

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Furniture <u>5/</u>				
Computer System <u>6/</u>	\$100 - \$2,500	As Arranged	Before Opening	Vendors, Us
Software <u>7/</u>	\$1,053 - \$2,361	Lump Sum or As Incurred	Before Opening/Monthly	Vendors, Us
Rent <u>8/</u>	\$0 - \$750	As Arranged	Before Opening	Lessor
Prepaid Expenses <u>9/</u>	\$250 - \$750	Lump Sum	Before Opening	Lessor; Utilities
Insurance <u>10/</u>	\$4,000 - \$9,000	Monthly or Annual Premium	Before Opening / End of each month	Insurance Broker
Professional Fees <u>11/</u>	\$0 to \$2,000	As Arranged	As Incurred	Professionals
Reunion Travel Expenses	\$1,000 - \$3,000	As Incurred	As incurred for annual conference	Hotels; Transportation Lines; Restaurants
Vehicle & Vehicle Branding <u>12/</u>	\$3,000 - \$5,700	As Arranged	Before Opening	Vendor
Starter Tool Kit <u>13/</u>	\$475 - \$700	As Incurred	Before Opening	Vendor
Advertising & Promotional and Local Marketing Spending for Marketing Start-up Phase <u>14/</u>	\$5,000 - \$15,000	As Incurred	Before Opening / As Incurred	Vendor
Additional Funds for 3 months <u>15/</u>	\$15,000 - \$30,000	As Incurred	As Incurred	Vendor
TOTALS	Single Franchise \$73,878 to \$132,689130,661			

Notes:

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. The Minimum Initial Franchise Fee is \$42,500 for a Territory of up to 75,000 owner-occupied homes (OOHs). If your Territory has more than 75,000 owner-occupied homes, then you must also pay an additional amount of \$0.57 per owner-occupied home over 75,000. You may qualify for a discount on the initial franchise fee. You must pay the initial franchise fee in full when you sign the franchise agreement. We may agree to finance a portion of the initial franchise fee, depending on your credit-worthiness, the collateral that you have available and our then-current financing policies. Monthly payments depend on the amount financed. The initial franchise fee is not refundable, except as noted in Item 5. See Item 5 for more information about the initial

Provision	Section in Franchise Agreement (unless otherwise specified)	Summary
the term of the Franchise Agreement		<p>guarantors and owners, if you are an entity, or your spouse, children, parents, or siblings if you are an individual) cannot be involved in a Competitive Business, subject to applicable state law.</p> <p>A “Competitive Business” is any business that offers or sells any product or service or component thereof that (i) composes a part of our System, (ii) is the same as or similar to any product or service then-offered by our franchisees or (iii) otherwise competes directly or indirectly with our System.</p>
r. Non-competition covenants after the Franchise Agreement is terminated or expires	9(D)	Subject to state law, for 2 years, no Competitive Business in your Territory, within a 25-mile radius of the outer boundary of your Territory, or inside the territory of another HOUSEMASTER business, subject to applicable state law .
s. Modification of the Franchise Agreement	14(B)	No modification of the Franchise Agreement except by written agreement of both parties.
t. Integration/merger clause	14(B)	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	11	Most disputes must be initially mediated. If a dispute is not resolved through the mediation process described in the Franchise Agreement, most disputes must be settled by litigation, subject to state law. Only if a court invalidates a jury waiver or a class action waiver will the dispute be resolved through arbitration, subject to state law.
v. Choice of venue	14(H)	Unless state law supersedes this provision, venue for mediation, arbitration, and litigation is in McLennan County, Texas.
w. Choice of law	14(G)(1)	Texas law applies unless state law supersedes this provision.

SEE THE ATTACHED STATE ADDENDA (Exhibit N) FOR ADDITIONAL DISCLOSURES.