

## FRANCHISE DISCLOSURE DOCUMENT

# MOSQUITO JOE®

Mosquito Joe Franchising, LLC  
A Virginia Limited Liability Company  
349 Southport Circle, Suite 106  
Virginia Beach, VA 23452  
(757) 494-3440  
www.mosquitojoe.com

The franchisee will establish and operate a business, which offers a seasonal business controlling undesirable outdoor insects, such as mosquitoes, ticks and fleas, including the sales, design, installation and servicing of outdoor misting systems, barrier spray services, and other insect elimination and control systems for both residential and commercial applications using the trade name “Mosquito Joe®.”

The approximate total investment necessary to begin operation of a single Mosquito Joe® franchise business is currently \$60,100 to \$96,000. This includes \$9,500 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of an area development Mosquito Joe franchised business is \$2,500 to \$5,000. This includes \$2,500 to \$5,000 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Walter Ewell at 349 Southport Circle, Suite 106, Virginia Beach, VA 23452, (757) 494-3440.

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

Buying a franchise is a complicated 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](http://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: January 9, 2013.

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO LITIGATE ONLY IN THE COMMONWEALTH OF VIRGINIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH US IN THE COMMONWEALTH OF VIRGINIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF VIRGINIA GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE WERE FORMED ON AUGUST 6, 2012 AND HAVE A LIMITED OPERATING HISTORY FOR YOU TO REVIEW. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources in selling our franchise. A franchise broker or referral source represents us, not you. This person is paid a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

EFFECTIVE DATE: SEE NEXT PAGE

**Effective date for the states listed below: January 9, 2013**

Alabama	Kansas	New Mexico
Alaska	Louisiana	North Carolina
Arizona	Maine	Ohio
Arkansas	Massachusetts	Oklahoma
Colorado	Mississippi	Oregon
Connecticut	Missouri	Pennsylvania
Delaware	Montana	South Carolina
District of Columbia	Nebraska	Tennessee
Georgia	Nevada	Vermont
Idaho	New Hampshire	West Virginia
Iowa	New Jersey	Wyoming

**Other effective dates:**

California	_____
Florida	_____
Hawaii	_____
Illinois	_____
Indiana	_____
Kentucky	_____
Maryland	_____
Michigan	_____
Minnesota	_____
New York	_____
North Dakota	_____
Rhode Island	_____
South Dakota	_____
Texas	_____
Utah	_____
Virginia	_____
Washington	_____
Wisconsin	_____

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**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

**The Franchisor.** Mosquito Joe Franchising, LLC ("we", "us", "our", "**Mosquito Joe**", or "**Franchisor**") was organized as a Virginia Limited Liability Company on August 6, 2012. We maintain our principal place of business at 349 Southport Circle, Suite 106, Virginia Beach, VA 23452. We have not operated a business similar to the Franchised Business, but our parent, Buzz Killers, LLC, operated a business similar to the Franchised Business since March 1, 2010 in Hampton Roads, Virginia. That business was transferred to Mosquito Joe Local Operations, LLC, a wholly owned subsidiary of Buzz Killers, LLC, on August 6, 2012. Neither we nor our parent or affiliate have ever offered franchises in this or any other line of business. We conduct our business under our company name and the trademarks "Mosquito Joe® and the other trademarks listed in Item 12 ("**Marks**"). We were organized for the purpose of offering franchises and operating businesses that provide services and equipment to both residential and commercial customers to seasonally control undesirable outdoor insects, such as mosquitoes, ticks and fleas ("**Franchised Business**"). We began offering franchises for the Franchised Business as of the effective date of this franchise disclosure document. We do not currently offer franchises in any other line of business, but may do so in the future.

Our agents for service of process are listed in Exhibit C.

**Our Parent and Affiliate.** Our parent is Buzz Killers, LLC. Our affiliate, Mosquito Joe Local Operations, LLC, a wholly owned subsidiary of Buzz Killers LLC, was organized on August 6, 2012 and operates a business of the type being franchised. That business, prior to August 6, 2012, was operated by our parent, Buzz Killers, LLC from March 1, 2010 through August 6, 2012. Our affiliate's principal address is 349 Southport Circle, Suite 106, Virginia Beach, Virginia 23452.

**Our Business and the Franchise Offered.** If you receive our approval, you (we will refer to individuals, partnerships, corporations, and the owners of partnerships and corporations as "**you**" and "**your**") may sign a Mosquito Joe franchise agreement ("**Franchise Agreement**", see Exhibit D) to establish and operate the Franchised Business according to our established system ("**System**").

We offer to qualified persons the right to develop a minimum of 2 Franchised Businesses and a maximum of 3 Franchised Businesses within the Development Area determined by us, under an area development agreement ("**Area Development Agreement**"). The Area Development Agreement requires you to open an agreed upon number of Franchised Businesses under a development schedule. You must sign our then-current form of Franchise Agreement for each Franchised Business that you open.

The distinguishing characteristics of the System include, without limitation, distinctive Marks, uniform standards, specifications, and procedures for operations; quality and uniformity of the insect control elimination/control products, equipment and services provided by licensed and Franchisor-approved professionals; special confidential techniques for selling products, services, and service agreements; route scheduling; back-office operations; field marketing techniques; emblems; uniforms; instructional materials and training courses; advertising and

promotional programs for use in the Franchised Business. (Any and all aspects of the System may be changed, improved, and further developed by us from time to time.) The Franchise Agreement allows you to use our Marks in the operation of the Franchised Business. You must conduct the Franchised Business according to our Confidential Operations Manuals and other manuals and instructional materials that we create in the future for use in the System ("**Manuals**"). You must offer only those services, equipment and products which we specify, and in the manner we specify. You must use only the integrated business management system and credit card processing service approved by us, and you must obtain certain equipment, chemicals, supplies, products, services and printed materials only from us or third party suppliers which meet our specifications and which we have approved in advance.

The Franchised Business offered by this Franchise Disclosure Document will operate a seasonal business controlling undesirable outdoor insects, such as mosquitoes, ticks and fleas. The Franchised Business may provide only authorized products and services, including selling, designing, installing and servicing outdoor misting systems, barrier spray service, special event spray services and other insect control systems within a geographic area of responsibility ("**Territory**").

**The Market and Competition.** The market for the outdoor insect control services and products offered by the Franchised Business is well developed and highly competitive. You would compete with independent pest control service technicians, locally-owned pest control services businesses, and national companies and referral services.

**Industry-Specific Regulations.** As the principal products and services of the Franchised Business are outdoor insect control related, you must comply with the licensing laws and regulations pertaining to the use, disposal and storage of pesticides. You also must comply with all local, state, and federal laws that apply to service establishments, including employment, discrimination and health and safety laws. These include, but are not limited to minimum wage laws, Environmental Protection Agency laws and regulations and obtaining any required licenses. Licenses will be required in all states and it is your responsibility to be sure you will qualify for the necessary licenses in the state in which your Franchised Business will operate.

In addition to maintaining all necessary licenses and permits, you must ensure that your employees and others providing insect elimination and control services to customers on behalf of the Franchised Business have all required licenses and permits. In certain jurisdictions, either you or an employee must have 1 to 2 years of experience applying pesticides, in addition to the necessary individual licensing, to qualify for a business license. If you are located in any of those jurisdictions and do not have the required experience, you must hire (or partner with) at least one individual with the necessary license. Additionally, various jurisdictions require every employee involved in the application of pesticides to be trained and tested and you must ensure compliance with all such requirements.

The outdoor insect control business is seasonal, with the spraying season varying with the geographic location of your Territory. Generally, the spraying season will vary between 5 and 9 months. Anticipated spraying seasons are defined in our Operations Manual.

You should consult with your attorney concerning these and other local laws and ordinances that may affect your operation of the Franchised Business.

## ITEM 2 BUSINESS EXPERIENCE

**Kevin W. Wilson, CEO and President and Board Member.** Kevin Wilson has served as our CEO and President and Board Member since August 2012 and of our parent, Buzz Killers, LLC, since June 2012. Prior to this, Mr. Wilson served as a Senior Managing Director of Envest Ventures, an early stage private equity firm located in Virginia Beach, Virginia, from April 2004 to August 2012 and will continue as a member of the investment committee for their Envest II and Envest III.

**Michael B. Burnette, Board Member.** Michael Burnette is an original Founder of our Company and has served as a Board Member since August 2012. Mr. Burnette also serves as the President and Founder of Burnette Development, LLC, located in Norfolk, Virginia since January 2008 and the Chief Financial Officer of Area Equipment Rental located in Chesapeake, Virginia since March 2006.

**John O. Wynne Jr., Chairman and Board Member.** John Wynne has served as our Chairman and Board Member since August 2012. Mr. Wynne also serves as President and Owner of Labels Unlimited, LLC located in Virginia Beach, Virginia since October 2010. Previously, Mr. Wynne worked as an investment banker in New York City for Deutsche Bank, from June 1998 to May 2002 and August 2004 to March 2006; and for Morgan Stanley, from May 2006 to January 2007. Mr. Wynne researched business acquisition opportunities from February 2007 to September 2010, resulting in the acquisition of Labels Unlimited, LLC in October 2010.

**Walter Ewell, Franchise Development Representative** Walter Ewell has served as our Franchise Development Representative since August 2012. Mr. Ewell also serves as President of Franchise Republic LLC (formally W J Ewell & Associates), a franchise development firm located in Smithfield, Virginia, since August 1978; CEO/Board Member of ServiStar USA LLC, a home services company located in Newport News, Virginia since February 2008; and Treasurer/Board Member of Angel Flight Virginia, Inc. a charitable organization located in Virginia Beach, Virginia since April 2001.

**Michael Hull, Director of Operations.** Michael Hull has served as our Director of Operations since August 2012 and has been a Member/Manager of our parent, Buzz Killers, LLC, since February 2010. Mr. Hull served as Portfolio Manager for Monarch Bank's Commercial Real Estate Finance Group, located in Norfolk, Virginia, from March 2011 to July 2012. Mr. Hull was a student at the College of William & Mary prior to 2010.

**Angela Zerda, Director of Marketing.** Angela Zerda has served as our Director of Marketing since August 2012. Prior to this, Ms. Zerda served as Marketing Manager at the University of Texas at Austin located in Austin, TX from September 2007 – June 2012. Ms. Zerda has been a member of the American Marketing Association since August 2010 and served as a Board Member/Head of Marketing & PR for the American Foundation for Suicide Prevention Central Texas Chapter located in Austin, Texas from April 2011 to April 2012.



**Denise Morris, Operations Manager.** Denise Morris has served as the Operations Manager of our parent, Buzz Killers, LLC, since March 2012, and as our Operations Manager since August 2012. Ms. Morris served as a Para Professional working with disabled children for the Norfolk Public Schools from September 2002 to February 2012.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

**Area Development Agreement.** If we agree to grant you the exclusive right to develop and operate two or more franchises in a defined Development Area through an Area Development Agreement, you must pay us an Area Development Fee equal to \$5,000 for the first franchise and \$2,500 for each additional franchise thereafter to be developed under the Area Development Agreement. The number of franchises you may develop under a particular Area Development Agreement is determined by mutual agreement, with a maximum of 3 franchises. The Initial Franchise Fee and Area Development Fee is fully earned upon execution of the agreements by us. The Initial Franchise Fee and Area Development Fee is refundable, only if we do not approve your application or if you do not pass our Operations Training (“**Operations Training**”) in accordance with our current passing standards for Operations Training, provided that you return to us all materials which we distributed to you during Operations Training.

For example, if we grant you the right to develop 3 Franchised Businesses in a Development Area, the total amount you will pay to us upon execution of the Area Development Agreement and 2 Franchise Agreements equals \$19,000, broken down as follows:

Area Development Fee	
1 <sup>st</sup> Franchise	\$ 5,000
2 <sup>nd</sup> Franchise	\$ 2,500
3 <sup>rd</sup> Franchise	\$ 2,500
Initial Franchise Fee	
1 <sup>st</sup> Franchise	\$ 2,500
2 <sup>nd</sup> Franchise	\$ 2,500
Mailer Program Set-Up Fee	
1 <sup>st</sup> Franchise	\$ 2,000
2 <sup>nd</sup> Franchise	\$ 2,000

The Initial Franchise Fee and the Mailer Program Set-Up Fee for the third franchise would be due at the time the third Franchise Agreement is executed.

**Franchise Agreement.** If you sign a single Franchise Agreement offered by this disclosure document, you must pay us an Initial Franchise Fee of \$7,500. We have established a Community Heroes Program and may offer a discount to qualifying franchises. We are a member of the International Franchise Association and participate in the IFA's VetFran program; as part of that program, we provide veterans of the U.S. Armed Forces a \$2,500 discount on the Initial Franchise Fee for the first Mosquito Joe franchise. Law enforcement, firefighters and licensed pesticide applicators will also qualify for a \$2,500 discount on the Initial Franchise Fee for the first Mosquito Joe franchise. A franchisee who otherwise meets the criteria to qualify for both discount programs may only receive a single discount of \$2,500. The Initial Franchise Fee is paid when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon execution of the Franchise Agreement by us. The Initial Franchise Fee is refundable, only if we do not approve your application or if you do not pass our Operations Training ("**Operations Training**") in accordance with our current passing standards for Operations Training, provided that you return to us all materials which we distributed to you during Operations Training. We may, in our sole discretion, finance a portion of your Initial Franchise Fee. See Item 10. Financing not offered in California.

**Mailer Program Set-Up Fee.** You must pay us a Mailer Program Set-Up Fee of \$2,000 for each Franchise Agreement you sign, which is due prior to the beginning of Operations Training. We use the Mailer Program Set-Up Fee to defray the cost of ordering mailing lists and setting up a direct mail program ("Mailer Program") for your Franchised Business. The Mailer Program set-Up Fee is refundable, only if you do not pass our Operations Training in accordance with our current passing standards for Operations Training, provided that you return to us all materials which we distributed to you during Operations Training.

**Mailer Fee.** We provide a 20 week Mailer Program for our Franchised Business. You must mail 25% of the Targeted Households in your Territory each week for the 4 weeks before you open your Franchised Business. You must pay to us the weekly Mailer Fee of \$0.35 per mailer in advance. After you open your Franchised Business, you have continuing mailing obligations as described in Item 7.

**Purchase of Developed Territories.** The purchase price for a developed territory is set according to various factors, including, but not limited to, the following: our then-current Initial Franchise Fee, historical gross volume of business, projected profitability, geographic location, average service invoice, market share, growth potential, length of time in business, and other market conditions. If you purchase a company Territory, you must sign both our Franchise Agreement and a Purchase and Sale Agreement similar to the one in Exhibit H. The purchase price of a company Territory is due when you sign the Franchise Agreement and the Purchase and Sale Agreement. The purchase price is not refundable.

**Other Fees.** As more fully described in Items 7 and 8, we reserve the right to require you to make certain pre-opening (as well as ongoing purchases) from us or our affiliates. As of the

date of this Disclosure Document, neither we nor our affiliates is current providing any products or services to our Franchised Businesses.

