because of the unpredictability of future business conditions, inflationary prices, the impact on Franchisor's reputation from having closed a franchised business, Franchisor's ability to replace the Franchised Business in the same market and other factors. Accordingly, if this Agreement is terminated as a result of any default by Franchisee, Franchisor will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the greater of: (a) \$150,000; or (b) the aggregate royalty and other ongoing fees due to Franchisor under this Agreement (the "Continuing Fees") during the thirty-six (36) full calendar months during which the Franchised Business was open and operating immediately before the termination date (or, if the Franchised Business has not been open and operating for thirty-six (36) months before the termination date, the average monthly Continuing Fees due to Franchisor for all months during which the Franchised Business was open and operating) multiplied by thirty-six (36) or the number of months remaining in the then-current term of this Agreement, whichever is less. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then Franchisor may pursue all other available remedies, including claims for lost future royalty fees.</p>
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ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

HISTORICAL FINANCIAL PERFORMANCE REPRESENTATION

Background

This Item 19 discloses certain historical financial performance information for one (1) franchise, owned and operated by our founder Philip Crutchfield. The history of this Founder Business is disclosed below.

The Founder Business

On December 14, 2023, HPB HVAC LLC purchased certain assets from Amped Services Plus, Inc., a Florida corporation owned by the Founder Philip Crutchfield (“the Founder Business”). The Founder Business has operated an HVAC installation and repair business in southwest Florida since 2021, under the proprietary marks: “Amped Services”, “Amped Services Heating and Cooling”, “Amped Air”, and “Amped Services Plus”. The Founder Business entered into franchise agreements with us and rebranded to a Varsity Zone Franchised Business in May 2024. The Founder Business serves as our flagship outlet and served as the base from which we created the franchise model offered under this Disclosure Document. The Founder Business offers substantially similar products and services as the business you will operate under the Varsity Zone trademark.

The Founder Business was in operation for the entirety of the 2024 calendar year (the “Measurement Period”). During the Measurement Period, the Founder Business operated a business substantially similar to the franchised business offered under this Disclosure Document in an area that would encompass approximately six (6) Protected Territories.

Financial Performance Information for the Founder Business During the Measurement Period

This Item sets forth historical Gross Sales and operating results for the Founder Business Measurement Period. We obtained these figures from information provided by the Founder Business to us through our software program for the Measurement Period. Franchisees are not required to use generally accepted accounting principles when reporting these figures. ~~We did not audit or otherwise independently verify this information.~~

Section A sets forth Gross Sales of the Founder Business during the Measurement Period.

Section B sets forth the gross profit percentage of the Founder Business during the Measurement Period.

Section C sets forth certain assumptions and additional notes to the information disclosed in this Item 19.

We will provide you with written substantiation for the financial performance representation upon

reasonable request.

Section A. Gross Sales

Gross Sales During the Measurement Period	
Gross Sales	\$ 1,379,367.00

“Gross Sales” is defined as total revenue less sales tax, discounts, allowances and returns during the stated calendar year, as reported to us by the Founder Business.

Section B. Gross Profit

The Item 19 historical financial performance representation included in this Item 19 includes certain reported performance information reported by the Founder Business during the Measurement Period only. It is not a representation of what you can expect to achieve in connection with the operation of a Varsity Zone Business. The financial information presented in this Item 19 does disclose any cost, expense, or profit information. You will incur costs and expenses in launching and operating your Varsity Zone Business and there is no guarantee that your Varsity Zone Business will be profitable.

The Founder Business reported sales and cost of goods sold into the software tool to provide estimates to its customers. According to the data reflected in the software during the Measurement Period, the average gross profit percentage was 49.09%. Gross profit was determined by taking sales less the cost of labor, materials and costs directly related to the job as reported to us by the Founder Business via the proprietary reporting software. Gross profit percentage is determined by dividing gross profit by the Gross Sales to arrive to a percentage. We have not independently verified this amount. Gross profit may vary from this average, depending upon the number and nature of competitors in your area, the pricing in your market, your abilities and efforts, the type of HVAC services sold, and several other factors. In addition to the cost of goods sold, you will also incur other expenses that are not included in this calculation, such as monthly payments (lease or financing) for the required vehicle(s), labor costs for anyone you hire, rent for office/warehouse space (especially if you do not work out of your home), telephone and other utility expenses, automobile, general liability, and other types of insurance, royalties and advertising expenses, federal, state and local taxes, and financing expenses if you finance any part of your investment. You may also incur other expenses, depending upon the manner in which you operate the business. You should consult with your advisors and with other business owners concerning the other types and amounts of expenses you will incur.

Section C. Assumptions and Additional Notes

1. The Item 19 historical financial performance representation included in this Item includes certain reported performance information reported by the Founder Business during the 2024 Calendar Year only.
2. The financial information presented in this Item 19 does not disclose any cost, expense or profit information.

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

Other than the preceding financial performance representations, HPB HVAC LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such either orally or in writing. If you are purchasing an existing outlet, however, we may provide you

with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting the Legal Department at 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164 and 1 (800) 490-8991, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

For purposes of this Item 20, each Protected Territory that a franchisee receives under a Franchise Agreement is considered an "Outlet."

Table No. 1:
System-wide Outlet Summary For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	-	-	-
	2023	-	-	-
	2024	-6	6*	+6
Company-Owned and Affiliate-Owned	2022	-	-	-
	2023	-	-	-
	2024	-	-	-
Total Outlets	2022	-	-	-
	2023	-	-	-
	2024	-6	6*	+6

~~*Six (6) Outlets are currently owned and operated by Philip Crutchfield, our Founder.~~

Table No. 2:
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For years 2022 to 2024

	Year	Number of Transfers
TOTAL	2022	0
	2023	0
	2024	0

Table No. 3:
Status of Franchised Outlets For years 2022 to 2024

State	Year	Outlets at Start of	Outlets Opened	Terminations	Non - Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
FL	2022	-	-	-	-	-	-	-

	2023	-	-	-	-	-	-	-
	2024	-6	6	-	-	-	-	6
TOTAL	2022	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-
	2024	-6	6	-	-	-	-	6

Table No. 4:
Status of Company-Owned Outlets For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
TOTAL	2022	-	-	-	-	-	-
	2023	-	-	-	-	-	-
	2024	-	-	-	-	-	-

Table No. 5:
Projected Openings as of December 31, 2024 for the 2025 Fiscal Year

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
AL	-	-	-	-
AK	-	-	-	-
AZ	5	-	-	-
AR	-	2	-	-
CA	-	-	-	-
CO	-	3	-	-
CT	-	-	-	-
DE	-	-	-	-
FL	-	6	-	-
GA	3	3	-	-
HI	-	-	-	-
ID	-	-	-	-
IL	-	-	-	-
IN	-	-	-	-
IA	-	-	-	-
KS	-	-	-	-
KY	-	-	-	-
LA	-	-	-	-

ME	-	-	-	-
MD	-	-	-	-
MA	-	-	-	-
MI	-	-	-	-
MN	-	-	-	-
MS	-	-	-	-
MO	-	-	-	-
MT	-	-	-	-
NE	-	-	-	-
NV	-	-	-	-
NH	-	-	-	-
NJ	-	-	-	-
NM	-	-	-	-
NY	-	-	-	-
NC	8	3	-	-
ND	-	-	-	-
OH	-	-	-	-
OK	-	-	-	-
OR	-	-	-	-
PA	-	-	-	-
RI	-	-	-	-
SC	-	3	-	-
SD	-	-	-	-
TN	3	-	-	-
TX	8	12	-	-
UT	-	-	-	-
VA	-	-	-	-
VT	-	-	-	-
WA	-	-	-	-
WV	-	-	-	-
WI	1	-	-	-
WY	-	-	-	-
Totals	2328	32	0	0

Attached as Exhibit I are the names, addresses and telephone numbers of all franchisees as of the issuance date of this Disclosure Document. Except as provided herein, we have not had any franchisees who had a franchise terminated, cancelled and not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement as of the issuance date, or who has not communicated with us within 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.