**ITEM 6  
OTHER FEES\***

Fee	Amount	Due Date	Remarks
Royalty and Service Fee	10% of Gross Revenue	As incurred. See Note 1.	“Gross Revenue” consists of all revenue from all services and products/materials offered, excluding customer sales tax, discounts or refunds to customers, but not service fees for bank drafts, credit and debit card transactions. The Royalty and Service Fee is payable weekly for the previous week ended on Sunday, and is due the second business day of each week by bank draft. Royalty and Service Fees are payment for the use of the Marks, System, Territory, Manuals, Marketing Administration, and other support services.
Marketing Fee	2% of Gross Revenue, weekly minimum beginning the thirteenth week of operation is \$100	As incurred. See Note 1.	Payable each week with the Royalty and Service Fees for brand development, internet marketing and production of advertising and marketing materials. The Marketing Fee minimum is subject to change on 30-days' notice to reflect changes in cost.
Mailer Program Fee	\$0.35 per mailer	As incurred. See Note 1.	We provide a 20 week Mailing Program for our Franchised Businesses, as specified in the Operations Manual. We require you to mail 25% of the Targeted Households in your Territory each week for the 4 weeks before you open your Franchised Business. The first 8 weeks after your Franchised Business has opened, we require a minimum of 25% of the Targeted Households within your Territory must receive a mailer each week and the following 8 weeks we require a minimum of 12.5% of the Targeted Households within your Territory must receive a mailer each week. The number of Targeted Households located within the Territory may fluctuate over time. You must pay

Fee	Amount	Due Date	Remarks
			us weekly in advance and we pay the suppliers. The Mailer Program Fee is subject to change on 30-days' notice to reflect changes in cost.
National Call Center Fees	Currently, \$10 to \$35 per customer call	As incurred. See Note 1.	To insure quality customer service, all customer calls must be answered by a live person. We require you to use the National Call Center. Fees may apply to all customer calls, both inbound and outbound, not handled by you in a timely manner, as specified in the Operations Manual. National Call Center fees are subject to change, with notice, to reflect changes in cost and must be paid to us each week with the Royalty and Service Fee or to our designated supplier as incurred.
Complaint Fee & Customer Refunds	\$50	As incurred. See Note 1.	Applies only if we respond to a customer complaint about your service. Complaint fees are subject to change on 30 days' notice to reflect changes in cost and must be paid weekly. We may in our sole discretion refund all or a portion of revenue from a customer to resolve a customer complaint and you must reimburse us for such refunds.
Integrated Business Management System	Currently, \$412 per month.	Monthly or as incurred. See Note 1.	To maintain the integrity of the System, and provide our Franchised Businesses with an integrated business management solution, we have contracted with: The Service Pro.net for a service management system, ElementsLocal for internet services and VirtualPBX for telephone services. Provider rates are subject to change and you must pay the providers or us in advance each month based on the then current rates.
Technician User Fee	Currently, \$35 per month access fee per technician for The ServicePro.net plus monthly internet access fees charged by cell service providers.	Monthly or as incurred See Note 1.	You may at your option enable your technicians to have access to the Integrated Management System. We have contracted with: The ServicePro.net for a service management system with the capability of field technician access to customer records for update. Provider rates are subject to change and you must pay the providers

Fee	Amount	Due Date	Remarks
			or us in advance each month, if we and/or our affiliates are billed directly by the provider.
Credit Card Processing Services	Currently, \$38.50 per month for account fees plus a 2.5% transaction fee.	Monthly or as incurred.	To maintain the integrity of the Integrated Business Management System in processing customer payments for your Franchised Business, we have contracted Element Processing Services to provide your Franchised Business with a credit card processing solution. Provider rates are subject to change and will automatically be drafted as incurred from your Franchised Business bank account by the supplier.
National/Regional Accounts	10% on collected monies.	After receipt of payment.	If we enter into a service agreement for a national/regional customer, secured by us, another franchisee or others with sites in your territory, for which you provide service, you must pay 10% to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we remit 90% to you, less royalty and advertising fees owed by you on that bill.
Vehicle Purchase or Lease	We estimate the initial costs for bank or lease financing and vehicle decals to be \$5,500 per service vehicle.	As incurred.	We may require service vehicle(s) that are in excess of five years old, and do not meet our current standards, as set forth in the Operations Manual, be replaced by the then current service vehicle.
Transfer Fee	50% of the Initial Franchise Fee for transfer of the Franchise Agreement. No transfer fee for transfer of the Area Development Agreement.	Upon approval by Franchisor of the transfer.	No fee is imposed for transfer to other Mosquito Joe franchise owners.
Renewal	\$3,000 per Franchise Agreement	At time of renewal	You will sign a then current Franchise Agreement and execute a general release upon renewal.
Late Report Fee	\$200 per report due.	As incurred. See Note 1.	Failure to submit a weekly Gross Revenue report on the second business day of the week will result in a \$200 Late Report Fee which will be added to

Fee	Amount	Due Date	Remarks
			the Royalty and Service Fee due for the week.
Interest on Overdue Payments	18% or the highest interest rate permitted by law, whichever is less.	Due with the payment of outstanding amounts. See Note 1.	Payable on overdue amounts.
Indemnification	For both the Franchise Agreement and Area Development Agreement: Will vary under circumstances	As incurred. See Note 1	You will be required to reimburse us for any and all damages and claims (including reasonable attorneys' fees) arising out of any suits, actions, proceedings, or claims filed against us, unless such claim is solely the result of actions by us.
Amendment Fee	\$2,500	On signing.	If we approve your request to amend your Franchise Agreement, after we have both executed the initial Franchise Agreement, you must pay us an Amendment Fee of \$2,500, upon the signing of the Amendment.
Audit	Cost of audit will include our employees' and/or agents' travel, room and board expenses.	On receipt of invoice. See Note 1.	You must pay any cost we incur for any audit we perform which results in a finding that you have failed to comply with the Franchise Agreement or you have understated by 3% or more in any weekly period your gross revenue. Our costs will include employees' travel, room and board expenses.
Training Fees	Costs and expenses incurred by your trainees in connection with any training programs and seminars. In addition there is a \$500 per day per trainee charge, plus any cost of travel, for additional training requested by you.	As incurred. See Note 1.	Costs and expenses incurred by your trainees in connection with any training programs (after your initial training) and seminars are your responsibility. In addition there is a \$500 per day per trainee charge for additional training requested by you outside of our regularly scheduled training and seminar programs. There will be no charge for our regularly scheduled training and seminars.
Attorneys' fees and other costs	For both the Franchise Agreement and Area Development Agreement: Will vary under the circumstances.	As incurred	Payable if we prevail in any legal dispute with you

We impose and collect all fees. All fees are non-refundable. All fees are uniformly imposed, unless otherwise noted above.

**EXPLANATORY NOTES TO ITEM 6:**

1. Gross Revenue generated from our customers for your Franchised Business must be reported to us by the 1<sup>st</sup> business day of the week for the prior week ending on Sunday. All fees and amounts due us and/or our affiliates directly related to your Franchised Business will be drafted from your Franchised Business bank account by us or our designee weekly by the 2<sup>nd</sup> business day of the week for the prior week ending on Sunday.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**Franchise Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT MADE</b>
Initial Franchise Fee <u>1/</u>	\$2,500 to 7,500 <u>1/</u>	Lump Sum	On your signing the Franchise Agreement	Us
Mailer Program Set-Up Fee <u>2/</u>	\$2,000	Lump Sum	Prior to start of training	Us, and then paid by Us to applicable Suppliers
Mailer Fee (first 3 months) <u>2/</u>	\$21,000 to \$31,500	Lump Sum	Weekly in advance	Us, and then paid by Us to applicable Suppliers
Real Property <u>3/</u>	\$0 to \$4,000	Monthly, Non-Refundable	As Arranged	Lessor
Office Furnishings, Signage & Fixtures <u>3/</u>	\$0 to \$1,500	As Arranged	As Incurred	Suppliers
Tools, Equipment, Chemicals, Uniforms & Supplies <u>4/</u>	\$4,500 to \$5,000	As Arranged	As Incurred	Suppliers and/or Us
Vehicle, Shelving, Navigation System & Decals <u>5/</u>	\$6,000 to \$6,500	As Arranged	As Incurred	Suppliers and/or Us
Initial Training <u>6/</u>	\$100 to \$1,000	As Arranged	As Arranged	Suppliers of transportation, food and lodging
Insurances, Office &	\$6,000 to \$7,500	As Arranged	As Incurred	Suppliers and/or

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Marketing Supplies & Forms <u>7/</u>				Us
Professional Fees <u>8/</u>	\$0 to \$1,000	As Arranged	As Incurred	Professionals
Additional Funds <u>9/</u>	\$14,000 to \$24,000	Check/Charge	As Incurred	
Computer, Internet Devices, Phones, Software Setup <u>10/</u>	\$4,000 to \$4,500	As Arranged	As Incurred	Suppliers and/or Us
<b>TOTALS</b>	<b>Single Franchise \$60,100 to \$96,000 <u>11/</u></b>			

**Notes:**

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

1. The Initial Franchise Fee for a single unit franchise is \$7,500. If you have signed an Area Development Agreement, the Initial Franchise Fee is \$2,500. The total low and high fees calculated above are based on a single unit franchise and use the Initial Franchise Fee of \$7,500. If you qualify to participate in our Community Heroes Program, your Initial Franchise Fee may be \$5,000. See Item 5 for additional details. We may, in our or their sole discretion, finance a portion of your Initial Franchise Fee. The annual interest rate is typically 12%, but can vary depending on your creditworthiness. Financing must typically be repaid over 1-3 years through monthly payments that would vary depending on the amount financed. See details in Item 5 and Item 10.
2. You must pay us a Mailer Program Set-Up Fee of \$2,000 for each Franchise Agreement you sign which is due prior to the beginning of Operations Training. We use the Mailer Program Set-Up Fee to defray the cost of ordering mailing lists and setting up a direct mail program (“Mailer Program”) for your Franchised Business. In addition, you must pay to us a weekly Mailer Fee based on the mailing costs for a percentage of the Target Households located within your Territory, as specified in the Operations Manual. We provide a 20 week Mailing Program for our Franchised Businesses, as specified in the Operations Manual. We require you to mail 25% of the Targeted Households in your Territory each week for the 4 weeks before you open your Franchised Business. The first 8 weeks after your Franchised Business has opened, we require a minimum of 25% of the Targeted Households within your Territory must receive a mailer each week and the following 8 weeks we require a minimum of 12.5% of the Targeted Households within your Territory must receive a mailer each week. Currently, the Mailer Fee for a Territory with 20,000 Targeted Households would be \$21,000 and a Territory with 30,000 Targeted Households would be \$31,500 at a cost of \$0.35 per mailer.
3. We encourage you to operate your franchise from your home, if local zoning laws permit. If you think your home is not properly zoned or suitable for franchise operations, you may need to lease or purchase suitable facilities. We estimate you would need an



office/warehouse of 200 to 1,000 square feet for the Franchised Business. The rent will likely vary from \$8 to \$12 per square foot depending on the size, condition and location of the facilities. If you purchase property for an office, the costs could be significantly higher. The Real Property figures represent a security deposit and three month's rent of 1,000 square feet at \$12 per square foot, for a lease in Virginia Beach, Virginia. You may also need to purchase or lease certain office equipment, signage, furniture and fixtures that we may specify.

4. You will need to purchase certain tools, equipment, chemicals, supplies and uniforms that we specify. Cost will vary from state to state. As of the date of this Disclosure Document, we do not require you to purchase any of the foregoing from us and/or our affiliates, but we reserve the right to do so in the future.
5. The only service vehicle we have approved is a recent model (3 years or less) Ford Transit Connect, as specified in the Operations Manual, however, other similar vehicles may be approved by us. You will be required to utilize a vehicle and apply decals we have approved. No vehicle may be used without our approval. Vehicles must meet our specifications including body style, color and model years and we estimate that you will need 1 to 2 vehicles. We do not currently sell or lease vehicles. Our approved decals must also be installed on each vehicle, estimated cost \$1,200 to \$1,700 each. Your investment may vary depending upon your decision to lease a new or used vehicle, or to purchase a new vehicle. Painting or repairs and interior shelving that may be required for vehicle approval may require additional expense. As of the date of this Disclosure Document, we do not require you to purchase any of the foregoing from us and/or our affiliates, but we reserve the right to do so in the future.
6. You will incur expenses associated with our initial training program. For this training program, we provide instructors and instructional materials. You must pay for transportation, lodging, food, and wages for you and your employees. The cost will depend on the distance you must travel to the training location, the type of accommodations you choose and the number of employees being trained. The estimate is based on travel to our headquarters in Virginia Beach, Virginia for training lasting for 4 days.
7. We estimate that the range given will be sufficient to cover prepayment of insurances, initial office supplies, certain forms and supplies unique to the Franchised Business for the initial phase of the operation of the Franchised Business. As of the date of this Disclosure Document, we do not require you to purchase any of the foregoing from us and/or our affiliates, but we reserve the right to do so in the future.
8. You may need to employ an attorney and/or other professionals.
9. You will need to support ongoing expenses, such as payroll, fuel, supplies and other operating costs to the extent these costs are not covered by gross revenue of the Franchised Business. New businesses often generate negative cash flow. We estimate that the amount stated will be sufficient to cover on-going expenses for the initial phase

of the business which we calculate to be 3 months. This is only an estimate, however, and we cannot assure you that you will not need additional working capital during or after this initial phase. Factors which affect the amount of additional funds required include volume of revenue and expense control. We relied on past experience in other service businesses and their performance when preparing these figures.

10. Prior to opening your Franchised Business, you must acquire computer equipment, internet service, telephone equipment, and implement and be trained on software systems and/or services (i.e. service management, accounting, telephone system, credit card processing and any other software necessary to operate the Franchised Business) required by us, at your sole expense. As of the date of this Disclosure Document, we do not require you to purchase any of the foregoing from us and/or our affiliates, but we reserve the right to do so in the future.
11. Cost will vary widely and you should review these figures carefully with a business advisor before making any decision to purchase a franchise.

**Area Development Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT MADE</b>
Area Development Fee <u>1/</u>	\$2,500 - \$5,000 per franchise <u>1/</u>	Lump Sum	On signing the Area Development Agreement	Us
<b>TOTALS</b>	<b>Area Developer \$2,500 to \$5,000 <u>2/</u></b>			

**Notes:**

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

1. Area Development Fees are \$5,000 for the first franchise and \$2,500 per franchise for each additional franchise.
2. If you sign an Area Development Agreement, you will incur the full cost of opening two Franchised Businesses within 180 days of the Effective Date of the Area Development Agreement. (You will receive a discount of \$2,500 on the second Franchised Business, in comparison to the cost of the single unit franchise, as, instead of the \$7,500 Initial Franchise Fee, you will pay an Area Developer Fee of \$2,500 and a reduced Initial Franchise Fee of \$2,500), plus a development fee for one additional franchise if you add a third franchise Territory (\$2,500). The total range above represents only the cost associated with the Area Development Agreement. You must also factor in the costs associated with opening multiple Franchised Businesses. For example, if you acquire area development rights to open three Franchised Businesses, you must sign two

franchise agreements when you sign the Area Development Agreement and open both of the Franchised Businesses within 180 days. Thus, your initial investment will be comprised of the estimated area development fees noted above (ranging from \$2,500 to \$5,000), plus the cost of opening your first two franchises (ranging from \$60,100 to \$96,000 for each Franchised Business) plus the Area Development Fee of \$2,500 for your third franchise.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **A. Restriction on Sources of Products and Services**

#### **1. Purchase From Franchisor, Affiliates And/Or A Designated Source.**

**Integrated Business Management System.** To maintain the integrity of the System, and provide our Franchised Businesses with an integrated business management solution, we have contracted with: The Service Pro.net for a web-based service management system, ElementsLocal for website hosting, FranConnect for customer contact management and VirtualPBX for telephone equipment/services. Provider rates are subject to change and you must pay us in advance each month, and we will pay the providers. (See Franchise Agreement 6.g)

**Credit Card Processing Services.** To maintain the integrity of our Integrated Business Management System in processing customer payments for your Franchised Business, we have contracted Element Payment Services to provide your Franchised Business with a credit card processing solution. You will pay monthly account and transaction fees directly to these designated sources as incurred. Provider rates are subject to change and will automatically be drafted as incurred from your Franchised Business bank account. (See Franchise Agreement 6.g).