During ~~the our~~ last three fiscal years, ~~we have not had some current or former franchisees signed confidentiality clauses. In some instances, current and former~~ franchisees sign ~~confidentiality~~ provisions

~~that would restrict~~restricting their ability to speak openly about their experience with ~~our System-us~~. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific organizations formed by our franchisees that are associated with our System.

ITEM 21 **FINANCIAL STATEMENTS**

Attached as Exhibit E to this Disclosure Document is our unaudited financial statements as of September 30, 2025, as well as our audited financial statements as of and for the year ended December 31, 2024, and as of May 3, 2024, and for the period from inception (June 11, 2023) to May 3, 2024. As we are a newly formed entity, we do not have three years of audited financial statements. Our fiscal year end is December 31.

ITEM 22 **CONTRACTS**

Attached to this Disclosure Document are the following contracts and their attachments:

Exhibit B:	Franchise Agreement and Exhibits
Exhibit C:	Multi-Unit Addendum
Exhibit D:	State Specific Addenda
Exhibit F:	Sample Termination and Release Agreement
Exhibit H:	Confidentiality and Non-Disclosure Agreement
Exhibit J:	Franchisee Questionnaire/Compliance Certification

ITEM 23 **RECEIPTS**

Exhibit L of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to HPB HVAC LLC at 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164.

**Exhibit A
to
HPB HVAC LLC
Franchise Disclosure Document**

List of State Administrators and Agents for Service of Process
LIST OF STATE FRANCHISE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

<u>State</u>	<u>State Agency</u>	<u>Agent for Service of Process</u>
<u>CALIFORNIA</u>	<u>Department of Financial Protection and Innovation</u> <u>651 Bannon Street, Suite 750</u> <u>Sacramento, CA 95811</u> <u>(866) 275-2677</u> <u>Toll-free (866-275-2677)</u>	<u>Commissioner of the Department</u> <u>of Financial Protection and</u> <u>Innovation</u>
<u>CONNECTICUT</u>	<u>CONNECTICUT</u> <u>The Banking Commissioner-</u> <u>The State of Connecticut</u> <u>Department of Banking</u> <u>Securities and Business Investments Division</u> <u>260 Constitution Plaza</u> <u>Hartford, CT 06103-1800</u> <u>(860) 240-8299</u> <u>8230</u>	<u>NORTH DAKOTA</u> <u>North Dakota Securities-</u> <u>Department</u> <u>600 Boulevard Avenue,-</u> <u>State Capitol Fifth Floor, Dept-</u> <u>414</u> <u>Bismarek, North Dakota-</u> <u>58505-0510</u> <u>(701) 328-4712</u> <u>Banking Commissioner</u>
<u>HAWAII</u>	<u>Business Registration Division</u> <u>Department of Commerce and</u> <u>Consumer Affairs</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, HI 96813</u> <u>(808) 586-2722</u>	<u>Commissioner of Securities of the</u> <u>State of Hawaii</u>
<u>ILLINOIS</u>	<u>ILLINOIS</u> <u>Illinois Office of the Attorney General</u> <u>Franchise Division</u> <u>500 South Second Street</u> <u>Springfield, Illinois IL 62706</u> <u>(217) 782-4465</u>	<u>RHODE ISLAND</u> <u>Department of Labor and</u> <u>Regulation Securities Division</u> <u>Bldg. 69, First Floor John O.</u> <u>Pastore Center</u> <u>1511 Pontiac Avenue</u> <u>Cranston, Rhode Island 02920</u> <u>(401) 462-9527</u> <u>Illinois Attorney General</u>

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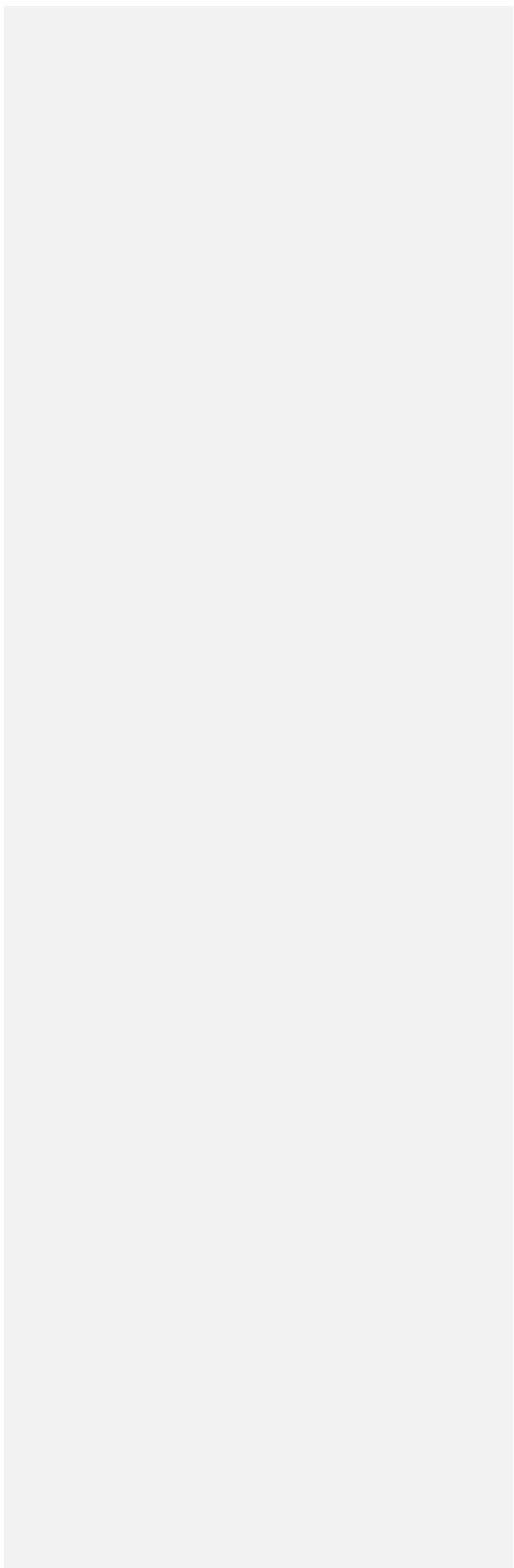
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<u>State</u>	<u>State Agency</u>	<u>Agent for Service of Process</u>
<u>INDIANA</u>	INDIANA Indiana Secretary of State Franchise Section <u>Securities Division</u> 302 West Washington St. , Room E-111 Indianapolis, Indiana IN 46204 (317) 232-6681	SOUTH DAKOTA Department of Labor and Regulation Director of Division of Securities 124 E. Euclid, Suite 104 Pierre, South Dakota 57501- (605) 773-4823 <u>Indiana Secretary of State</u> 201 State House Indianapolis, IN 46204
<u>MARYLAND</u>	<u>Office of the Attorney General</u> <u>Division of Securities</u> 200 St. Paul Place <u>Baltimore, MD 21202-2020</u> (410) 576-6360	<u>Maryland Securities</u> <u>Commissioner</u> 200 St. Paul Place <u>Baltimore, MD 21202-2020</u> (410) 576-6360
<u>MICHIGAN</u>	MICHIGAN <u>Michigan Department of Attorney General</u> <u>Consumer Protection Division</u> Attn: Antitrust and Franchise Section Unit 525 W. Ottawa Street G. Mennen Williams 670 Law Building - 1st Floor Lansing, MI 489133 (517) 373-7117	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 <u>Michigan Department of</u> <u>Commerce, Corporations and</u> <u>Securities Bureau</u>
<u>MINNESOTA</u>	MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota MN 55101-2198 (651) 539-1500	WISCONSIN Office of the Minnesota Commissioner of Securities- 345 West Washington Avenue, Fourth Floor Madison, Wisconsin 53703- (608) 261-9555 <u>Commerce</u>
<u>NEW YORK</u>	CALIFORNIA Commissioner of Financial Protection and Innovation NYS Department of Financial Protection and Innovation Law 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 Toll Free: (866) 275-2677 <u>Investor Protection Bureau</u> <u>28 Liberty Street, 21st Floor</u> <u>New York, NY 10005</u> <u>(212) 416-8222 Phone</u>	NEW YORK <u>Attention: New York Secretary of</u> <u>State</u> <u>New York Department of State</u> <u>One Commerce Plaza;</u> <u>99 Washington Avenue, 6th Floor</u> <u>Albany, New York 12231 NY</u> <u>11231-0001</u> (518) 473-2492
<u>NORTH DAKOTA</u>	<u>North Dakota Securities Department</u> <u>600 East Boulevard, State Capitol, 14th Floor, Dept.</u> <u>414</u> <u>Bismarck, ND 58505-0510</u> <u>(701) 328-4712</u>	<u>North Dakota Securities</u> <u>Commissioner</u>