**Mailer Program.** To insure consistency in marketing to the Targeted Households located within the Territories of our Franchised Businesses, we require you pay an initial Mailer Program Fee and ongoing Mailer Fees in advance each week to defray the cost of the Mailer Program. Mailer Fees are subject to change, with notice, to reflect changes in cost. (See Franchise Agreement 4.a).

**National Call Center.** To insure quality customer service, all customer calls must be answered by a live person. We require you to use the National Call Center. Fees may apply to all customer calls, both inbound and outbound, not handled by you in a timely manner, as specified in the Operations Manual. National Call Center fees are subject to change, with notice, to reflect changes in cost and must be paid to us each week with the Royalty or to our designated supplier as incurred. (See Franchise Agreement 6.k).

**Chemicals.** To insure consistency in the services we provide our customers, we must approve all chemicals utilized in the Franchised Business, and you are required to purchase them only from us or our designated third-party. (See Franchise Agreement 6.s).

## **2. Franchisor Approval Required.**

**Advertising and Marketing.** You must use our Marks as we develop them. At this time, our Marks are “Mosquito Joe®”, “Life Is Great Outdoors®” and “Mosquito Joe Mosquito Control®.” You must obtain our written consent before using our Marks in any way except in materials we provide to you or previously approved in writing. For example, you must obtain our approval prior to using our Marks in advertising and marketing. You cannot use any mark which could be confused with our Marks. In the event that we replace, add to or modify our Marks, you agree to update or replace your signs, supplies, etc. to reflect the new Marks, at your expense, in the time frame we provide at the time of such change. We must approve all advertising and marketing materials before you use such materials. (See Franchise Agreement 6.a, 6.c).

**Products and Services.** For the duration of your franchise, you are restricted from offering products and services in the Franchised Business other than the products and services approved by us, unless you receive our prior written consent. (See Franchise Agreement 6.s).

**Equipment, Supplies, Tools and Uniforms.** We must approve all equipment, supplies, tools and uniforms utilized in the Franchised Business, and you must receive our prior written consent before you use such equipment, supplies, tools and uniforms. You can purchase equipment, supplies, tools and uniforms from any supplier, but we must pre-approve the equipment, supplies, tools and the supplier. If any equipment, supplies, tools and uniforms use any of the Marks, you must send us a picture or other suitable illustration and we will telephone or send you written approval, needed changes or disapproval within 5 business days. (See Franchise Agreement 6.c, 6.s).

**Service Agreements and Forms.** We must approve all printed materials and forms utilized in the Franchised Business. You may choose to purchase an initial inventory of service agreements and forms from us or a supplier approved by us, or any other supplier, but we must pre-approve the service agreements, forms and supplier. If any agreements or forms use any of the Marks, you must send us a picture or other suitable illustration, and we will telephone or send you written approval, needed changes or disapproval within 5 business days. (See Franchise Agreement 6.c, 6.s).

**Site.** You are not required by us to lease or use retail office space to operate the Franchised Business. If you plan to lease or use a commercial and/or

office/warehouse space to operate the Franchised Business, you must receive our prior written approval prior to any lease being executed. (See Franchise Agreement 6.r).

**Decals & Signs.** You are required to have our approved decal wrap installed on your service vehicles and apply our approved magnetic decals on vehicles used in sales and marketing for the Franchised Business. You must purchase the approved decal wrap from our approved vendor. If you operate the Franchised Business from a commercial location, we may require you to purchase a sign for your commercial location that we approve. Currently, you can purchase signs and magnetic decals from any vendor, but we must pre-approve the signs, decals and supplier. (See Franchise Agreement 6.d, 6.r).

**Salesperson/Technician.** If you desire to hire any salesperson and/or technician to interact with customers, they must attend and successfully complete any Operations Training program that we may require and be approved by us, and not subsequently disapproved by us. (See Franchise Agreement 6.q).

**Vehicle.** The Franchised Business must own or lease a vehicle(s) sufficient to operate the franchise. Currently the only service vehicle we have approved is a recent model (3 years or less) Ford Transit Connect, as specified in the Operations Manual. No vehicle may be used in the Franchised Business without our approval, including vehicles only used for sales and marketing purposes. We must approve the vehicle of your choice before you sign any leases or other agreements. Provided that we approve the vehicle of your choice, you may lease or purchase from any lessor or dealer which you determine to be appropriate. (See Franchise Agreement 6.r).

We negotiate terms and maintain relationships with suppliers for the benefit of the franchise system and the customers it serves. (See Franchise Agreement 5.d, 5.m)

### **3. Franchisor Specifications.**

**Equipment.** You must purchase and maintain a computer system compatible with Windows OS or Mac OS X, multi-purpose printer, internet modem/router, PolyCom telephone and all the field service equipment necessary to provide customer with service, which meet our then current specifications. Specifications may include a particular brand or source and we issue specifications to you and maintain them in the Operations Manual. (See Franchise Agreement 6.g, 6.i, 6.s.)

**Insurance.** In addition to purchasing such insurance as is required by your state laws, you must obtain comprehensive general liability in the amount of at least \$1,000,000. Additional insurances may also be specified in the Operations Manual. You may purchase insurance from any vendor. You must

name us as an additional insured on such policies. If you do not purchase and maintain in force the required insurance, we may purchase it on your behalf, and charge you for it; you will be required to pay us any amount so charged within thirty (30) days. (See Franchise Agreement 6.j.)

## **B. Franchisor Approval Process**

The Operations Manual details the specifications and approval process for products, repair parts, equipment and services, which require our approval. We must approve all materials that use our Marks and logos. Specifications depend on the needs of the System requirements to provide services and products offered to the customers and their needs. We establish specifications to obtain consistency in franchise services. We do not currently have a supplier approval or disapproval process or criteria, but may institute such a process in the future. Currently, you are free to use any supplier for office supplies and other supplies. We have designated sources for our Integrated Business Management System and/or service (i.e. web-based service management system, credit card processing service, phone system, website hosting service and customer relations management system); and chemicals used in the operation of the Franchised Business. We approved these suppliers because of quality, cost and ability to provide service to franchisees throughout the U.S. We reserve the right, at our option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of our then-current criteria, including their ability to provide a quality product in a timely manner.

If you submit to us a written request for approval of any unapproved supplier of products, supplies, tools, uniforms, decals, signs, forms or equipment, our approval must be granted prior to you purchasing such items for use in the Franchised Business from such an unapproved supplier. You must not use, sell, or offer for sale any products of the proposed supplier until written approval by us of the proposed supplier is received. We shall have the right to require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered for evaluation, researching, and testing either to us or to an independent testing facility designated by us.

We charge no fees for a request of approval of a supplier change. If you request approval, we will notify you of our approval or disapproval within 5 business days. Failure to respond constitutes disapproval.

## **C. Franchisor and Affiliate Provided Products and Services**

**Chemicals.** We negotiate terms and maintain relationships with suppliers for the benefit of the franchise system and the customers it serves and we do require you to purchase such items only from us and/or an affiliate.

**Mailer Program.** To insure consistency in marketing to the Targeted Households located within the Territories of our Franchised Businesses, we require you pay us an initial Mailer Program Set-Up Fee and ongoing Mailer Fees in advance each week to defray the costs of the Mailer Program.

**Integrated Business Management System, Call Center Service.** To maintain the integrity of the System and provide our Franchised Businesses with an integrated business management solution, we have contracted with a variety of suppliers for web-based service management system, credit card processing service, website hosting, and telecommunications, and we do require you to purchase these services only through us, an affiliate or a designated third-party supplier.

**National Call Center.** To insure customer service, we require you to use the services of our National Call Center. We do require you to purchase these services only through us, an affiliate or a designated third-party supplier.

**Affiliates.** Neither we nor our affiliates currently provide any products or services to our Franchised Businesses, but we may do so in the future.

#### **D. Revenue Derived from Products, Services**

We do not currently, but we may receive revenue from third party suppliers or affiliates for the sale of equipment, signage, chemicals, supplies, vehicles, services or products. To the extent that you elect to buy supplies, or products from us, we may mark up the price of the product from a typically discounted price we receive to cover the costs of shipping, materials, labor, overhead and administration of the provision of supplies. We currently do not have any franchise operations from which to calculate purchases of services, supplies and products from us and/or our affiliates.

#### **E. Suppliers**

We may negotiate contracts with suppliers under which we are able to purchase products, equipment or supplies at a price lower than that at which you or other franchisees are able to purchase the same items. We do not provide material benefits to you based on your use of a particular supplier.

#### **F. Percentage of Total Purchases**

We estimate that required initial purchases and leases from us and/or our affiliates will be less than 25% to 40% and required ongoing purchases and leases from us will be less than 25% to 40% of the total purchases and leases you will make in establishing and operating your franchised business.

#### **G. Cooperatives**

At this time, we do not have any purchasing or distribution cooperatives.

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above.

Neither we nor any of our agents, officers, or affiliates owns an interest in any suppliers referred to above.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Franchisee's Obligations	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Sections 3 & 5	Sections 1 & 3	Items 7, 8, and 11
b. Pre-opening purchases/leases	Section 5 and 6	Sections 3 & 5	Items 5, 7, and 8
c. Site development and pre-opening requirements	Sections 5 & 6	Sections 3 & 5	Items 7, 8, and 11
d. Initial and ongoing training	Sections 5 & 6	Section 5	Item 6 and 11
e. Opening	Section 6	Section 5	Item 11
f. Fees	Section 4	Section 2	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Section 6	Sections 3 & 5	Items 8, 11, 13, and 14
h. Trademark and Principal information	Sections 6, 9 and 10	Sections 5 & 8	Items 13 and 14
i. Restrictions on products/services offered	Sections 5 and 6	Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Section 6	Not Applicable	Item 16
k. Territorial development and sales quotas	Section 3	Sections 1 & 3 & Exhibit A	Item 12
l. Ongoing product/service purchases	Sections 5 and 6	Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Section 6	Not Applicable	None
n. Insurance	Section 6	Not Applicable	Items 7, and 8
o. Advertising	Section 5	Not Applicable	Items 6, 8, and 11
p. Indemnification	Sections 11 and 21	Sections 11 & 17	Item 6
q. Owner's participation/management/staffing	Section 6	Not Applicable	Item 15
r. Records/reports	Section 7	Section 5	Item 6
s. Inspection/audits	Section 7	Not Applicable	Items 6 and 11
t. Transfer	Sections 12 and 13	Section 7	Item 6 and 17
u. Renewal	Section 2	Not Applicable	Item 6 and 17



Franchisee's Obligations	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
v. Post-termination obligations	Section 9 & 10	Section 6	Item 17
w. Non-competition covenants	Sections 9 and 10	Section 8	Item 17
x. Dispute resolution	Sections 10 and 15	Sections 6, 8 & 16	Item 17
y. Taxes/permits	Section 6	Not Applicable	Item 1
z. Operations Manual	Section 6	Not Applicable	Item 11

## ITEM 10 FINANCING

**Franchise Financing.** We and/or one of our affiliates may, in our or their sole discretion, finance a portion of your initial investment or operating capital. Whether we will extend financing and the amount of financing will vary depending on, among other factors, the availability of funds, your creditworthiness, the market conditions in your area, and your compliance with existing franchise agreements. The annual interest rate is typically 12%, but can vary depending on your creditworthiness. Financing must typically be repaid over 1-3 years through monthly payments that would vary depending on the amount financed (Example: \$14,750 financed for 3 years at 12% the monthly payment would be \$484.06). You or, in the case of an entity, your principals, must personally guarantee the debt. We may require your spouse to guarantee the debt. We may require a security interest in the assets of the Franchised Business. You may repay the financing without penalty. You waive the homestead and other available exemptions, presentment, demand, protest, notice of dishonor and all other notices. If you default on amounts owed, we can accelerate the obligation to pay the entire amount due, and seek our collection costs including attorney's fees from you, and terminate your franchise agreement. See Exhibits F-1, F-2, F-3 and F-4.

To accommodate franchisees who seek to obtain loans through the U.S. Small Business Administration ("SBA") or other SBA loan programs, we may defer principal (but not interest) payments on loan amounts we have financed until SBA loans have been repaid. Under those circumstances, principal payments must be repaid within 24 months after the SBA loan is repaid. We are not required to offer you financing of any kind.

We and/or our affiliates reserve the right to sell, assign or discount any Note or other obligation arising out of the franchise agreement to a third party. If we or our affiliates assign your Note, it will not affect our obligation to provide the services described in the franchise agreement, but the third party may be immune under the law to any defenses to payment you may have against us.

Currently, we do not offer any lease arrangements. However, in the future we and/or our affiliates or a third party leasing company may offer lease financing for vehicles, equipment, signs and furniture. Such leasing will be subject to the availability of leasing capacity and your creditworthiness. We are not obligated to provide such leasing programs. If leasing is available pursuant to third party agreements, you may lease only those items which we indicate as eligible

for leasing. We do not currently receive any payment from such arrangements with third party leasing companies, though we may receive revenue from your purchase of the leased items. The terms of such leasing programs vary and are yet to be determined for the coming year. Of course, if we do offer a leasing program and you elect to participate, you are obligated to make payments as required by the lessor. In the event you fail to make such payments, whether or not you sign the leasing paperwork, the entire lease amount will become due and payable immediately. We will charge interest on the amounts outstanding and delinquent amounts will subject you to the termination provisions of the Franchise Agreement.

We do not receive payments from any person for the placement of financing, although in the future, we may accept referral fees. We may but are not required to assist you in your efforts to seek financing from third parties.

We do not provide any financing in the State of California.

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

**Except as listed below, we are not required under the Franchise Agreement to provide any assistance to you.**

### **A. Pre-Opening Obligations**

Before you open the Franchised Business, we will provide the following assistance and services to you:

#### **Franchise Agreement**

1. We provide a four-day Operations Training program in Virginia Beach, Virginia which addresses critical aspects of operating a Mosquito Joe Franchised Business. Please see the chart below for the course schedule. Operations Training is held during select weeks throughout the year. You, if you are an individual, and any Designated Manager must attend and successfully complete this training before you open the Franchised Business. We do not charge for this Operations Training, but you are responsible for any expenses you and your employees incur as a result of attending Operations Training, such as travel, lodging and entertainment. (Franchise Agreement, Section 5.a).
2. If you are required by local zoning laws to lease or use a commercial and/or office/warehouse space to operate the Franchised Business, we do not provide site selection assistance, only approval. (Franchise Agreement, Section 5.c).
3. We will loan you one copy of the Operations Manual. See Table of Contents at Exhibit J. (Franchise Agreement, Section 5.b).

4. We provide guidance and advice regarding the selection of your vehicle and commercial location, if any, utilized in your Franchised Business. You are responsible for choosing your vehicle and commercial location that will meet our then current specification in the Operations Manual, but if you sign a lease or purchase agreement before we have approved the vehicle or commercial location, you risk the possibility that we will disapprove it for use in carrying on the Franchised Business. The factors we consider in approving your vehicle and commercial location include visibility and consistency of appearance to achieve the image necessary to maintain the integrity of the System. We intend to approve or disapprove your selections of vehicle and commercial location, if any, within 15 days of submission to us. If we do not approve your vehicle or commercial location, if any, you cannot open for business. (Franchise Agreement, Section 5.c.).
5. We will provide the names of suppliers and specifications to you for decals, tools, equipment, supplies, chemicals, uniforms, forms, marketing materials and software systems more fully described in Item 8. (Franchise Agreement, Section 5.d)

#### **Area Development Agreement**

The Area Development Agreement does not require us to provide any pre-opening services to you.

Other than as described above, we do not have any other pre-opening obligations and are not required to provide, deliver or install equipment and signs or any other pre-opening assistance to you prior to the opening of the Franchised Business.

### **B. Continuing Obligations**

#### **Franchise Agreement**

During your operation of the Franchised Business, we will provide the following assistance and services to you:

1. We will provide, from time to time as we deem appropriate, advice and written materials concerning the insect control business and techniques of managing and operating your Franchised Business, including new developments and improvements in promotion, public relations, customer relations, services and products (Franchise Agreement, Section 5.i).
2. At no charge to you, we will conduct, as we deem advisable, inspections of the Franchised Business and evaluations of the services rendered therein (Franchise Agreement, Section 5.i).

3. As discussed in Item 8, we will provide the names of suppliers that we approve or that we designate for your purchase of equipment, signs, and/or supplies that will include Mosquito Joe products and approved products to be used in the operation of the Franchised Business. We reserve the right to require you to limit or discontinue the offer of any product or service in accordance with the Franchise Agreement (Franchise Agreement, Sections 5.d. & 6).
4. We will provide telephone and/or internet support for your questions regarding operation of the Franchised Business during normal business hours. (Franchise Agreement, Section 5.h).
5. We may provide and require your attendance at a one to two day advanced training or national and/or regional meetings. We may hold these meetings at various sites which we select across the country. The agenda for advanced training varies but often focuses on improving business skills in order to increase profitability. We do not charge for these meetings, but you are responsible for all travel, lodging and other expenses you incur to attend. (Franchise Agreement, Section 5.j).
6. We and/or our designee will provide a call center operation for accepting customer request for services and products for which you must pay us and/or our designee National Call Center Fees. (Franchise Agreement, Section 5.k).
7. We may require you to use a specified form for customer engagements and forward copies of them to us. We own all accounts which you service. We alone have the right to set the terms and conditions for all service agreements, designate another to invoice the service agreement customers and set the rates due you for services rendered on any service agreement contract. However, you currently are responsible for all billing and collections of monies due on accounts you service. Our service agreement terms, billing procedures and service fees are prescribed in the Operations Manual and may be amended, as we deem necessary. (Franchise Agreement, Section 5.d, 5.f, 5.g).
8. From time to time we may provide you with the opportunity to participate in group purchasing programs which offer group discounts. The discounts and terms for any such opportunities will vary. (Franchise Agreement, Section 5.l).
9. We will make available to you planning assistance for marketing your Franchised Business including formats for advertising plans and promotional materials. (Franchise Agreement, Section 5.e).
10. For the benefit and integrity of the System we and/or our affiliates may, in our sole discretion, contract with designated suppliers for products and/or services, as specified in the Operations Manual (i.e. chemicals, tools, merchandise, supplies; software/service providers for our Integrated Business Management System, Mailer Program services, credit card processing and other items/services). (See Franchise Agreement 5.d, 5.m.)

### **Area Development Agreement**

The Area Development Agreement does not require us to provide any continuing services to you.

Other than as described above, we do not have any other continuing obligations to you in connection with your operation of the Franchised Business.

### **C. Advertising and Promotional Materials**

We raise fees related to system marketing through the Marketing Fees and ongoing Marketing Fees collected from our franchisees. We designate these fees for use in our advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System, but we are not required to spend any amount on advertising in your particular Territory. We use advertising and marketing fees to develop, produce, distribute and/or conduct advertising programs, marketing programs, public relations, internet and social media, and marketing research. We may spend marketing fees on local, regional or national advertising as we deem appropriate. We produce advertising in-house and through advertising agencies. Franchises that we (or our affiliates) own and operate will contribute Marketing Fees equal to those contributed by our franchisees. (Franchise Agreement, 5.e.)

We maintain all Marketing Fees in an account separate from our other monies. We will not use them for any of our expenses, except for reasonable costs and overhead, if any, that we incur in activities reasonably related to the direction and implementation of marketing and advertising programs for franchisees and the System. These costs may include costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Marketing Fees are not our asset. Any monies remaining from Marketing Fees at the end of the taxable year in which such monies were received will be used for advertising or promotional purposes in the following taxable year before contributions from that taxable year are used. We reserve the right to terminate the Marketing Fees at any time, in which case all Marketing Fees remaining will be expended for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. The Marketing Fees and any earnings on them will not otherwise benefit us. We may offset some internal marketing costs with any payments we receive for providing advertising and marketing services. We are not a fiduciary of yours with respect to the Marketing Fees. (Franchise Agreement, 4.f.)

You may only use advertising material we have prescribed or approved, and you may only distribute it to people or businesses located in your Territory. All advertising must carry only our toll-free phone number and our headquarters address. However, we may approve the use of a local address and/or a local phone number, which can be rolled over to the National Call Center. (Franchise Agreement, 5.e.)

We have the right, but not the obligation, to establish and maintain a website which may, without limitation, promote the Marks, the System, approved products or services, Franchised Businesses and the franchising of the System. We have the sole right to control all aspects of the

website, including, without limitation, its design, content, functionality, links to the websites of third parties, legal notices and policies and terms of usage. We also have the right to discontinue operation of the website at any time and without notice to you.

We have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Franchised Business, with such web page(s) to be located within our website. You must comply with our policies with respect to the creation, maintenance and content of any such web page(s). We have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page(s).

You may not establish or maintain a separate website, register or use any domain name/URL address, or use any other social media outlet, such as FaceBook, Twitter or any other outlet, for or in connection with the Franchised Business without our prior written approval (which we shall not be obligated to provide). You may not post, respond to, or otherwise participate in any social media communications unless otherwise authorized by us. (Franchise Agreement, 6.b.)

We pay the costs of marketing activities, including a share of corporate overhead related to advertising and marketing, with marketing fees. We do not guarantee that you will benefit directly from any advertising or marketing. (Franchise Agreement, Section 5.e). The marketing fees will be spent in a way, which in our judgment, benefits the franchise system. Marketing expenditures are not audited other than as part of the Company's annual audit of its financial statements, and, consequently, separate financial statements for advertising and marketing are not available to you. You will not receive a periodic accounting of how we spend the marketing fees we collect. However, upon the completion of the Company's annual audit you may obtain an accounting of marketing expenditures by sending a written request to the attention of our Accounting Department.

We also conduct a local direct mail program to solicit business from Targeted Households located within the franchise Territory. You must pay us a Mailer Program Set-up Fee of \$2,000 for each Franchise Agreement you sign, which is due prior to the beginning of Operations Training. We use the Mailer Program Set-up Fee to defray the cost of ordering mailing lists and setting up a direct mail program ("Mailer Program") for your Franchised Business. In addition, you must pay us a weekly Mailer Fee based on the mailing cost for a percentage of the Targeted Households located within your Territory, as specified in the Operations Manual. Currently, we provide a 20 week Mailing Program for our Franchised Businesses. We require you to mail 25% of the Targeted Households in your Territory each week for the 4 weeks before you open your Franchised Business. The first 8 weeks after you open your Franchised Business, we require a minimum of 25% of the Targeted Households within your Territory must receive a mailer each week and the following 8 weeks we require a minimum of 12.5% of the Targeted Households within your Territory must receive a mailer each week. The number of Targeted Household located within the Territory may fluctuate over time. Currently, the Mailer Fees for the first three months for a Territory with 20,000 Targeted Households would be \$21,000 and a Territory with 30,000 Targeted Households would be \$31,500, at a cost of \$0.35 per mailer. (Franchise Agreement, 4.b.)

We have no historical data for our expenditures for marketing.

You may choose to do additional advertising and ongoing marketing within your Territory at your own expense (See Item 6). You may only use advertising and marketing in such media and such type and format as we have prescribed or approved. (Franchise Agreement, 6.a.) You may not use any advertising or promotional plans or materials until you have received our approval, according to the procedures and terms described in the Franchise Agreement. You must submit samples of all marketing and promotional plans and materials to us as described in Item 8 above. You must use Marks as we develop them. You must obtain our written consent before using our Marks in any way, except for materials we provide to you or have previously approved (and not subsequently disapproved) in writing. You cannot use any mark which could be confused with our Marks. In the event that we replace, add to or modify our Marks, you agree to update or replace your signs, supplies, etc. to reflect the new Marks, at your expense, in the time frame we provide at the time of such change. (Franchise Agreement, 6.c.)

We do not have the power to require cooperatives to be formed, changed, dissolved or merged. There is no franchisee advertising council.

#### **D. Computer Systems**

We will require you, at your expense, to purchase or lease, and thereafter maintain, such computer hardware and software, telephone service, wireless broadband internet service, active e-mail account, modem(s), printer(s), and other computer-related accessories or peripheral equipment as we may specify in the Operations Manual. We currently require you to obtain a Windows OS or Mac OS X compatible computer system, broadband internet access, PolyCom telephone, and a multi-function printer capable of scanning, faxing and printing, meeting the functionality necessary to operate the Integrated Management System software for your Franchised Business. You will be responsible for maintaining your computer system hardware and software in good repair and condition, and you must promptly install such additions, changes or modifications as we may direct (Franchise Agreement, Section 6.i).

We will require you to purchase from a third party, scheduling and work order management software and/or services. We currently require you to obtain such software and/or services from The Service Pro.net for dispatching and order management for your Franchised Business. This software stores the data from all customer service activity in the Franchised Business. We will have independent access to the information generated and stored in this system.

We estimate the initial cost of computer and software to be \$4,000 to \$4,500 and the ongoing system and software support and/or service contracts to be \$414 to \$500 per month.

#### **E. Manuals**

The table of contents from our Operations Manual is contained in Exhibit J. The Operations Manual contains a total of 276 pages.

## **F. Site Selection**

You may be required, by local zoning laws, to have a commercial location to operate the Franchised Business. If you have a commercial location it will be at your expense, and we must approve of the location prior to acquiring or leasing a location and you must submit to us, in the form we specify, location information, as we may reasonably require, together with a copy of the lease, on terms satisfactory to us. We will have 15 days after receipt of such information and materials from you to approve or disapprove, in our sole discretion, the proposed site as the location for the Franchised Business. In the event we do not disapprove a proposed site by written notice to you within 15 days, such site will be deemed approved. In approving a location for the Franchised Business, we consider various factors, including but not limited to, demographics, property desirability and the area surrounding the proposed location. (Franchise Agreement Section 5.c, 6.r.)

## **G. Opening the Franchised Business**

We estimate that the typical length of time between signing the Franchise Agreement and opening the Franchised Business is 60 to 180 days. Factors which may affect this time period include the ability to find a site and to negotiate a lease, financing or building permits; zoning and local ordinances; weather conditions; licensing; shortages or delayed delivery of equipment, fixtures, and vehicle decals. You must open and begin operating the Franchised Business within 180 days of the signing of the Franchise Agreement, or we may terminate the Franchise Agreement. (Franchise Agreement Sections 6.e and 8.)

## **H. Training**

You must oversee the operation of the Franchised Business. Prior to commencement of business, you and your Designated Manager, if one has been designated, must successfully complete our required training and pass a comprehensive test, upon completion of classroom training, that covers the materials included in the Operations Manual. If you or your Designated Manager do not successfully complete training and pass the test, training must be repeated at the next regularly scheduled training session and at your sole expense until you and your Designated Manager pass the test or your franchise agreement may be terminated. If you hire a new Designated Manager, such person must be approved by us, successfully complete training and pass the test. Before opening the Franchised Business, you (or, if you are a corporation or partnership, one of your principals), your Designated Manager, and any such additional persons as you or we deem appropriate must attend and complete to our satisfaction the initial training program we offer. (Franchise Agreement, 6.b, 6.n, 6.q.) The length of our initial training program is four days of classroom training. We will conduct our initial training program as follows:



## TRAINING PROGRAM

Subject	Instructional Materials	Number of Hours of Classroom Training	Number of Hours of On-The-Job Training	Location
Introduction	Operations Manual, HQ Tour	2	NA	HQ
Starting an Insect Control Services Business	Operations Manual	1 and 1/2	NA	HQ
Service Offerings Overview	Operations Manual	2	NA	HQ
Back-office Setup	Operations Manual	1 and 1/2	NA	HQ
Management Tools	Operations Manual	1 and 1/2	NA	HQ
Materials, Supply Sources	Operations Manual	1 and 1/2	NA	HQ
Advertising and Marketing	Operations Manual	2	NA	HQ
Routing/Scheduling	Operations Manual	1 and 1/2	NA	HQ
Staffing	Operations Manual	1 and 1/2	NA	HQ
Customer Service	Operations Manual	2	NA	HQ
Procedures and Policies	Operations Manual	3	NA	HQ
Payment/Billing Process	Operations Manual	3	NA	HQ
Selling Services	Operations Manual	3	NA	HQ
Quality Control	Operations Manual	1	NA	HQ
Bookkeeping	Operations Manual	3	NA	HQ

Our instructional materials consist only of our Operations Manual.

**Note:** Each topic is taught by one or more of the instructors below, whose business experience is as follows:

**Kevin W. Wilson, CEO and President and Board Member.** Kevin Wilson has served as our CEO and President and Board Member since August 2012. Mr. Wilson has extensive experience in business development and financial management. Additionally, Mr. Wilson has served in key management roles for multiple franchise companies and left a management position with a venture capital firm to be our CEO and President.

**Mike Hull, Director of Operations.** Mike Hull is the Director of Operations for the Company and has served as a Manager/Member of our parent, Buzz Killers, LLC, since it began operation in March 2010. He holds a degree in Finance from William & Mary and is a licensed pesticide applicator in Virginia.

**Angela Zerda, Director of Marketing.** Angela Zerda has served as our Director of Marketing since August 2012. Ms. Zerda has experience working in a top-tier advertising agency as well as on the corporate marketing (client side) of the business and has been a member of the American Marketing Association since August 2010.

The initial training program must be successfully completed before the Franchised Business opens using our Mark. The instructors have experience relevant to the subjects covered in our initial training program. You and/or such personnel as we may reasonably require must attend our initial training program and must complete the program to our satisfaction. You may designate, and we will approve or disapprove, additional employees to attend the initial training program. The initial training program will take place at our principal place of business.

You and/or such personnel as we may reasonably require must also attend additional courses, seminars, and training programs that we may offer from time to time. For all required initial and training courses, we will provide instructors and training materials. There is a charge of \$500 per day per person for any additional training courses that you request. You and your employees will be responsible for all other expenses which they incur in connection with the courses, including the cost of transportation, lodging, meals, and wages during any training courses (Franchise Agreement, Section 4.1).

\* \* \*

We reserve the right to delegate any duty or obligation in this agreement to be performed by any designee, employee, or agent of ours, as we may direct.

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

Our Franchised Businesses operate seasonal businesses controlling undesirable outdoor insects, such as mosquitoes, ticks and fleas which may provide only authorized products and services, including selling, designing, installing and servicing outdoor misting systems, barrier spray service, special event spray services and other insect control systems to customers located within a geographic area of responsibility. We may, in our sole discretion, add additional lines of service that you must provide as such lines of service are added to our System in the future. You may only solicit customers located within the Territory approved by us, using marketing materials we have prescribed or approved. We alone will direct marketing and advertising campaigns directed to multiple Territories.

To insure quality customer service, all customer calls must be answered by a live person. We require you to use the services of our designated National Call Center. Customer service requests handled by our National Call Center normally result in the customer being assigned to franchisees in whose Territory the customer is located. However, if the customer is located outside of your Territory, and the Territory has not been awarded to another franchise owner, we may, at our sole discretion, assign the customer service request to you. You agree that we may award a franchise to a third party for an area outside of your Territory in which you are servicing customers. In the event we do so, you will discontinue service to any customers in the area and will transfer their complete service information, without compensation, to the owner of the Territory or to us. To maintain customer service within the Metropolitan Statistical Area in which your Territory is located, you may be required to provide service to customers outside your Territory.