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<u>State</u>	<u>State Agency</u>	<u>Agent for Service of Process</u>
<u>OREGON</u>	<u>Department of Consumer and Business Services</u> <u>Division of Finance and Corporate Labor and</u> <u>Industries Building</u> <u>Salem, Oregon 97310</u> <u>(503) 378-4387</u>	<u>Director of the Department of</u> <u>Consumer and Business Services</u>
<u>RHODE ISLAND</u>	<u>Department of Business Regulation</u> <u>Division of Securities</u> <u>1511 Pontiac Avenue, Building 69-1</u> <u>Cranston, RI 02920</u> <u>(401) 462-9585</u>	<u>Director of Rhode Island</u> <u>Department of Business</u> <u>Regulation</u>
<u>SOUTH CAROLINA</u>	<u>Secretary of State</u> <u>P.O. Box 11350</u> <u>Columbia, SC 29211</u> <u>(803) 734-2166</u>	<u>Legalinc Corporate Services Inc.</u> <u>1591 Savannah Highway</u> <u>Suite 201</u> <u>Charleston, SC 29407</u>
<u>SOUTH DAKOTA</u>	<u>Division of Insurance</u> <u>Securities Regulation</u> <u>124 South Euclid, Suite 104</u> <u>Pierre, SD 57501</u> <u>(605) 773-3563</u>	<u>Director of Insurance-Securities</u> <u>Regulation</u>
<u>VIRGINIA</u>	<u>State Corporation Commission</u> <u>Division of Securities and Retail Franchising</u> <u>1300 East Main Street, 9th Floor</u> <u>Richmond, VA 23219</u> <u>(804) 371-9051</u>	<u>Clerk of State Corporation</u> <u>Commission</u> <u>1300 East Main Street, 1st Floor</u> <u>Richmond, VA 23219</u> <u>(804) 371-9733</u>
<u>WASHINGTON</u>	Director of WASHINGTON Department of Financial Institutions Securities Division—3rd Floor P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	MARYLAND Maryland Director of Washington Financial Institutions Securities Commissioner Division 200 St. Paul Place Baltimore, Maryland 21202- 2020- (410) 576-6260 150 Israel Road, SW Tumwater, WA 98501
<u>WISCONSIN</u>	<u>Wisconsin Department of Financial Institutions</u> <u>Division of Securities</u> <u>4822 Madison Yards Way, North Tower</u> <u>Madison, WI 53705</u> <u>(608) 266-0448</u>	<u>Commissioner of Securities of</u> <u>Wisconsin</u>

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AGENTS FOR SERVICE OF PROCESS

CONNECTICUT

The Banking Commissioner
The Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8299

ILLINOIS

Illinois Office of the Attorney General Franchise
Division
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Secretary of State Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

MICHIGAN

Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

CALIFORNIA

Commissioner of Financial Protection and
Innovation Department of Financial Protection
and Innovation
2101 Arena Boulevard
Sacramento, CA 95834
(916) 445-7205 Toll Free: (866) 275-2677

NORTH DAKOTA

North Dakota Securities Department
600 Boulevard Avenue,
State Capitol Fifth Floor, Dept. 414
Bismarek, North Dakota 58505-0510
(701) 328-4712

RHODE ISLAND

Department of Labor and Regulation Securities
Division
Bldg. 69, First Floor John O. Pastore Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA

Department of Labor and Regulation Director of
Division of Securities
124 E. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA

Clerk of the State
Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WISCONSIN

Office of the Commissioner of Securities
345 West Washington Avenue, Fourth Floor
Madison, Wisconsin 53703
(608) 261-9555

NEW YORK

New York Secretary of State
New York Department of State
One Commerece Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

WASHINGTON

~~Director of Department of Financial Institutions
Securities Division
150 Isreal Road S.W.,
Tumwater, Washington 98501~~

MARYLAND

~~Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576 6360~~

Exhibit B
to
HPB HVAC LLC
Franchise Disclosure Document
Franchise Agreement

Exhibit C
to
HPB HVAC LLC
Franchise Disclosure Document
Multi-Unit Addendum

MULTI-UNIT ADDENDUM

THIS MULTI-UNIT ADDENDUM (the “Addendum”) is made and entered into this ____ day of MONTH, 2025, by and between HPB HVAC LLC, a Pennsylvania limited liability company with an address at 2525 N. 117th Avenue, Omaha, Nebraska 68164 (“Franchisor”), and FRANCHISEE, an individual with an address at ADDRESS, which is identified more fully in the attached Data Sheet (“Franchisee”).

BACKGROUND

- A. Contemporaneous with the execution of this Addendum, Franchisee and Franchisor have entered into those certain _____ franchise agreements (collectively, the “Applicable Franchise Agreements”) pursuant to which Franchisee obtained the right and undertook the obligation to operate Varsity Zone franchised businesses within the territories defined therein (each a “Franchised Business”).
- B. Each Franchised Business will operate within a designated protected territory wherein Franchisee is required to actively promote and operate the Franchised Businesses (collectively, the territories granted under the Applicable Franchise Agreements will be referred to as the “Protected Territories”).
- C. Franchisor expects that Franchisee will operate the Franchised Business from a single Approved Location using the same vehicles, supplies, equipment and inventory as required by Franchisor.
- D. The parties now wish to amend certain provisions of the Applicable Franchise Agreements pursuant to the terms and conditions set forth in this Addendum.

AGREEMENT

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

1. **Multi-Unit Initial Franchise Fees.** Notwithstanding anything contained in Section 3.1 of the Applicable Franchise Agreements, Franchisee will not be required to pay Franchisor an Initial Franchise Fee under any Applicable Franchise Agreement. Instead, Franchisee shall pay Franchisor lump-sum multi-unit Initial Franchisee Fee as follows (the “Multi-Unit Initial Franchise Fee”):

Number of Territories	Cumulative Initial Franchise Fees	Individual Franchise Fee	Cumulative General Population
1	\$59,500	\$59,500	200,000
2	\$99,500	\$40,000	400,000
3	\$134,500	\$35,000	600,000
4	\$164,500	\$30,000	800,000
5	\$194,500	\$30,000	1,000,000

The entire Multi-Unit Initial Franchise Fee must be paid upon execution of the Applicable Franchise Agreements and this Addendum, and this fee is deemed fully earned upon payment and non-refundable under any circumstances.

2. **Initial Training Program.** Franchisee is only required to attend and complete Franchisor’s Initial Training Program described more fully in Section 8.1 of the Applicable Franchise Agreements, respectively, once in connection with the Franchised Businesses governed by this Addendum. All other provisions regarding Franchisee’s training obligations in the Applicable Franchise Agreements are hereby

ratified and confirmed.

3. **Minimum Royalty Fee.** The monthly Minimum Royalty is: (i) \$500 per month for the period beginning on the one-year anniversary of the Effective Date and continuing through the remainder of the Term. Notwithstanding the foregoing, after the expiration of the fifth year of the Term, Franchisor has the right to increase the monthly Minimum Royalty for each of the sixth, seventh, eighth, ninth, and tenth year of Term, in an amount not to exceed ten percent (10%) of the Minimum Royalty payable during the immediately preceding year of the Term.

If you are a party to more than one Franchise Agreement with Franchisor, you are required to pay the Minimum Royalty due under each such Franchise Agreement for each Protected Territory.

All other provisions regarding Franchisee's payment obligations, including those related to Franchisee's Royalty or other fees, of the Franchise Agreements are hereby confirmed and ratified. Franchisor reserves the right, but not the obligation, to offer a royalty incentive programs for the benefit of qualifying franchisees. To qualify for such programs, Franchisee must satisfy Franchisor's then-current specifications and standards as provided in the Operations Manual or otherwise in writing by Franchisor. Franchisor reserves the right to modify, supplement, or terminate any royalty incentive programs upon notice to Franchisee.

4. **Opening Package.** Notwithstanding anything contained in Section 3.5 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Opening Package under each Applicable Franchise Agreement. Franchisee shall pay a single Opening Package regardless of the number of Applicable Franchise Agreements executed.

5. **Initial Inventory Package.** Notwithstanding anything contained in Section 3.6 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Initial Inventory Package under each Applicable Franchise Agreement. Franchisee shall pay a single Initial Inventory Package regardless of the number of Applicable Franchise Agreements executed.

6. **Brand Marketing Fee.** Notwithstanding anything contained in Section 3.7 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Brand Marketing Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Brand Marketing Fee regardless of the number of Applicable Franchise Agreements executed.

7. **Brand Fund.** Notwithstanding anything contained in Section 3.8 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Brand Fund under each Applicable Franchise Agreement. Franchisee shall pay a single Brand Fund regardless of the number of Applicable Franchise Agreements executed.

8. **Technology Fee.** Notwithstanding anything contained in Section 3.9 of the Applicable Franchise Agreements, Franchisee will not be required to pay a separate Technology Fee under each Applicable Franchise Agreement. Instead, Franchisee shall pay a single Technology Fee regardless of the number of Applicable Franchise Agreements executed.

9. **Special Software Fee.** Notwithstanding anything contained in Section 3.10 of the Applicable Franchise Agreements, Franchisee will not be required to pay a separate Special Software Fee under each Applicable Franchise Agreement. Instead, Franchisee shall pay a single Special Software Fee regardless of the number of Applicable Franchise Agreements executed.

10. **Contact Center Fee.** Notwithstanding anything contained in Section 3.11 of the Applicable Franchise

Agreements, Franchisee will not be required to pay a separate Contact Center Fee under each Applicable Franchise Agreement. Instead, Franchisee shall pay a single Contact Center Fee regardless of the number of Applicable Franchise Agreements executed.

11. **Digital Management Fee.** Notwithstanding anything contained in Section 3.12 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Digital Management Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Digital Management Fee regardless of the number of Applicable Franchise Agreements executed.

12. **Accounting Services Fee.** Notwithstanding anything contained in Section 3.19 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Accounting Services Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Accounting Services Fee regardless of the number of Applicable Franchise Agreements executed.

13. **ZeePartnerships Fee.** Notwithstanding anything contained in Section 3.21 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate ZeePartnerships Fee under each Applicable Franchise Agreement. Franchisee shall pay a single ZeePartnerships Fee regardless of the number of Applicable Franchise Agreements executed.

14. **Emerging Business Academy Fee.** Notwithstanding anything contained in Section 3.22 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Emerging Business Academy Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Emerging Business Academy Fee regardless of the number of Applicable Franchise Agreements executed.

15. **Approved Location.** Notwithstanding anything contained in Section 1.3 of the Applicable Franchise Agreements, Franchisee shall only be required to have one physical location that satisfies Franchisee's Approved Location requirement, if, and only if, Franchisee's Territories are contiguous.

16. **Default of Addendum Constitutes Default Under All Applicable Franchise Agreements.** In the event Franchisee breaches any of the provisions of this Addendum, such breach will constitute a material default of all Applicable Franchise Agreements and must be cured within 30 days from Franchisee's receipt of Franchisor's written notice of such breach as set forth in Section 15.4 of the Applicable Franchise Agreements. If Franchisee fails to cure such breaches within the prescribed period, Franchisor may, at its option, terminate one or more of the Applicable Franchise Agreements immediately upon providing written notice, or otherwise terminate Franchisee's Protected Territories.

17. **Ratification and Confirmation of the Applicable Franchise Agreements.** Except as amended by this Addendum, any and all other terms and conditions set forth in the Applicable Franchise Agreements are hereby ratified and confirmed as if fully restated herein, including without limitation, those provisions regarding dispute resolution and venue, which will also apply to any claims or disputes arising out of or related to this Addendum. All capitalized terms not specifically defined in this Addendum will be afforded the definition given to them in the Applicable Franchise Agreements.

18. **Entire Agreement.** The Applicable Franchise Agreements 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 any Applicable Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control. This Addendum constitutes an amendment to all Applicable Franchise Agreements. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.

Signatures appear on following page.

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

FRANCHISOR: HPB HVAC LLC By: _____ Josh Skolnick, Managing Member	Date: _____
FRANCHISEE: _____ FRANCHISEE, individually	Date: _____

Exhibit D
to
HPB HVAC LLC
Franchise Disclosure Document
State Specific Addenda

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT &
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 *et seq.*, and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 *et seq.* To the extent that the franchise disclosure document and/or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

The following is added to Item 3 of the disclosure document:

Neither HPB HVAC LLC, nor any person identified in Item 2 of the disclosure document, is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

Item 17 of the disclosure document is supplemented by the following:

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

You must sign a release if you renew or transfer your franchisee. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

Certain liquidated damages clauses are unenforceable under California Civil Code Section 1671.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.*).

The Franchise Agreement requires binding arbitration. The arbitration will take place in Bucks, County, PA, with each party bearing its own costs, unless rules for special hearings require otherwise. 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 a franchise agreement restricting venue to a forum outside the state of California.

Corporations Code 31512 provides that: “Any conditions, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void.” The Franchise Agreement requires a shortened statute of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

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.

Our Website can be found at www.varsityzone.com. OUR WEBSITE 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.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

REGISTRATION OF THIS DISCLOSURE DOCUMENT DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER.

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT
AND MULTI-UNIT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS**

Illinois law shall apply to and govern the Franchise Agreement and the Multi-Unit Agreement.

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

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The following risk factor is added:

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

Item 5 of Franchise Disclosure Document—*Initial Franchise Fee*, and Section 3.1 of the Franchise Agreement—**Initial Franchise Fee**, are amended as follows:

Based on Franchisor's financial statements and Franchisor's duty to furnish goods and services, the Illinois Attorney General's Office requires that Franchisor defer all initial franchise fees until Franchisor has fulfilled all of Franchisor's pre-opening obligations to Franchisee under the Franchise Agreement and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA**

To the extent the Indiana Franchise Registration and Disclosure Law applies, the terms of this Addendum apply. Item 17, Additional Disclosures. The following statements are added to Item 17:

The laws of the State of Indiana supersede any provisions of the Franchise Agreement/ the other agreements or Nebraska law if such provisions are in conflict with Indiana law.

Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

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

ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MAINE

NOTICE

1. Pursuant to Maine statute you have the right to avoid the contract for purchase of this business opportunity within 3 business days following the signing of the contract. You should obtain and study a copy of the law regulating the sale of business opportunities before you attempt to avoid the contract. This law is found in the Maine Revised Statutes, Title 32, section 4698.

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, FRANCHISE
DISCLOSURE QUESTIONNAIRE AND CERTIFICATION,
AND RELATED AGREEMENTS
REQUIRED BY THE STATE OF MARYLAND**

This Addenda is an amendment to the Disclosure Document and Franchise Agreement. The following modifications are made to the Disclosure Document and the Franchise Agreement:

Item 17 of the Disclosure Document and any provision in the Franchise Agreement providing for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17 of the Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

The Franchise Disclosure Questionnaire and Certification attached as Exhibit J to the Franchise Disclosure Document does not apply to Maryland franchisees and should not be signed by Maryland franchisees.

The Franchise Agreement is revised to state that any claims under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Disclosure Document and any provisions of the Franchise Agreement requiring you to file any lawsuit in a court outside the State of Maryland may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Item 17v of the Disclosure Document and Section 18.6 of the Franchise Agreement are amended to state that you may sue in Maryland for claims under the Maryland Franchise Registration and Disclosure Law, to the minimum extent required by Maryland law.

Item 5 of the Disclosure Document and Section 3 of the Franchise Agreements are amended as follows: Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the ____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB HVAC LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement (“Agreement”) agree as follows:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non- renewal of the Agreement.

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non- renewal of the Agreement.

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a \$30 service charge. To the extent that any provision of the Franchise Agreement imposes a different service charge, Minnesota Statute 604.113 shall control.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

HPB HVAC LLC _____ Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA**

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 13 Trademarks is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 Renewal, Termination, Transfer and Dispute Resolution is amended by adding the following:

A. Renewal and Termination

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

B. Choice of Forum

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

C. Releases

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a \$30 service charge. To the extent that any provision of the Franchise Disclosure Document imposes a different service charge, Minnesota Statute 604.113 shall control.

These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.

The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.

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

ADDENDUM TO HPB HVAC LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, the following applies 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 that is 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 ten years 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 the “Summary” sections of Item 17(c), titled “Requirements for a 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; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by a franchisee”: “You may terminate the agreement on any grounds available by law.”

5. 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”:

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

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

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH CAROLINA**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for HPB HVAC LLC shall be amended by the addition of the following language:

1. Item 5 is amended by the following:

Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

2. Item 17: The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, North Dakota Century Code (“N.D.C.C.”)):

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06 N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to mediate or arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

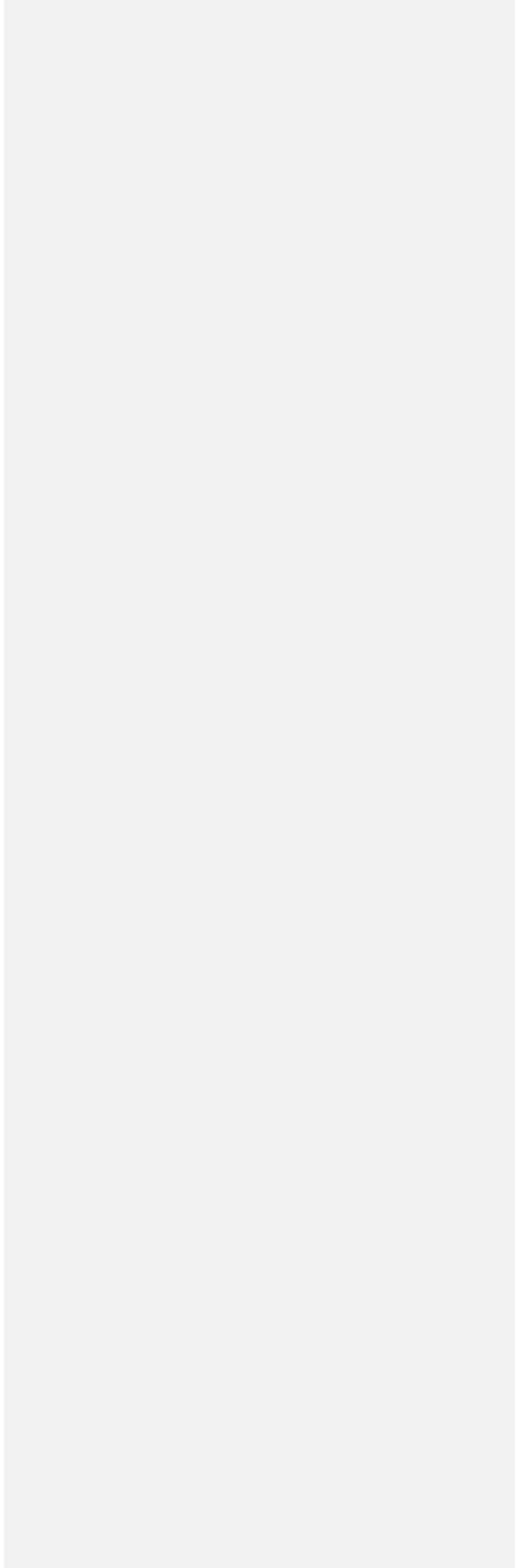
G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

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

Franchisee Initials/Date

Franchisor's Initials/Date



**ADDENDUM TO HPB HVAC LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the HPB HVAC LLC Franchise Agreement.

1. Section 2.2.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to sign a general release upon renewal of a franchise agreement is deleted in its entirety.

2. Section 3.1 is amended as follows:

Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

3. Section 17.2 of the Franchise Agreement is hereby amended to add the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. Section 18.1 of the Franchise Agreement is hereby amended to add the following language:

Any provision requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void. These provisions are hereby amended to provide that the Franchise Agreement is to be construed according to the laws of North Dakota.

5. Section 18.2 of the Franchise Agreement is hereby amended to add the following language:

Any provision requiring a franchisee to agree to mediation or courts outside of North Dakota has been determined to be unfair, unjust and inequitable within the intent of Section 51-19- 09 of the North Dakota Franchise Investment Law. These provisions are amended to provide the site of mediation or litigation must be agreeable to all parties and may not be remote from the franchisee's place of business.

6. Section 18.3 of the Franchise Agreement is hereby amended to add the following language:

Any provision requiring a franchisee to agree that arbitration or mediation disputes are to be held in Nebraska has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is hereby amended to provide that the site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

7. Section 18.4 of the Franchise Agreement is hereby amended to add the following language:

Any provision which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

8. Section 18.9 of the Franchise Agreement is hereby amended to provide that the statute of limitations under North Dakota law will apply.

9. Section 18.10 of the Franchise Agreement are hereby amended to provide that any provision requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.

10. Section 18.11 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.

11. Section 16.4 is hereby deleted in its entirety.

12. Section 22.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

Franchisee Initial/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH CAROLINA**

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five (45) days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HPB HVAC LLC for use in the Commonwealth of

Virginia shall be amended as follows:

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

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 for termination state 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.

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

ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT,
AND ALL RELATED AGREEMENTS
REQUIRED BY THE STATE OF WASHINGTON

The provisions of 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 franchisor, 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 agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
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 or 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 the 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 & 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 Judgement.** 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. **Non solicitation 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 Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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.