You will receive an exclusive territory. The location and size of the Territory granted to you, as defined in *Schedule A* of the Franchise Agreement, will be mutually agreed upon by you and us before the Franchise Agreement is signed. The size of a geographic area granted in a Territory will typically be determined by factors such as the total population and our then-current target household demographics for the Franchise Agreement. Any change will require our prior written consent. We will not permit you to relocate the Franchised Business within your Territory, except in the event you operate your Franchised Business from your home and you move to another home in the same Territory or desire to move your home-based business to a commercial location that we approve in the Territory. Additionally in *Schedule A* is the initial number of Target Households located within the Territory (“**Target Households**”). The geographic area granted in a Territory will typically be defined by Zip Code(s) which will encompass an area of which will vary widely in population based on the demographics. Military and other government facilities are excluded from all franchised territories. No other franchisee may directly solicit customers in your Territory. We may sell franchises or locate company or affiliate owned businesses in any Territory other than your Territory, but we will not grant any other franchises to be located within your Territory, nor will we (or our affiliates) locate any outlet within your territory. We may sell any territory other than your Territory to other franchisees or locate company and/or affiliate owned businesses in such territories. Continuation of this limited territorial exclusivity does not depend on your achieving any certain sales volume, market penetration or other contingency.

We may sell any territory other than your Territory to other franchisees in your same line of service and/or locate company or affiliate owned businesses in such territories. Although Mosquito Joe and/or its affiliates have no current plans to do so, we may in the future establish another channel of distribution other than through a mobile business, which provides goods and/or services similar to those provided by Mosquito Joe franchisees.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of “Mosquito Joe” Franchised Businesses at any location outside your Territory; (ii) to acquire and operate businesses of any kind at any location within or outside of your Territory (excluding Franchised Businesses in the same line of service operated under the System within the your Territory); (iii) to use and license others to use the System and/or the Marks at any location within or outside of your Territory other than for the operation of a “Mosquito Joe” Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of your Territory, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as we deem advisable, and without granting you any rights therein.

We reserve all rights to the Internet utilizing our Marks.

Within your Territory, you may offer services to any individual or business based on the criteria in our Operations Manual. Continuation of your rights to be a franchisee does not depend upon your achievement of a certain sales volume, market penetration or other similar contingency. We may not alter your Territory without your consent.

## **Area Development Agreement**

If you sign an Area Development Agreement, we will agree on a Development Area and a Development Schedule. The Schedule will identify the number of franchises to be developed and the minimum development rate. When you sign the Area Development Agreement, you must also sign two Franchise Agreements. The first two Franchised Businesses must be operational within 180 days.

If you fail to satisfy the Development Schedule, we may terminate your future development rights within the Development Area. However, termination of your Area Development Agreement will not terminate Franchise Agreements you have already signed.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of “Mosquito Joe” Franchised Businesses at any location outside the Development Area; (ii) to acquire and operate businesses of any kind at any location within or outside of the Development Area (excluding Franchised Businesses in the same line of service operated under the System within the Development Area); (iii) to use and license others to use the System and/or the Marks at any location within or outside of the Development Area other than for the operation of a “Mosquito Joe” Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of the Development Area, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as Franchisor deems advisable, and without granting Area Developer any rights therein.

### **ITEM 13 TRADEMARKS**

The Franchise Agreement will allow you to use our Marks for your Franchised Business. We own the Marks. We have a federal registration on the Principal Register of the U.S. Patent and Trademark Office for the marks “Mosquito Joe” (Reg. No. 3858271) and “Mosquito Joe Mosquito Control” (Reg. No. 3858329) with a registration date of October 5, 2010; and “Life Is Great Outdoors” (Reg. No. 3874960) with a registration date of November 9, 2010.

We intend to file all necessary affidavits of use and renewal applications when they become due. There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court; nor are there any pending infringements, opposition, or cancellation proceedings or material litigation, involving any of the above Marks.

We do not know of any infringing uses that could materially affect your use of the Marks in this state or elsewhere.

You must follow our rules and regulations with respect to the use of the Marks. You cannot use any of the Marks or any other Marks, names, or indicia of origin that are or may be confusingly similar to the Principal Marks as part of a corporate name or other legal name.

You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating under it if we, in our sole discretion, determine that substitution of different Mark as Marks will be beneficial to the System. You must comply with such change, revision, or substitution and bear all expenses associated with them.

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

Patents. We do not own any right in or to any patents that are material to the franchise.

Copyrights. We claim common law copyright protection covering various materials used in our business and the development and operation of the Franchised Business, including the Manual, advertising and promotional materials, and training materials. We have not registered these materials with the United States Registrar of Copyrights, and we are not required to do so.

There are currently no effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Operations Manual. We will provide you a copy of the Operations Manual on loan for the term of the Franchise Agreement. The Operations Manual is described more fully in Item 11. You must treat the Operations Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in them, as confidential, and must use commercially reasonable efforts to maintain this information as secret and confidential. You must not reproduce these materials or otherwise make them available to any unauthorized person. The Operations Manual will remain our sole property and you must keep it in a secure place.

We may revise the contents of the Operations Manual, and you must comply with each new or changed standard. You must ensure that the Operations Manual is kept current at all times at your expense. If there is a dispute as to the contents of the Operations Manual, the terms of the master copy which we maintain at our home office will control.

Confidential Information. You acknowledge that the Operations Manual and other confidential information, knowledge, and know-how concerning us and the System are and shall remain our trade secrets. You must not, during or after the term of the Franchise Agreement, divulge or use for the benefit of anyone else any confidential information, knowledge, or know-how concerning us and the System and the methods of operation of the Franchised Business. You may divulge any information which you can demonstrate came to your attention prior to our disclosure or which has become a part of the public domain. Any and all information, knowledge, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

At our request, you must require your Designated Manager and any personnel having access to any confidential information to sign covenants that they will maintain the confidentiality of information they receive during their employment at the Franchised Business. These covenants must be in a form we find satisfactory, and specifically identify us as a third party beneficiary of these covenants with the independent right to enforce them.

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

You must provide franchise services under your direct supervision and control or under the direct supervision and control of a Designated Manager who we have approved, and not later disapproved. We will not approve a Designated Manager before the Designated Manager successfully completes our Operations Training and becomes certified as a pest control technician. The Designated Manager must have a home services and marketing background, but need not have any equity interest in the Franchised Business.

You must comply with all federal, state and local laws and regulations. You must secure all necessary permits, certificates, licenses and consents to operate your Franchised Business.

We also may require the Designated Manager, principals, and employees to enter into an agreement not to compete with businesses under the System while you employ them and for one

year after you cease to employ them, and an agreement not to reveal confidential information obtained in the course of their employment with you.

You and anyone in your employ must use best efforts to promote the Franchised Business.

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

### **Franchise Agreement**

You must use the Franchised Business vehicle solely to operate the Franchised Business. You must keep the Franchised Business open and in normal operation for the minimum hours and days we specify in the Operations Manual. You must not use the vehicle for any other purpose or activity without first obtaining our written consent.

**Products and Services.** For the duration of your franchise, you are restricted from offering products or services other than the franchise products and services defined in the Operations Manual, unless you receive our prior written consent. You must offer all the products and services we prescribe in the Operations Manual, and those products and services are subject to change. You must not sell any other kind of service or product without first obtaining our written consent. You must discontinue selling or offering for sale any services or products that we, in our sole discretion, disapprove in writing at any time. You may determine the prices of all services and products you offer and sell to your customers, but we may set maximum and minimum prices that may be charged based upon an analysis of the market and to facilitate advertising and competitive strategies.

You must comply with all requirements if we supplement, improve, or modify the System, including offering and selling new or different services and products that we specify. You are not to operate any business other than the Franchised Business without our prior written approval. We have the right to change the types of authorized products and services, and there are no limits on our right to make changes. You must operate according to the Operations Manual.

**Customer Service.** You must honor our customer service policies, including promotions, customer loyalty feedback programs, warranties and satisfaction guarantees, as stated in the Franchise Agreement and the Operations Manual.

**Competing Business.** For the duration of your franchise you may not have any interest in any other competing business, unless you receive our prior written consent. For two years after you cease operating a Franchised Business, whether by sale, assignment, termination or expiration, you may not have any interest in any business performing services that are the same as or similar to those performed by the Franchised Business, within 15 miles of your Territory or the territory of any other Mosquito Joe Franchised Business, or of our affiliate-owned business, in operation as of the date you cease to operate your Franchised Business.

**Confidential Information and Trade Secrets.** Our Operations Manual, operating systems, methods and know-how and our customer information are confidential information and are trade secrets. You may not use or communicate, directly or indirectly, or otherwise disclose our confidential information or trade secrets during or after the expiration, termination, transfer or other disposition of your franchise.

For a description of your restrictions on some purchases, see Item 8 of this disclosure document.

Except as described above, neither the Franchise Agreement nor any other practice restricts the goods or services which you may offer, or the customers you may solicit from the location of your Franchised Business.

**Area Development Agreement**

The Area Development Agreement does not contain provisions restricting the products or services you may offer. However, with respect to each Franchised Business developed under the Area Development Agreement, you will be subject to the restrictions on products and services contained in our then-current Franchise Agreement. The restrictions in our current Franchise Agreement are described above.

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

**THE FRANCHISE RELATIONSHIP  
AND  
THE AREA DEVELOPMENT RELATIONSHIP**

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

<b>Provision</b>	<b>Section in Franchise Agreement ("FA")</b>	<b>Section in Area Development Agreement ("ADA")</b>	<b>Summary</b>
a. Term of the franchise	Section 2	Section 4	FA: 10 years. ADA: Date upon which Area Developer has opened and in operation all of the Franchised Businesses set forth in the Development Schedule.
b. Renewal or extension of the term	Section 2	None	FA: Can be renewed for successive 10 year terms if you are not in default of any provision of your Franchise Agreement, you pay the renewal fees and you sign a general release.



Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			ADA: None
c. Requirements for you to renew or extend	Section 2	None	FA: There is a \$3,000 fee for renewal of the Franchise Agreement, and you must give us written notice of election to renew not more than 12 months and not less than 6 months prior to expiration of current term; execution of then-current Franchise Agreement (which may have materially different terms and conditions than your original agreement); execution of general release; other conditions may apply. ADA: None
d. Termination by you	None	None	You may terminate by not renewing.
e. Termination by us without cause	None	None	Not Applicable
f. Termination by us with cause	Section 8	Section 6	FA: We may terminate only if you default. ADA: We may terminate if you default under the Area Development Agreement or any Franchise Agreement.
g. "Cause" defined - defaults which can be cured	Section 8(c)	Section 6	FA: Failure to permit inspection; failure to maintain the standards dictated by us; failure to comply with the material terms of any agreement; the sale of unauthorized products or services; failure to maintain insurance and licenses; receipt of unreported revenue; and others. ADA: 30 days to satisfy a final judgment; 30 days to dismiss a suit to foreclose any lien or mortgage against the premises or any equipment of the Franchised Business; 15 days to remedy certain material breaches that are not otherwise incurable.
h. "Cause" defined - defaults which cannot be cured	Section 8(b)	Section 6	FA: Bankruptcy or insolvency; conviction of certain crimes; abandonment; attempting to execute an unauthorized transfer; failure to begin operations within 180 days of the Effective Date of Franchise Agreement or add additional lines of service within 90 days of written notice; failure to maintain required hours of operation; unreported revenue; marketing outside your

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			Territory; misuse of the Marks; three or more breaches within 12 months; and others as may apply. ADA: Bankruptcy or insolvency, execution against Area Developer's business or property; real or personal property is sold after levy; Area Developer fails to meet the Development Schedule.
i. Your obligations on termination/non-renewal	Section 9	Section 8	FA: Cessation of operations and use of Marks and information; assignment of lease; modification of premises; transfer of certain items; payment of monies due; compliance with post-term covenants; and others as may apply. ADA: Compliance with post-termination covenant not to compete.
j. Assignment of contract by us	Section 13	Section 7	FA: No restriction on our right to assign. ADA: No restriction on our right to assign.
k. "Transfer" by you – definition	Section 13	Section 7	FA: Transfer of rights or obligations under the Franchise Agreement or of the assets or ownership of franchisee. ADA: Transfer of rights or obligations under the Area Development Agreement of the assets or ownership of Area Developer.
l. Our approval of transfer by you	Section 13	Section 7	FA: We have the right to approve transfers but will not unreasonably withhold consent if certain conditions are satisfied. ADA: We have the right to approve transfers but will not unreasonably withhold consent if certain conditions are satisfied.
m. Conditions for our approval of transfer	Sections 13.b, f., g., h., i., and j.	Section 7	FA: Satisfaction of financial obligations; good standing; execution of a general release; payment of transfer fee; written assignment of obligations; qualified new franchisee; refurbishing of the Franchised Business; transferee's completion of training programs; warranty reserve; execution of concurrent agreements; and others as may apply. ADA: Qualified transferee; transferee's completion of training programs; transferee's execution of required agreements and assumption of obligations; execution of release;

<b>Provision</b>	<b>Section in Franchise Agreement ("FA")</b>	<b>Section in Area Development Agreement ("ADA")</b>	<b>Summary</b>
			payment of transfer fee.
n. Our right of first refusal to acquire your business	Sections 13.c.	Section 7	FA: We have the right to purchase the Franchised Business before transfer. ADA: We have the right to purchase all of the interest being transferred.
o. Our option to purchase your business	None	None	Not Applicable
p. Your death or disability	Section 12	None	FA: Executor or representative has 6 months to arrange for a transfer, or 6 months to dispose of decedent interest in Franchised Business. Upon death and until appointment of Designated Manager we may operate your Franchised Business or assign another franchisee to service your customers. ADA: None.
q. Non-competition covenants during the term of the franchise	Section 10	Section 8	FA: You will not attempt to divert any business to a similar business, nor will you have any interest in any other competing business, without our prior written consent. ADA: You will not have any interest in any other competing business without our prior written consent.
r. Non-competition covenants after the franchise is terminated or expires	Section 9 and 10	Section 8	FA: No competition for a period of 2 years following the termination or expiration of the Franchise Agreement within 15 miles of your Territory or the territory of any other Mosquito Joe franchisees or our affiliate-owned business. ADA: No competition for a period of 2 years following a permitted transfer or expiration or termination of the Area Development Agreement within the Development Area or a 15-mile radius of the territories of any other Mosquito Joe franchisees or our affiliate-owned business.
s. Modification of the agreement	Section 16	Section 13	FA: No modifications except to the Operations Manual. Revisions to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement unless mutually agreed to and in writing.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			ADA: No modifications except by written agreement signed by both parties.
t. Integration/ merger clause	Section 20	Section 13	FA: Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. ADA: Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and area development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	None	None	Not Applicable
v. Choice of forum	Section 15	Section 16	FA: Court of proper jurisdiction in the Commonwealth of Virginia. ADA: Court of proper jurisdiction in the Commonwealth of Virginia.
w. Choice of law	Section 15	Section 16	FA: The Commonwealth of Virginia. ADA: The Commonwealth of Virginia.

**APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM.**

**ITEM 18  
PUBLIC FIGURES**

As of the date of this disclosure document, we do not use any public figures to promote our franchise.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

As of the date of this disclosure document, we do not have any franchisees. Our affiliate, Mosquito Joe Local Operations, LLC (“Local Operations”), operates an existing business and the information in this Item is based on the data from its operations in Hampton Roads, Virginia for the full 2010, 2011 and 2012 spraying seasons.

In Local Operations’ first full year of operation (2010), it finished the season with 272 customers. In its second full year of operations (2011), it finished with 415 customers, and in its third full year of operations (2012), it finished with 615 customers.

Local Operations’ top 10 zip codes, ranked by highest customer penetration rate percentage, is displayed below.