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement (“Agreement”) agree as follows:

~~With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.~~

~~As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.~~

~~With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.~~

~~A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.~~

~~The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.~~

~~Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.~~

~~Any claims brought pursuant to the Minnesota Franchises Act, § 80C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.~~

~~Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a \$30 service charge. To the extent that any provision of the Franchise Agreement imposes a different service charge, Minnesota Statute 604.113 shall control.~~

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

~~IN WITNESS WHEREOF~~, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

HPB HVAC LLC _____ Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

**ADDENDUM TO HPB HVAC LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the HPB HVAC LLC Franchise Agreement.

1. ~~Section 2.2.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to sign a general release upon renewal of a franchise agreement is deleted in its entirety.~~

2. ~~Section 3.1 is amended as follows:~~

~~Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.~~

3. ~~Section 17.2 of the Franchise Agreement is hereby amended to add the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."~~

4. ~~Section 18.1 of the Franchise Agreement is hereby amended to add the following language:~~

~~Any provision requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void. These provisions are hereby amended to provide that the Franchise Agreement is to be construed according to the laws of North Dakota.~~

5. ~~Section 18.2 of the Franchise Agreement is hereby amended to add the following language:~~

~~Any provision requiring a franchisee to agree to mediation or courts outside of North Dakota has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. These provisions are amended to provide the site of mediation or litigation must be agreeable to all parties and may not be remote from the franchisee's place of business.~~

6. ~~Section 18.3 of the Franchise Agreement is hereby amended to add the following language:~~

~~Any provision requiring a franchisee to agree that arbitration or mediation disputes are to be held in Nebraska has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is hereby amended to provide that the site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.~~

7. ~~Section 18.4 of the Franchise Agreement is hereby amended to add the following language:~~

~~Any provision which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.~~

~~8. Section 18.9 of the Franchise Agreement is hereby amended to provide that the statute of limitations under North Dakota law will apply.~~

~~9. Section 18.10 of the Franchise Agreement are hereby amended to provide that any provision requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.~~

~~10. Section 18.11 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.~~

~~11. Section 16.4 is hereby deleted in its entirety.~~

~~12. Section 22.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.~~

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

Franchisee Initial/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT
AND MULTI UNIT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS**

Illinois law shall apply to and govern the Franchise Agreement and the Multi Unit Agreement.

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

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The following risk factor is added:

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

Item 5 of Franchise Disclosure Document *Initial Franchise Fee*, and Section 3.1 of the Franchise Agreement **Initial Franchise Fee**, are amended as follows:

Based on Franchisor's financial statements and Franchisor's duty to furnish goods and services, the Illinois Attorney General's Office requires that Franchisor defer all initial franchise fees until Franchisor has fulfilled all of Franchisor's pre-opening obligations to Franchisee under the Franchise Agreement and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA**

~~To the extent the Indiana Franchise Registration and Disclosure Law applies, the terms of this Addendum apply. Item 17, Additional Disclosures. The following statements are added to Item 17:~~

~~The laws of the State of Indiana supersede any provisions of the Franchise Agreement/ the other agreements or Nebraska law if such provisions are in conflict with Indiana law.~~

~~Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.~~

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MAINE**

NOTICE

~~1. As required by Maine law, we have secured a bond in the amount of \$30,000 issued by SureTee Insurance Company, 2103 City West Boulevard, Suite 1300, Houston, Texas 77042. Before signing a contract to purchase a business opportunity, you should check with the surety company to determine the current status of the bond.~~

~~2. Pursuant to Maine statute you have the right to avoid the contract for purchase of this business opportunity within 3 business days following the signing of the contract. You should obtain and study a copy of the law regulating the sale of business opportunities before you attempt to avoid the contract. This law is found in the Maine Revised Statutes, Title 32, section 4698.~~

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA**

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. ~~Item 13 **Trademarks**~~ is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. ~~Item 17 **Renewal, Termination, Transfer and Dispute Resolution**~~ is amended by adding the following:

~~A. **Renewal and Termination**~~

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

~~B. **Choice of Forum**~~

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

~~C. **Releases**~~

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

~~Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a \$30 service charge. To the extent that any provision of the Franchise Disclosure Document imposes a different service charge, Minnesota Statute 604.113 shall control.~~

~~These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.~~

~~The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.~~

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH CAROLINA**

~~The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.~~

~~If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.~~

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE AGREEMENT AND
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA**

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

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

~~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 for termination state 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.~~

~~Item 5 of Franchise Disclosure Document — Initial Franchise Fee, and Section 3.1 of the Franchise Agreement — Initial Franchise Fee, are amended as follows:~~

~~Based on Franchisor's financial statements and Franchisor's duty to furnish goods and services, the Virginia State Corporation Commission requires that Franchisor defer all initial franchise fees until Franchisor has fulfilled all of Franchisor's pre-opening obligations to Franchisee under the Franchise Agreement and the Franchisee has commenced doing business pursuant to the Franchise Agreement.~~

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

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for HPB HVAC LLC shall be amended by the addition of the following language:

1. Item 5 is amended by the following:

~~Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.~~

2. Item 17: The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, North Dakota Century Code (“N.D.C.C.”)):

~~A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06 N.D.C.C., without further disclosing that such covenants will be subject to this statute.~~

~~B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to mediate or arbitrate disputes at a location that is remote from the site of the franchisee's business.~~

~~C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.~~

~~D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.~~

~~E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.~~

~~F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.~~

~~G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.~~

~~H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.~~

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

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB HVAC LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH CAROLINA**

~~The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.~~

~~If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty five (45) days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.~~

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

Exhibit E
to
HPB HVAC LLC
Franchise Disclosure Document
Financial Statements

Exhibit F
to
HPB HVAC LLC
Franchise Disclosure Document
Sample Termination and Release Agreement

**SAMPLE TERMINATION OF FRANCHISE AGREEMENT
AND RELEASE UPON TRANSFER TO AN AUTHORIZED FRANCHISEE**

This Termination of Franchise Agreement and Release (the "Agreement") is made this ____ day of _____, 20__, by and between HPB HVAC LLC, a Pennsylvania limited liability company, with its principal place of business at 2525 N. 117th Avenue, Omaha, Nebraska 68164 ("Franchisor") and _____, a _____ with its principal place of business at _____ ("Transferor").

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a Varsity Zone Business under Franchisor's proprietary marks and system (the "System" at the following approved location:

_____ (the "Varsity Zone Business"). Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to

_____, who has been approved by Franchisor as an authorized transferee.

B. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.
2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.
3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.
4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which Transferor, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement. This provision does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

5. Excluding the indemnification obligations in the Franchise Agreement, and Transferor's obligations as in Section 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement. Specifically excepted from this release are any claims asserted against Franchisor or any of its present and former officers, employees, members, directors, agents, servants, representatives, affiliates, successors or assigns (the "Indemnified Parties") by any third party, which claims arise out of or relate to the Franchise Agreement prior to the Effective Date of this Agreement. Transferor agrees to indemnify and hold the Indemnified Parties harmless from all losses, damages, liabilities, claims, costs, expenses, or judgments, including reasonable attorneys' fees incurred in connection with such claims (in the manner prescribed in the Franchise Agreement). This provision does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in the State of Nebraska and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of Nebraska pursuant to the mediation, venue and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

~~I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.~~

HPB HVAC LLC

By: _____

FRANCHISEE

By: _____

Exhibit G
to
HPB HVAC LLC
Franchise Disclosure Document
Operations Manual Table of Contents

Exhibit H
to
HPB HVAC LLC
Franchise Disclosure Document
Confidentiality and Non-Disclosure Agreement

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

I _____, in consideration of the approval by HPB HVAC, LLC (“Franchisor”) to review certain confidential information including, without limitation, certain price lists, manuals and/or other information relating to the operation of a Varsity Zone franchise (“Confidential Information”) before completing my contemplated purchase of such franchise, hereby agree to maintain the confidentiality of all such Confidential Information in recognition that such information is confidential and is divulged only to Varsity Zone franchisees. If I am unable to consummate the contemplated purchase of the Varsity Zone franchise or to otherwise become a Varsity Zone franchisee, I shall not disclose any of this information to any other person. I further represent and warrant that I shall not use such information in any other capacity except as an authorized Varsity Zone franchisee. I hereby acknowledge that I shall not reproduce any of the Confidential Information being entrusted to me today, nor shall I make any oral or written notes regarding any of the information contained therein.