<u>Zip Code</u>	<u># Target Households</u> <sup>1/</sup>	<u># of Customers</u>	<u>Penetration Rate</u>
1	377	33	8.8%
2	1,236	67	5.4%
3	1,137	56	4.9%
4	2,201	79	3.6%
5	804	13	1.6%
6	1,246	17	1.7%
7	5,957	71	1.2%
8	1,970	15	0.8%
9	5,569	38	0.9%
10	<u>4,054</u>	<u>19</u>	<u>0.5%</u>
<b>Total:</b>	<b>24,552</b>	<b>408</b> <sup>2/</sup>	<b>1.7%</b>

**Notes:**

1. The number of Target Households in a given zip code is based on detached, single-family households that earn more than \$75,000 in household income.

- The remaining 207 customers served by Local Operations in 2012 (615-408=207) originate from 39 unique zip codes other than the 10 zip codes with the highest customer penetration rate percentage.

**Local Operations realized the following customer metrics:**

	<u>1<sup>st</sup> Season</u>	<u>2<sup>nd</sup> Season</u>	<u>3<sup>rd</sup> Season</u>
Revenue Per Spray: <sup>1/</sup>	\$67.59	\$76.80	\$74.65
Average Sprays Per Customer: <sup>2/</sup>	4.4	4.9	6.3

**Notes:**

- Revenue Per Spray is the net effective price realized after taking into consideration all discounts and promotions.
- Average Sprays Per Customer is the simple average of the total sprays conducted for the entire spraying season divided by the total number of customers at year-end.

We consider Local Operations' market area in Hampton Roads to have a 10-spray season. In 2012, 52% of Local Operations' customers received 7 or more sprays during the season. As an example, in season one, a customer that starts mid-season may only have 5 sprays but by season two the potential for the same customer is 10 sprays. The increase in Average Sprays Per Customer in each season is a result of a larger percentage of customers signing up for a full season of sprays. As Local Operations' business matures, more customers start earlier in the season, increasing the Average Sprays per Customer.

The following information is the internal, unaudited Income Statement from Local Operations for calendar year 2012. The actual spraying season was April 1<sup>st</sup> through October 23<sup>rd</sup>, 2012. These results are internally generated and, may vary once our accounting firm completes its compilation of Local Operations' 2012 financial statements.

**Mosquito Joe Local Operations, LLC**  
**Income Statement <sup>1/</sup>**  
**January 1, 2012 – December 31, 2012**

<b>Revenue:</b> <sup>2/</sup>		\$290,807
<b>Cost of Goods Sold:</b>		
	Material: <sup>3/</sup>	\$34,615
	Direct Labor: <sup>3/</sup>	<u>\$63,753</u>
<b>Total Cost of Goods Sold:</b>		\$98,368
<b>Gross Profit</b>		\$192,438
<b>Gross Margin %</b>		66%
<b>Operating Expenses:</b> <sup>4/</sup>		
	Designated Manager: <sup>5/</sup>	\$29,685
	Advertising and promotion:	\$11,694
	Credit Card Fees:	\$10,020
	Fuel:	\$8,718
	Truck Expense:	\$5,074
	Rent:	\$5,300
	Taxes	\$4,448
	Professional Fees	\$3,638
	Telephone Expense	\$2,884
	Automobile Insurance	\$2,760
	General Liability Insurance	\$2,587
	Business Licenses and Permits	\$2,484
	Field Supplies and Safety Gear	\$2,298
	Repairs and Maintenance	\$2,184
	Other: <sup>6/</sup>	<u>\$9,226</u>
<b>Total Operating Expenses:</b>		\$102,999
<b>Operating Cash Flow:</b>		\$89,440
<b>Operating Cash Flow Margin:</b>		30.8%
<b>Other Expense</b>		
	Depreciation	\$1,762
	Interest	\$308
<b>Income Before Taxes:</b> <sup>7/</sup>		<b>\$87,369</b>

**Notes:**

1. The information set forth in this Item 19 summarizes financial information of historic operations of our affiliate, Mosquito Joe Local Operations, LLC, in Hampton Roads during 2012. Data is based on actual results for the entire year.
2. Revenue of Local Operations includes recurring customer revenue, one time sprays and the installation of one misting system in 2012.
3. Material includes the actual cost of all materials, supplies (and equipment in the case of the misting system) to complete the total number of sprays in the season. Direct Labor includes all costs (wages, taxes, etc.) of the technicians that performed the services in 2012. These technicians were paid a wage of between \$10.00-\$14.00 and the average wage paid was \$12.59. Your costs are likely to vary from this figure depending on the prevailing wage rates in your area.
4. Local Operations does not pay us any fees, such as any initial fee, royalty fee of 10% or marketing fee of 2%. You will be required to pay us all the fees described in this disclosure document. Additionally, the cost of the software now required (as of the date of this disclosure document) as part of our management system is not included in the Income Statement for Local Operations. If the new software had been in place at the beginning of 2012, it would have cost Local Operations \$4,344 in 2012. Finally, Local Operations did not use a call center in 2012 to answer phone calls, as is now required by the franchise agreement. If Local Operations did use the call center, we estimate this cost would have been \$1,843 in 2012 based on the actual calls answered directly and the ones that went to voicemail using actual minutes. These fees will affect your net income.
5. The above information includes a salary expense of \$29,685 for a Designated Manager. Your cost of hiring a Designated Manager is likely to vary from this figure depending on the quality of person you hire and the prevailing wage rates in your area. The Designated Manager can be you (if a sole proprietorship) or one of your owners.
6. The "Other" category of Operating Expenses consists of 12 different line items, with no item being above \$2,000. These line items include telephone, bad debt, office supplies, travel, meals and entertainment, etc.
7. Local Operations is a limited liability company which does not pay taxes.
8. The above figures should not be considered as the actual or probable customer results that will be realized by you or any other franchisee. Local Operations earned these amounts. Your individual results may differ. There is no assurance that you will earn as much. Actual results vary from Franchised Business to Franchised Business and we cannot estimate the results of any specific Franchised Business. A new franchisee's Franchised Business results are likely to differ from those of established Franchised Businesses. We recommend that you make your own independent investigation to determine whether or



not your outdoor insect control service business may be profitable, and consult with your attorney and other advisors before signing any franchise agreement.

9. Written substantiation for the basis for the information set forth in this Item 19 will be made available to any prospective franchisee upon reasonable request.

Except for the information contained in this Item 19 or elsewhere in this franchise disclosure document, we do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual, average, projected, or forecasted sales, costs, income, or profits of any outdoor insect control service business. 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 Kevin Wilson, 349 Southport Circle, Suite 106, Virginia Beach, VA 23452, 757.494.3440, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table 1 – Systemwide Outlets Summary For Years 2009 to 2011**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised Businesses</b>	2009	0	0	0
	2010	0	0	0
	2011	0	0	0
<b>Company-Owned Businesses*</b>	2009	0	0	0
	2010	0	1	1
	2011	1	1	0
<b>Total Outlets</b>	2009	0	0	0
	2010	0	1	1
	2011	1	1	0

**Table 2 – Transfer of Franchised Outlets  
Transfers of Outlets to New Owners (other than Franchisor) For Years 2009 to 2011**

State	Year	Number of Transfers
VA	2009	0
	2010	0
	2011	0
All Other States	2009	0
	2010	0
	2011	0
Total	2009	0
	2010	0
	2011	0

\*The outlet was owned by our parent, Buzz Killers, LLC, from March 1, 2010 through August 6, 2012, when it was transferred to our affiliate, Mosquito Joe Local Operations, LLC.

**Table 3 – Status of Franchised Business Outlets Summary For Years 2009 to 2011**

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at the End of the Year
VA	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
All Other States	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Total	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0

**Notes:** As of December 31, 2011, we had no franchised outlets. (See Exhibit K)

**Table 4 – Status of Company-Owned Business Outlets For Years 2009 to 2011**

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
VA	2009	0	0	0	0	0	0
	2010	0	1	0	0	0	1
	2011	1	0	0	0	0	1
All Other States	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
Total	2009	0	0	0	0	0	0
	2010	0	1	0	0	0	1
	2011	1	0	0	0	0	1

**Table 5 – Projected New Franchised Business Outlets as of December 31, 2011**

STATE	FRANCHISE AGREEMENT SIGNED BUT NOT YET OPEN	PROJECTED FRANCHISED BUSINESSES TO BE OPENED	PROJECTED COMPANY-OWNED UNITS TO BE OPENED
Virginia	0	0	0
All Other States	0	0	0
<b>Total</b>	0	0	0

States not listed currently do not have any projected openings.

**Notes:** We have no franchisees or area developers, as of the date of this disclosure document. Our affiliate, Mosquito Joe Local Operations, LLC, owns the operation listed on Exhibit K. No franchisees or area developers have left our System within the last fiscal year or have not communicated with us within 10 weeks of the date our disclosure document was issued. We are not aware of the existence of any trademark specific franchisee associations. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. No franchisees have signed confidentiality clauses during the last 3 fiscal years. Our fiscal year ended December 31.

**ITEM 21**  
**FINANCIAL STATEMENTS**

The financial statements listed below are attached to this franchise disclosure document as Exhibit M:

1. Audited financial statements as of August 10, 2012.

The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years.

**ITEM 22**  
**CONTRACTS**

The following contracts are attached to this franchise disclosure document in the following order:

- Exhibit D – Franchise Agreement
- Exhibit E – Area Development Agreement
- Exhibit F-1 – Promissory Note
- Exhibit F-2 – Guaranty
- Exhibit F-3 – Security Agreement
- Exhibit F-4 – Promissory Note
- Exhibit F-5 – Authorization For Prearranged Payments Agreement (Direct Debits)
- Exhibit G – Telephone Number Assumption Agreement
- Exhibit H – Purchase and Sale Agreement
- Exhibit I – General Release

## EXHIBIT A

### LIST OF ADMINISTRATORS

We intend to register this franchise disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in that state:

#### CALIFORNIA

Commissioner of Corporations  
Department of Corporations  
320 West Fourth Street, Suite 750  
Los Angeles, California 90013-1105  
(213) 576-7500  
(866) 275-2677

#### MARYLAND

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360

#### HAWAII

Commissioner of Securities  
Department of Commerce and Consumer  
Affairs  
335 Merchant Street  
Honolulu, Hawaii 96813  
(808) 548-2021

#### MICHIGAN

Consumer Protection Division  
Franchise Section  
  
Attn: Ms. Katharyn Barron  
670 G. Mennen Williams Building  
Lansing, Michigan 48913  
(517) 373-7117

#### ILLINOIS

Robert Tingler, Esq.  
Chief, Franchise Division  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

#### MINNESOTA

Commissioner of Commerce  
Department of Commerce  
133 East Seventh Street  
St. Paul, Minnesota 55101  
(612) 296-6328

#### INDIANA

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

#### NEW YORK

Bureau of Investor Protection and Securities  
New York State Department of Law  
120 Broadway, 23rd Floor  
New York, New York 10271  
(212) 416-8211

#### NORTH DAKOTA

North Dakota Department of Securities  
State Capitol  
Bismarck, North Dakota 58505  
(701) 224-4712

#### VIRGINIA

Director, Securities and Retail Franchising Division  
State Corporation Commission  
1300 East Main Street  
Richmond, Virginia 23219  
(804) 371-9051

RHODE ISLAND

Department of Business Regulation  
Suite 232  
233 Richmond Street  
Providence, Rhode Island 02903-4232  
(401) 277-3048

SOUTH DAKOTA

Director of Division of Securities  
445 E. Capitol Avenue  
Pierre, South Dakota 57501-2017  
(605) 773-4013

WASHINGTON

Department of Financial Institutions  
General Administration Building  
Securities Division  
150 Israel Road, S.W. - 3rd Floor  
Tumwater, Washington 98501  
(360) 902-8760

WISCONSIN

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

**EXHIBIT B**

**DISCLOSURE DOCUMENT STATE ADDENDA**

**ADDENDUM TO THE  
MOSQUITO JOE FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF MARYLAND**

ITEM 17 of the disclosure document is amended to add the following:

Under the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal and/or transfer which is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.

For claims arising under the Maryland Franchise Registration and Disclosure Law, any litigation between Franchisor and Franchisee or Area Developer, as applicable, may be instituted in any court of competent jurisdiction, including a court in the State of Maryland.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provisions in the Franchise Agreement and Area Development Agreement which provide for termination upon bankruptcy of the franchisee or area developer, as applicable, may not be enforceable under federal bankruptcy law.

Exhibit L of the disclosure document is amended to add the following:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.



## **FOR THE STATE OF NEW YORK**

1. All references made to "Franchise Disclosure Document", "FDD" or "disclosure document" are replaced with the term "Offering Prospectus" as used under New York Law.

2. The Disclosure Document Cover Page is amended as follows:

**REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS OFFERING PROSPECTUS. IF YOU LEARN THAT ANYTHING IN THIS OFFERING CIRCULAR IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332.**

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE OFFERING PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS OFFERING PROSPECTUS.**

3. Item 3 is amended by the addition of the following language:

Neither we nor any affiliate or person identified in Item 2 has any administrative, criminal or civil action (or a significant number of civil actions) pending against them alleging a felony, violation of any franchise law, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; unfair or deceptive practices, or comparable civil or misdemeanor allegations.

Neither we nor any affiliate or person identified in Item 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of any franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither we nor any affiliate or person identified in Item 2 is subject to any currently effective injunctive or restrictive order or decree relating to the franchises, 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.

4. Item 4 is amended to add the following:

Neither we nor any of our affiliates, predecessors, officers, or general partners have, during the 10-year period immediately preceding the date of the offering circular: (a) filed as debtor (or had filed against us, it, him, or her) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of our, its, his, or her debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against us, it, him, or her) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of our, its, his, or her debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in the company or partnership.

5. Item 5 is amended to add the following:

The Initial Franchise Fee will be used to defray our costs in obtaining and screening Franchisees, providing training, training materials and assisting in opening the Franchise for business.

6. Item 17 is amended to add the following:

No general release is required as a condition of renewal and/or transfer which is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687.4 and 687.5.

Item 17(d) is amended to provide that you may terminate the Franchise Agreement on any grounds available by law.

Item 17(j) is amended to state that no assignment will be made except to an assignee who, in our good faith judgment, is able to assume our obligations under the Agreement.

Item 17(w) is amended to state that New York Law governs any cause of action which arises under the New York General Business Law, Article 33, Section 680-695.

7. We represent that the Offering Prospectus does not knowingly omit anything or contain any untrue statements of a material fact.

**FOR THE COMMONWEALTH OF VIRGINIA**

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

ITEM 17.h of the disclosure document is amended to add the following:

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 grounds for default or termination stated in the Franchise Agreement do 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.