I acknowledge and agree that disclosure or unauthorized use of any of the Confidential Information presented to me is likely to cause Franchisor or an affiliate of Franchisor immediate and irreparable harm, which is not compensable in money damages. I hereby consent, in the event of my unauthorized use or disclosure of such Confidential Information, to the entry of injunctive relief in favor of Franchisor or an affiliate of Franchisor, including temporary restraining orders and preliminary injunctions, without the requirement of bond, under the usual equity rules.

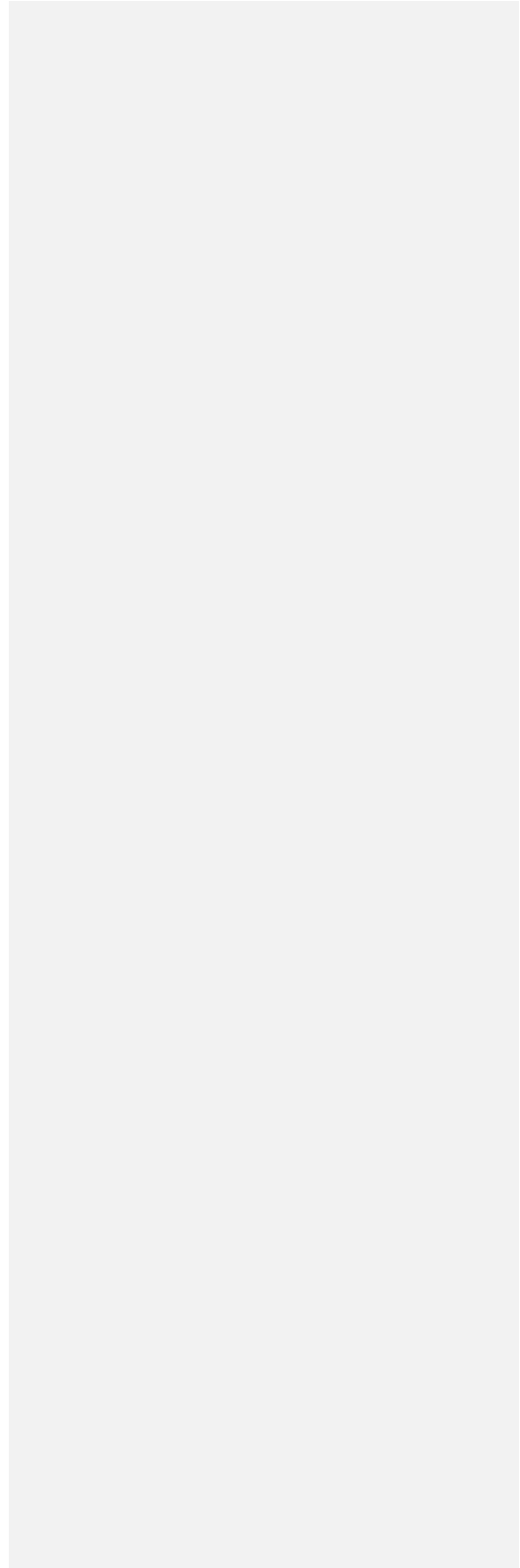
~~I HAVE READ THE ABOVE CONFIDENTIALITY AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS.~~

Dated: _____

Signature

Printed Name

**Exhibit I
to
HPB HVAC LLC
Franchise Disclosure Document**



**Exhibit J
to
HPB HVAC LLC
Franchise Disclosure Document**

Franchisee Questionnaire/Compliance Certification

HPB HVAC LLC
FRANCHISEE AFFIRMATIONS AND ACKNOWLEDGEMENTS QUESTIONNAIRE

***Residents of Washington shall neither complete nor sign this questionnaire.**

As you know, HPB HVAC LLC (“we”, “us”, “Varsity Zone” or “Franchisor”), and you are preparing to enter into a Franchise Agreement for the operation of a Varsity Zone franchise (a “Franchised Business”). The purposes of this Questionnaire are to: (i) fact find for internal purposes; (ii) confirm you are making an informed investment decision; (iii) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.**

1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to the Franchise Agreement you intend to enter into with us?

Yes/No: _____

2. Do you understand that this Questionnaire pertains and relates to each and every Franchise Agreement you intend to enter into with us?

Yes/No: _____

If “No,” what part of this do you not understand?

3. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes/No: _____

4. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes/No: _____

5. Did you read and do you understand the information contained in the Disclosure Document?

Yes/No: _____

If "No," what parts of the Disclosure Document do you not understand?

6. Did you read and do you understand the Franchise Agreement and your obligations under the Franchise Agreement?

Yes/No: _____

If "No," what parts of the Franchise Agreement do you not understand?

7. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Franchised Business with these professional advisor(s)?

Yes/No: _____

8. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes/No: _____

If "No," what parts of this do you not understand?

9. Do you understand that the territory protection you are granted under the Franchise Agreement is limited and that we have reserved certain rights to engage in certain activities in your Protected Territory under the Franchise Agreement?

Yes/No: _____

If “No,” what part of this do you not understand?

10. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under our mark or other marks, at any location outside your Protected Territory, regardless of how close these activities are to your Protected Territory?

Yes/No: _____

If “No,” what part of this do you not understand?

11. Do you understand that the Franchisor first began offering franchises in 2022 and that the Varsity Zone franchise system is a newly launched franchise system with limited operating history?

Yes/No: _____

If “No,” what part of this do you not understand?

12. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated and arbitrated in Bucks County, Pennsylvania?

Yes/No: _____

If "No," what part of this do you not understand?

13. Do you understand the Franchise Agreement limits the amount and type of damages you can recover, and that you are not entitled to any punitive, consequential or other special damages?

Yes/No: _____

If "No," what part of this do you not understand?

14. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is HPB HVAC LLC?

Yes/No: _____

If "No," what part of this do you not understand?

15. Do you understand all persons whose names appear on the Franchise Agreement must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

Yes/No: _____

If "No," what part of this do you not understand?

16. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes/No: _____

If "No," what part of this do you not understand?

17. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes/No: _____

If "No," what part of this do you not understand?

18. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?

Yes/No: _____

If "No," what part of this do you not understand?

19. Do you understand that we will not approve your purchase of a Franchised Business, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes/No: _____

If "No," what part of this do you not understand?

20. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No: _____

If "No," please describe the nature of the statements and by whom they were made by?

21. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No: _____

If "No," please describe the nature of the statements and by whom they were made by?

22. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No: _____

If "No," please describe the nature of the statements and by whom they were made by?

23. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

Yes/No: _____

If "No," please describe the nature of the statements and by whom they were made by?

24. Do you understand that the Item 19 financial performance disclosure contained in Item 19 of the Disclosure Document is not a representation of what you can expect to achieve in connection with the operation of a Franchised Business?

Yes/No: _____

If "No," what part of this do you not understand?

25. Do you understand that you will control and are entirely responsible for all employment related matters in connection with the operation of your Franchised Business and that we are not responsible for, and do not control, directly or indirectly, your employment practices or your employees?

Yes/No: _____

If "No," what part of this do you not understand?

26. Did you receive the Franchise Disclosure Document at least fourteen (14) days before you completed and signed this Questionnaire?

Yes/No: _____

27. Did you receive the Franchise Agreement at least seven (7) days before you completed and signed this Questionnaire?

Yes/No: _____

If any Illinois, Indiana, Michigan, Minnesota, North Dakota, Rhode Island, South Dakota, Virginia or Wisconsin franchisee completes this Questionnaire, it is adjusted or determined to be against the public policy of Illinois, Indiana, Michigan, Minnesota, North Dakota, Rhode Island, South Dakota, Virginia or Wisconsin, such Questionnaire will be considered void and unenforceable, and HPB HVAC LLC will disregard and will not rely on this Questionnaire as a disclaimer, release, or otherwise defense, in any claim made pursuant to or under the relevant state anti-fraud or anti-waiver statutes, rules, regulations, or similar applicable laws.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Franchisee, individually

Dated: _____

Exhibit K
to
HPB HVAC LLC
Franchise Disclosure Document

STATE EFFECTIVE DATES

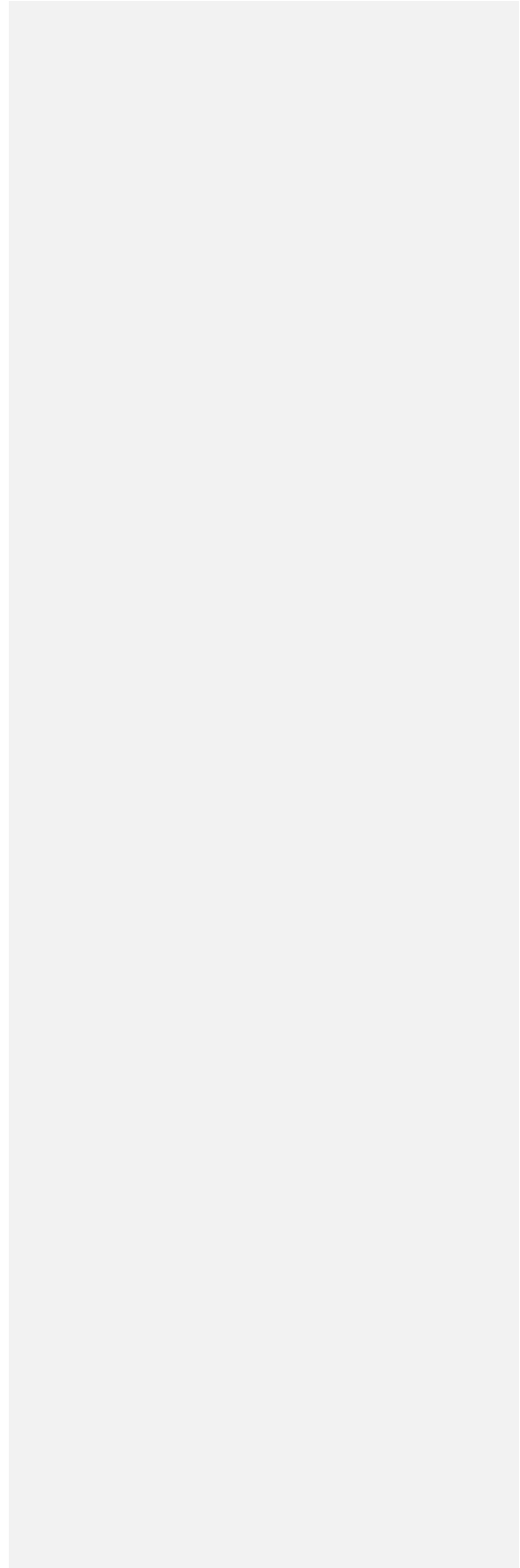
The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island,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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

STATE	STATUS
CALIFORNIA	Not Registered
FLORIDA	Pending Registration Exempt
HAWAII	Not Registered
ILLINOIS	Pending Registration Registered
INDIANA	Pending Registration Effective
KENTUCKY	Pending Registration Exempt
MARYLAND	Not Registered
MICHIGAN	Pending Registration Registered
MINNESOTA	Pending Registration
NEBRASKA	Pending Registration Exempt
NEW YORK	Not Registered Pending Registration
NORTH DAKOTA	Pending Registration
RHODE ISLAND	Pending Registration
SOUTH DAKOTA	Pending Registration Registered
TEXAS	Pending Registration Exempt
UTAH	Pending Registration Exempt
VIRGINIA	Pending Registration
WASHINGTON	Not Registered Pending Registration
WISCONSIN	Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit L
to
HPB HVAC LLC
Franchise Disclosure Document
Receipts



RECEIPTS (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 HPB HVAC LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If HPB HVAC LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor’s agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

Issue date: April 29, 2025, as amended December 30, 2025

I have received a Franchise Disclosure Document with an issue date of April 29, 2025, as amended December 30, 2025, which included the following Exhibits:

- | | |
|--|---|
| A – List of State Administrators and Agents for Service of Process | G – Operations Manual Table of Contents |
| B – Franchise Agreement | H – Confidentiality and Non-Disclosure Agreement |
| C – Multi-Unit Addendum | I – List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year |
| D – State Specific Addenda | J – Franchisee Questionnaire/Compliance Certification |
| E – Financial Statements | K – State Effective Dates Page |
| F – Sample Termination and Release Agreement | L -Receipt |

The franchise seller(s) for this offering is/are as follows: Josh Skolnick, 2525 N. 117th Avenue, Omaha, Nebraska 68164; Tony Hulbert, 2525 N. 117th Avenue, Omaha, Nebraska 68164; SVHB Marketing LLC d/b/a Horsepower Brands, 2525 N. 117th Avenue, Omaha, Nebraska 68164.

<p><u>If an Individual:</u></p> <p>Signature: _____</p> <p>Name: _____</p> <p>Date: _____</p> <p>Address: _____</p> <p>_____</p>	<p><u>If a Business Entity:</u></p> <p>Signature: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Name of Entity: _____</p> <p>Address: _____</p> <p>_____</p>
--	--

RECEIPTS (KEEP THIS 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 HPB HVAC LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If HPB HVAC LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor’s agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

Issue date: April 29, 2025, as amended December 30, 2025

I have received a Franchise Disclosure Document with an issue date of April 29, 2025, as amended December 30, 2025, which included the following Exhibits:

- | | |
|--|--|
| A – List of State Administrators and Agents for Service of Process | G – Operations Manual Table of Contents |
| B – Franchise Agreement | H – Confidentiality and Non-Disclosure Agreement I – List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year |
| C – Multi-Unit Addendum | J – Franchisee Questionnaire/Compliance Certification |
| D – State Specific Addenda | K – State Effective Dates Page |
| E – Financial Statements | L -Receipt |
| F – Sample Termination and Release Agreement | |

The franchise seller(s) for this offering is/are as follows: Josh Skolnick, 2525 N. 117th Avenue, Omaha, Nebraska 68164; Tony Hulbert, 2525 N. 117th Avenue, Omaha, Nebraska 68164; SVHB Marketing LLC d/b/a Horsepower Brands, 2525 N. 117th Avenue, Omaha, Nebraska 68164.

<p><u>If an Individual:</u></p> <p>Signature: _____</p> <p>Name: _____</p> <p>Date: _____</p> <p>Address: _____</p> <p>_____</p>	<p><u>If a Business Entity:</u></p> <p>Signature: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Name of Entity: _____</p> <p>Address: _____</p> <p>_____</p>
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