## EXHIBIT C

### **AGENTS FOR SERVICE OF PROCESS**

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

#### CALIFORNIA

Commissioner of Corporations  
Department of Corporations  
320 West Fourth Street, Suite 750  
Los Angeles, California 90013-1105  
(866) 275-2677

#### HAWAII

Director of Department of Commerce and  
Consumer Affairs  
335 Merchant Street  
Honolulu, Hawaii 96813

#### ILLINOIS

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

#### INDIANA

Indiana Secretary of State  
201 State House  
Indianapolis, Indiana 46204

#### NORTH DAKOTA

North Dakota Department of Securities  
State Capitol  
Bismarck, North Dakota 58505

#### RHODE ISLAND

Director of Department of Business Regulation  
Suite 232  
233 Richmond Street  
Providence, Rhode Island 02903-4232

#### MARYLAND

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

#### MICHIGAN

Michigan Department of Commerce,  
Corporations and Securities Bureau  
6546 Mercantile Way  
P.O. Box 30222  
Lansing, Michigan 48910

#### MINNESOTA

The Commissioner of Commerce of Minnesota  
Department of Commerce  
133 East Seventh Street  
St. Paul, Minnesota 55101

#### NEW YORK

Secretary of State of the State of New York  
41 State Street  
Albany, New York 10271

#### VIRGINIA

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

#### WASHINGTON

Director of Department of Financial Institutions  
General Administration Building  
Securities Division  
150 Israel Road, S.W. - 3rd Floor  
Tumwater, Washington 98501

SOUTH DAKOTA

Director of Division of Securities  
445 E. Capitol Avenue  
Pierre, South Dakota 57501-2017

WISCONSIN

Commissioner of Securities  
345 West Washington Avenue  
Madison, Wisconsin 53703

**EXHIBIT D**

**FRANCHISE AGREEMENT AND STATE AMENDMENTS**

**MOSQUITO JOE  
FRANCHISE AGREEMENT**

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# MOSQUITO JOE FRANCHISE AGREEMENT

## 1. GRANT OF FRANCHISE

Mosquito Joe Franchising, LLC, a Virginia Limited Liability Company (“Mosquito Joe”, “Franchisor”, “we”, “us”, or “our”) has developed a system (“System”) for the operation of a seasonal business controlling undesirable outdoor insects, such as mosquitoes, ticks and fleas. The Mosquito Joe System utilizes special marketing techniques, quality control and operating procedures to facilitate the operation of a business, which offers certain services for controlling undesirable outdoor insects and equipment, including the sales, design, installation and servicing of outdoor misting systems, barrier spray services, and other insect elimination and control systems for both residential and commercial applications.

You have applied for a franchise that utilizes our system and our Marks (the “Franchised Business”). Subject to the terms of this franchise agreement (the “Agreement”), we grant you a Mosquito Joe franchise. “You” is the franchisee entity (individual, partnership, corporation or limited liability company) which is granted the Franchise. You also includes each owner of an interest in the franchisee entity for purposes of Sections 5.j., 6.b., 6.n., 6.t., 6.u., 8.a., 8.b., 8.c., 9.a.-j., 10, 12, 13, 15, 16, 17, 18, 19, 20, 21 and 22. This Agreement will allow you to operate a business, which offers certain outdoor insect control services and equipment, including the sales, design, installation and servicing of outdoor misting systems, barrier spray services, and other insect elimination and control systems for both residential and commercial applications using our system and our Marks within a geographic area of responsibility (the “Territory”), described in Schedule A. You agree to abide by the terms of this Agreement.

You recognize and agree that the nature of the outdoor insect control service business is such that complete uniformity is not always practical or desirable and that we, in our sole discretion, may vary the terms of this Agreement and the standards of operation of the Franchised Business to accommodate the peculiarities of a particular situation and/or Territory. You have no recourse against us if other franchisees are granted allowances, which you are not granted.

## 2. TERM AND RENEWAL

**a. Term.** This Agreement will be effective for an initial ten (10)-year term beginning on the Effective Date specified in this Agreement.

**b. Renewal.** You may renew for additional ten (10)-year term(s) by signing our then current franchise agreement if you are in compliance with this Agreement. There is a \$3,000 fee for renewals and you must exercise a general release of all claims that you might have against us. Royalties will not be raised upon renewals. Other terms and conditions may vary. If you wish to renew, you must notify us in writing at least 180 days before the expiration of this Agreement.



### **3. TERRITORY**

Your geographic area of responsibility is a Territory as described in Schedule A of this Agreement. Any change will require our prior written consent. You receive an exclusive Territory from Mosquito Joe, in that, subject to your compliance with, and for the term of, this Agreement, we will neither grant another Mosquito Joe franchise to be located within your Territory, nor locate any business providing outdoor insect control services we (or our affiliates) own within your Territory. You will receive a geographic area of responsibility within which you are responsible for actively marketing and providing certain outdoor insect control services and equipment, including the sales, design, installation and servicing of outdoor misting systems, barrier spray services, and other insect elimination and control systems for both residential and commercial applications to customers located within that geographic area. We may, in our sole discretion, add additional lines of service that you must provide as such lines of service are added to our System in the future. You will solicit customers that are located only in the Territory using marketing materials we have prescribed or approved. You may not use any solicitations (i.e. telemarketing, direct mail, internet marketing, print medium, broadcast medium or distribution of brochures/leaflets) outside your Territory. We will not authorize any other franchisee to solicit customers in your Territory, except by referral. We alone will direct marketing and advertising campaigns directed to multiple Territories.

To insure quality customer service, all customer calls must be answered by a live person. We require you to use the services of our National Call Center. Customer service requests handled by our National Call Center normally result in the customer being assigned to the franchisee in whose Territory the customer is located. However, if the customer is located outside of your Territory, and the Territory has not been awarded to another franchise owner, we may, at our sole discretion, assign the customer service request to you. You agree that we may award a franchise to a third party for an area outside of your Territory in which you are servicing customers. In the event we do so, you will discontinue service to any customers in the area and will transfer their complete service information, without compensation, to the owner of the Territory or to us. To maintain customer service within the Metropolitan Statistical Area in which your Territory is located, you may be required to provide service to customers outside your Territory.

We reserve the right to solicit and sell products and services to national/regional accounts. If you or your Designated Manager die or are incapacitated as described in Section 13, we may authorize other franchisees to solicit business and service customers in your Territory until your Franchised Business has been assigned to an approved transferee or until we have approved a new Designated Manager for your Franchised Business.

We reserve all rights to the Internet utilizing our Marks.

We may sell any territory other than your Territory to other franchisees or we may locate company and/or affiliate owned businesses in the same line of business in any territories other than your Territory. We may establish in your Territory other franchises whose principal product or service is not identical to those offered by the Franchised Business and which uses Marks other than those granted hereunder. Although Mosquito Joe and/or its affiliates have no current

plans to do so, we may in the future establish another channel of distribution, other than a mobile business, which provides goods and/or services similar to those provided by Mosquito Joe franchisees.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of “Mosquito Joe” Franchised Businesses at any location outside your Territory; (ii) to acquire and operate businesses of any kind at any location within or outside of your Territory (excluding Franchised Businesses in the same line of service operated under the System within the your Territory); (iii) to use and license others to use the System and/or the Marks at any location within or outside of your Territory other than for the operation of a “Mosquito Joe” Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of your Territory, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as we deem advisable, and without granting you any rights therein.

#### **4. FEES AND PAYMENTS**

**a. Initial Franchise Fee.** You must pay us an initial franchise fee in the amount of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), which is payable when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon execution of the Franchise Agreement by us. The initial franchise fee is refundable only if we do not approve your request to become a franchise owner or you do not pass our Effective Operations Training Program (“Operations Training”) in accordance with our current passing standards for Operations Training, provided that you return to us all materials which we distributed to you during Operations Training.

**b. Mailer Program Set-Up Fee and Mailer Program Fee.** You must pay us a Mailer Program Set-Up Fee of \$2,000 for each Franchise Agreement you sign which is due prior to the beginning of Operations Training. We use the Mailer Program Set-Up Fee to defray the cost of ordering mailing lists and setting up a direct mail program (“Mailer Program”) for your Franchised Business. In addition, you must pay to us a weekly Mailer Fee based on the mailing costs for a percentage of the Target Households located within your Territory, as specified in the Operations Manual. We provide a 20 week Mailing Program for our Franchised Businesses, as specified in the Operations Manual. We require you to mail 25% of the Targeted Households in your Territory each week for the 4 weeks before you open your Franchised Business. The first 8 weeks after your Franchised Business has opened, we require a minimum of 25% of the Targeted Households within your Territory must receive a mailer each week and the following 8 weeks we require a minimum of 12.5% of the Targeted Households within your Territory must receive a mailer each week. Currently, the Mailer Fee for the first 20 weeks for a Territory with 20,000 Targeted Households would be \$21,000 and a Territory with 30,000 Targeted Households would be \$31,500 at a cost of \$0.35 per mailer. The number of Targeted Households located within the Territory may fluctuate over time. You must pay us weekly in advance and we pay the suppliers. The Mailer Program Fee is subject to change on 30-days' notice to reflect changes in cost.

**c. Approval/Fee Refund.** We have ten (10) days from the date you complete our Operations Training to approve or deny your request to become a franchise owner based upon our criteria and standards in effect at the time. Should we deny your request, upon your returning to us all materials you received in training, we will refund any fees you paid to us.

**d. Royalty and Service Fee.** You must pay us a weekly royalty and service fee (“Royalty and Service Fee”) of ten percent (10%) of all Gross Revenue. Gross Revenue consists of all revenue from all services and products/materials offered (including but not limited to repairs, maintenance, labor, sprays, products, materials, fees, referral fees, bartered services, service agreement services paid by us, commissions), excluding sales tax charged on the customer invoice, discounts to customers, but not service fees for bank drafts, credit and debit card transactions or billed accounts. Gross Revenue generated by you from customers for your Franchised Business, must be reported to us by the 1<sup>st</sup> business day of the week for the prior week ending on Sunday. The Royalty and Service Fee as well as all amounts due us, will be due us and drafted from your Franchised Business bank account by us or our designee weekly by the 2<sup>nd</sup> business day of the week for the prior week ending on Sunday and may also be deducted from amounts due you for revenues disbursed to you from receivables collections and payments due you for services performed under service agreements we process. We reserve the right to modify this payment schedule in the Operations Manual.

**e. Marketing Fee.** You must pay us a weekly marketing fee of two percent (2%) of all Gross Revenue. The minimum marketing fee is One Hundred dollars (\$100) weekly beginning the 13<sup>th</sup> week of operation of the Franchised Business. Marketing fees are payable each week with the Royalty and Service Fee for brand development, yellow pages, internet marketing and production of advertising and marketing materials. The Marketing Fee minimum is subject to change on 30-days' notice to reflect changes in cost.

We raise fees related to system marketing through the Marketing Fees collected from our franchisees. We designate these fees for use in our advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System. We use advertising and marketing fees to develop, produce, distribute and/or conduct advertising programs, marketing programs, public relations, internet and social media, and marketing research. We may spend marketing fees on local, regional or national advertising as we deem appropriate. We produce advertising in-house and through advertising agencies. Advertising and marketing may include advertising to sell franchises. Franchises that we (or our affiliates) own and operate will contribute Marketing Fees equal to those contributed by our franchisees.

We maintain all Marketing Fees in an account separate from our other monies. We will not use them for any of our expenses, except for reasonable costs and overhead, if any, that we incur in activities reasonably related to the direction and implementation of marketing and advertising programs for franchisees and the System. These costs may include costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Marketing Fees are not our asset. Any monies remaining from Marketing Fees at the end of the taxable year in which such monies were received will be used for advertising or promotional purposes in the following taxable year before contributions from that taxable

year are used. We reserve the right to terminate the Marketing Fees at any time, in which case all Marketing Fees remaining will be expended for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. The Marketing Fees and any earnings on them will not otherwise benefit us. We may offset some internal marketing costs with any payments we receive for providing advertising and marketing services. We are not a fiduciary of yours with respect to the Marketing Fees.

**f. National Call Center Fees.** We require you to use the National Call Center service provided by us and/or our designee and pay national call center fees to cover the cost, currently ten (\$10) to thirty five dollars (\$35) per customer call. These fees may apply to all customer calls, both inbound and outbound, not handled by you in a timely manner, as specified in the Operations Manual. National Call Center fees are subject to change, with 30 days' notice, to reflect changes in cost and must be paid to us each week with the Royalty and Service Fee or to our designated supplier as incurred.

**g. Complaint Fee & Customer Refunds.** You must pay us a complaint fee of fifty dollars (\$50) per customer complaint, which applies only if, in our sole discretion, we respond to a customer complaint about your service. Complaint fees are subject to change on 30 days' notice to reflect changes in cost and must be paid weekly. We may in our sole discretion refund all or a portion of the revenue from a customer to resolve a customer complaint and you must reimburse us for such refunds weekly.

**h. National/Regional Accounts.** If we enter into a service agreement with a national/regional customer, secured by us, another franchisee or others with sites in your Territory, for which you provide service, you must pay 10% to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we remit 90% to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill.

**i. Integrated Business Management System & Credit Card Processing.** To maintain the integrity of the System, and provide our Franchised Businesses with an integrated business management solution, we have contracted with designated providers for: customer service management software; website hosting services; telecom services; email and credit card processing services. Provider costs may include access and usage charges and are subject to change and you must pay the providers directly or pay us in advance each month, if we and/or our affiliates are billed directly by the provider.

**j. Late Fees.** Failure to submit a weekly Gross Revenue report on the first business day of the week will result in a two hundred dollars (\$200) Late Report Fee which will be added to the actual royalty due for the week. These fees are paid weekly.

**k. Interest on Overdue Payments.** You must pay interest of the lesser of eighteen percent (18%) (compounded daily) per year or the highest amount permitted by law on any amounts you owe us that are more than fifteen (15) days past due.

**l. Audit.** You must pay any cost we incur for any audit we perform which results in a finding that you have failed to comply with the franchise agreement or you have understated Gross Revenue by three percent (3%) or more in any report of Gross Revenue. Our costs will include our employees' and/or agents' travel, room and board expenses. Payment is due by you upon receipt of our invoice.

**m. Transfer Fee.** In the event that you transfer this franchise, you must pay us a fee equal to 50% of the then current initial franchise fee. No fee is imposed for a transfer to other Mosquito Joe franchise owners. The transfer fee is due upon approval of transfer by us.

**n. Training Fees.** Costs and expenses incurred by your trainees in connection with any training programs and seminars are your responsibility. In addition there is a fee of five hundred dollars (\$500) per day per trainee, plus any cost of travel, for additional training requested by you outside of our regularly scheduled training and seminar programs. There will be no course charge for our regularly scheduled training and seminars. The training fees are subject to change on 30 days' notice to reflect changes in cost and must be paid as incurred.

**o. Amendment Fee.** If we approve your request to amend your Franchise Agreement, after it has initially been executed by you and us, you must pay us an Amendment Fee of two thousand five hundred dollars (\$2,500), upon the signing of the Amendment.

## **5. OBLIGATIONS OF FRANCHISOR**

**a. Training.** We provide a four (4)-day Operations Training program, which is required of new franchisees and employees who will be providing services. We do not charge for the Operations Training at the startup of your Franchised Business, but you are responsible for all expenses you and your employees incur as a result of training, such as travel, lodging and entertainment. However, any additional training that you or your employees may require will be billed at five hundred dollars (\$500) per day.

**b. Operations Manual.** We will loan you a copy of our proprietary Operations Manual to offer guidance in the operation of your Franchised Business.

**c. Vehicle And Site Approval.** The only vehicle we currently have approved for providing customer service is a Ford Transit Connect. We provide guidance and advice regarding the selection of your vehicles and any commercial location utilized in your Franchised Business. You are responsible for choosing your vehicle and commercial location, if any, that will meet our current specification in the Operations Manual, but if you sign a lease or purchase agreement before we have approved the vehicle or commercial location, you risk the possibility that we will disapprove it for use in carrying on the Franchised Business. The factors we consider in approving your vehicle and commercial location include visibility and consistency of appearance to achieve the image necessary to maintain the integrity of the System. We intend to approve or disapprove vehicle and commercial location selections within 15 days of submission to us. If we do not approve your vehicle or commercial location, you cannot open for business.

**d. Sources.** We will provide the names of suppliers and specifications for sources of decals, advertising materials, tools, chemicals, supplies, equipment, signs, materials and general customer product needs. We may negotiate terms and maintain relationships with suppliers for the benefit of the franchise system and the customers it serves, thus you may be restricted to purchase from either us, an affiliate, and/or a designated source: web-based management software services; web-site hosting services; telecommunications equipment and services; credit card processing services; national call center services; product application equipment; chemicals; supplies; products; decals/signs; service forms; brochures; and marketing materials.

**e. Marketing.** We raise fees related to marketing through Marketing Fees collected from our franchisees. We designate these fees for use in advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System. We use advertising and marketing fees to develop, produce, distribute and/or conduct advertising programs, marketing programs, public relations, internet and social media, and marketing research. We may spend advertising fees on local, regional or national advertising as we deem appropriate in our sole discretion. We may produce advertising in-house or through advertising agencies. We pay the costs of marketing activities, including a share of corporate overhead related to advertising and marketing, with advertising and marketing fees. Advertising and marketing may include advertising to sell franchises. We do not guarantee that you will benefit directly from any marketing or advertising. We will make available to you planning assistance for marketing your Franchised Business including advertising plans and formats for advertising, marketing and promotional materials. Franchises that we (or our affiliates) own and operate will contribute Marketing Fees equal to those contributed by our franchisees.

You may only use advertising material we have prescribed or approved, and you may only distribute it to people or businesses located in your Territory. All advertising must carry only our toll-free phone number and our headquarters address. However, we may approve the use of a local address and/or a local phone number, which can be rolled over to the National Call Center.

**f. Billing.** We own all accounts, which you service. We and/or our designee have the right to bill and collect revenue from customers you serve, upon payment by the customer, remit the payments to you weekly, less royalty and advertising fees owed by you. However, you currently are responsible for all billing and collections of monies due on accounts you service for deposit in your Franchised Business bank account. We may require you to use a specified form for customer services and forward copies of them to us.

**g. Service Agreements.** We and/or our designee may solicit service agreement customers, whether within or outside the Territory, and may collect all revenue from service agreements sold by us or you. We alone have the right to set the terms and conditions for all service agreements, designate another to invoice the service agreement customers and set the rates due you for services rendered on any service agreement contract. However, you currently are responsible for all billing and collections of monies due on accounts you service. Our service

agreement terms, billing procedures and service fees are prescribed in the Operations Manual and may be amended, as we deem necessary. If we enter into a service agreement with a national/regional customer, secured by us, another franchisee or others with sites in your Territory, for which you provide service, you must pay ten percent (10%) to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we will remit ninety percent (90%) to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill.

**h. Technical Support.** We will provide telephone and/or internet support for your questions regarding products and services that we have approved, during normal business hours.

**i. Operational Support & Inspections.** We will advise you in the budgeting for and operation of your franchise and at no cost to you, we will conduct, as we deem advisable, inspections of the Franchised Business and evaluations of the services rendered to our customers.

**j. Advanced Training/National Meetings.** We may provide and require your attendance at one (1) to two (2) day advanced training or regional/national meetings. These meeting could be held at various sites across the country which we select. The agenda for advanced training varies but often focuses on improving business management skills and new products or services in order to increase profitability. We may also sponsor a national meeting of franchisees and you will be required to attend. We do not charge for advanced training, but may require you to share in the direct cost associated with a national meeting and you will be responsible for all expenses that you incur as a result of attending training and national meetings, such as travel, lodging and entertainment.

**k. National Call Center Support.** For the benefit of the System and for consistency in customer service, we or our designee will provide call center operations for accepting customer service request seven days a week twenty-four hours per day, the cost of which is supported by National Call Center Fees (Section 4.f.).

**l. Group Discounts.** From time to time we may provide you with the opportunity to participate in group purchasing programs which offer group discounts. The discounts and terms for any such opportunities will vary.

**m. Vendor Relations Administration.** For the benefit and integrity of the System we and/or our affiliates may, in our sole discretion, contract and administer vendor relationships for sources for our Integrated Business Management System and Credit Card Processing Services and you must pay sources directly or reimburse us and/or our affiliates for actual costs and expenses, including a pro-rata share of costs and expenses incurred by us and/or our affiliates on behalf of your Franchised Business.

**n. Trademark Indemnity.** We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in

accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

## 6. OBLIGATIONS OF FRANCHISEE

**a. Local Marketing.** You may choose to use direct mail, companion mail, door hangers, and other direct marketing methods that we have approved. Your media and methods must be approved by us prior to placement and you must report your expenditures in a format specified by us, in the Operations Manual. The cost of local marketing is typically paid to third parties, however, if any costs are being billed directly to us and/or our affiliates on behalf of your Franchised Business they must be paid in advance weekly. You must use trade names, service marks and trademarks (“Marks”) as we develop them. At this time, our primary Mark is “Mosquito Joe®.” You must obtain our written consent before using our Marks in any way except for materials provided by us or previously approved (and not subsequently disapproved) by us in writing. For example, you must obtain our approval prior to using our Marks in advertising and marketing. You may not use any marks which could be confused with our Marks. In the event that we replace, add to or modify our Marks, you agree to update or replace your signs, supplies, etc. to reflect the new marks, at your expense, in the time frame we provide at the time of such change. You must honor Mosquito Joe rate structures, discount program and bear the cost of any discount granted to customers pursuant to any discount program promoted by Mosquito Joe. We must approve all advertising and marketing materials before you use such materials. You may purchase such materials from any vendor, however, we may in the future require you to purchase such materials only from a designated source.

**b. Training.** You, if you are an individual, and your Designated Manager, if any, must attend and successfully complete our Operations Training before you may operate the Franchised Business.

**c. Use of Mosquito Joe Marks.** You agree to use our Marks as we develop them. You agree to obtain our prior written consent before using our Marks in any way except for materials we provide or have previously approved in writing (and not subsequently disapproved). For example, you must obtain our approval prior to using our Marks in advertising or marketing, including any website. You may not maintain a website or any Internet advertising in connection with the Franchised Business or our Marks without our prior written approval. You agree not to use any marks which could be confused with our Marks. We may replace, modify or add to our Marks. In the event that we replace, modify or add additional Marks, you agree to update or replace yours signs, supplies, etc. to reflect the new Marks, at your expense, in the time frame we provide at the time of such an update. You may not use our Marks in the name of any legal entity you create to own and/or operate the Franchised Business. You must notify us if you learn of anyone who is using or claims the right to use our Marks. If we take action against any unauthorized user of our Marks, we may



require you to assist us, at your expense, in our efforts to enforce our rights in the Marks. We must approve all printed materials, and you are required to purchase from us or our designated third-party and utilize our service agreement contract, brochures and invoice forms in your Franchised Business. You may choose not to use our designated providers if you can find a qualified third party, approved by us, to provide the same products and services.

**d. Signs/Decals.** You must display a decal on your service and/or sales vehicle(s) as approved by us. We must approve all your signs and vehicle decals before you order or display them.

**e. Starting Date.** You agree to begin operations and be open for business no later than one hundred and eighty (180) days following the Effective Date of this Agreement.

**f. Operating Hours.** You agree to solicit and service your customers during such times as we specify in the Operations Manual. Notice of non-availability must be given in writing forty-eight (48) hours prior via facsimile or as otherwise prescribed in the Operations Manual.

**g. Integrated Business Management System & Credit Card Processing.** Our designated third party sources are the only supplier of customer service management software; website hosting; telecommunications equipment and services; credit card processing; and related services. You must maintain this system and pay the associated cost to the providers directly or pay us in advance each month, if we and/or our affiliates are billed directly by the provider.

**h. Navigation System.** You must obtain and maintain a navigation system for each service vehicle.

**i. Equipment.** You must obtain and use computer systems and service equipment which meet our then current specifications in the Operations Manual. We may update the specifications. When the specifications are updated, you must either obtain or upgrade the computer systems and service equipment such that your equipment meets our then current specifications.

**j. Liability Insurance.** You must obtain and maintain required insurance specified in the Operations Manual (i.e. workers compensation, comprehensive general liability insurance policies, vehicle liability insurance, umbrella liability) for the Franchised Business, and you must pay the associated cost. If you do not purchase and maintain in force the required insurance, we may purchase it on your behalf, and charge you for it; you will be required to pay us any amount so charged within thirty (30) days.

**k. National Call Center.** You understand and acknowledge that in connection with the Franchised Business granted by this Agreement we will require you pay the associated costs of and require you to use the National Call Center services during the term of this agreement to maintain the integrity of the System.

**m. Operations Manual.** We will loan you a copy of the Operations Manual. The Operations Manual is a detailed extension of this Franchise Agreement which covers standards to be maintained, operating procedures and other information. We may change this Operations Manual from time to time in order to adjust for competitive changes, technological changes, legal requirements and attempts to improve in the marketplace. You agree to be bound by the Operations Manual and future modifications of it. You must operate the Franchised Business according to the then current Operations Manual in effect, including any modifications, amendments or supplements made to the Operations Manual after the date of this Agreement.

**n. Participation.** During the spraying season and for reasonable periods before and after the season, as defined in the Operations Manual, you agree that franchise services will be provided under your direct supervision and control and/or under the direct supervision and control of a full time Designated Manager who has been approved by, and not later disapproved by, us. We will not approve a Designated Manager prior to their successful completion of the Operations Training.

**o. Quality Standards.** You must perform all insect control services and other work provided by your franchise carefully, timely, accurately and in accordance with prevailing industry standards and our Operations Manual. As may be explained further or modified in the Operations Manual, you specifically agree to uphold the quality standards as specified in the Operations Manual.

**p. Billing.** You agree that we own all accounts which you service no matter how procured. We and/or our designee have the right to bill and collect revenue from customers you serve, upon payment by the customer, remit the payments to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill. However, you currently are responsible for all billing and collections of monies due on accounts you service for deposit in your Franchised Business bank account. We may require you to use a specified form for customer services and forward copies of them to us.

**q. Employees.** If you desire to hire any salesperson and/or technician to interact with customers, they must attend and successfully complete any Operations Training program that we may require. You must hire sufficiently licensed, if required, staff to properly carry out the Franchised Business and require your employees to have all certifications, undergo all screenings and comply with all other employee requirements, all as specified in the Operations Manual. You must also conduct, and require each of your employees to complete, an employee policy and procedure training course as defined by us. You are solely responsible for hiring, firing, compensating, paying applicable payroll taxes and day to day supervision and control over your employees. You agree to take such steps as are necessary to ensure that all employees of the Franchised Business keep a neat and clean personal appearance, preserve good customer relations, comply with such dress codes and other standards as Franchisor shall establish in the Operations Manuals or otherwise in writing.

**r. Vehicle And Location.** You must obtain for service technicians employed in the Franchised Business sufficient vehicles which meets our standards and you must maintain it

in a high degree of repair and in good condition so as to present a neat and professional image. Service vehicle(s) that no longer meet the standards set forth in our Operations Manual (relating to age and condition) must be replaced by the then current service vehicle, as specified in the Operations Manual. You or any employee interacting with customers must only use vehicles which we have approved. Any commercial location utilized in the Franchised Business must be approved by us prior to lease or purchase and we may require the landlord to provide us with a lease option rider.

**s. Supplies, Chemicals, Decals, Equipment and Products.** You agree that in order to establish a standard and consistent delivery of pest control services, certain items must be used in the operation of the franchise. You must use the items set forth as required and/or approved for use in the Franchised Business in the Operations Manual (e.g., customer invoices, contracts, supplies, products, chemical, service equipment, telecommunications equipment, decals and computer systems). You are responsible for the cost of all promotional materials, supplies, furniture, equipment, chemicals, products, telecommunications equipment, decals, computer equipment and other items which may be necessary to conduct the Franchised Business.

**t. Laws and Regulations.** You agree to comply with all federal, state and local laws and regulations. You will secure all necessary permits, certificates, licenses and consents to operate your Franchised Business. You must comply with the licensing laws and regulations for other contractors and tradesmen in the pest control business. You also must comply with all local, state, and federal laws that apply to service establishments, including employment, discrimination and health and safety laws. These include, but are not limited to minimum wage laws, Environmental Protection Agency laws, state and local laws, and obtain any required licenses. In addition, you must comply with all the laws dealing with pesticide handling that apply to all pest control businesses and require any technician handling pesticides to have an individual license.

**u. Importance of System Standards.** You understand and acknowledge that every detail of the System and this Agreement is important to you, us, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products offered by all franchisees, and to protect our reputation and goodwill. You shall maintain our high standards with respect to customer service and operations.

**v. Additional Lines of Service.** You understand and acknowledge that in connection with the Franchised Business granted by this Agreement we may, in our sole discretion, require you to pay the associated costs of and require you to add additional lines of service during the term of this agreement to maintain the integrity of the System. Upon written notice, you will be required to add such lines of service within ninety days.

**w. Website.** We have the right, but not the obligation, to establish and maintain a website which may, without limitation, promote the Marks, the System, approved products or services, Franchised Businesses and the franchising of the System. We have the sole right to control all aspects of the website, including, without limitation, its design, content, functionality, links to the websites of third parties, legal notices and policies and terms of

usage. We also have the right to discontinue operation of the website at any time and without notice to you.

We have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Franchised Business, with such web page(s) to be located within our website. You must comply with our policies with respect to the creation, maintenance and content of any such web page(s). We have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page(s).

You may not establish or maintain a separate website, register or use any domain name/URL address, or use any other social media outlet, such as FaceBook, Twitter or any other outlet, for or in connection with the Franchised Business without our prior written approval (which we shall not be obligated to provide). You may not post, respond to, or otherwise participate in any social media communications unless otherwise authorized by us. (Franchise Agreement, 6.b.)

## **7. REPORTS AND REVIEW**

**a. Reporting Gross Revenue.** You must report all gross revenue from customers and local marketing expenses paid by you related to the Franchised Business in the manner, form and times we specify in the Operations Manual. Currently, weekly reports are due on the 1<sup>st</sup> business day of each week for the previous week ended on Sunday.

**b. Financial Reporting.** By January 30th of each year, you must send us an unaudited profit and loss statement, in the manner and form we specify, for the twelve (12)-month period ending December 31<sup>st</sup> of the prior year. Annually, by April 15<sup>th</sup>, you must provide us with a copy of a copy of your federal tax returns for the Franchised Business, or if an extension is filed you must provide us a copy of the extension and the tax return by the due date.

**c. Review.** We have the right to review, inspect and copy, during normal business hours, all of your financial records related to the Franchised Business.

**d. Mail Reviews.** If we request a copy of your customer invoices or other revenue related documents (paper and/or electronic) or any other business records related to the Franchised Business, you must send us at your expense these records within five (5) days of receiving our request.

**e. Electronic Review.** We may cause programs to run on your computer systems that may send information related to the Franchised Business to us. You agree that the use of such programs will not unreasonably interfere with your operation of the Franchised Business, and you agree to allow such programs to run without interference by you.

## 8. TERMINATION

- a. You may terminate this Agreement only through non-renewal as set forth in Section 2.b. of this Agreement. If you terminate this Agreement, you must comply with all of the post termination provisions of this Agreement.
- b. We may terminate this Agreement without notice and the opportunity to cure for any of the following:
  - (i) If you or the Franchised Business become insolvent or take any steps to seek protection from creditors, or if a receiver (permanent or temporary) is appointed by a creditor or a court of competent authority or if you make a general assignment for the benefit of creditors;
  - (ii) If a final judgment of record against you or your Franchised Business remains unsatisfied for 30 days or longer;
  - (iii) If you commit a material violation of any law, ordinance, rule or regulation of a governmental agency or department reasonably associated with the operation of the Franchised Business;
  - (iv) If you discontinue the active operation of the Franchised Business in the Territory for five (5) business days other than during the non-spraying seasons specified in the Operations Manual;
  - (v) If you fail to open the Franchised Business within one hundred eighty (180) days of the Effective Date of this Agreement or fail to add an additional line of service with ninety (90) days from the notice date;
  - (vi) If you market to customers outside the Territory;
  - (vii) If you fail to use in the Territory the systems we provide or recommend;
  - (viii) If each of you or your Designated Manager fails to attend required Advanced Training, or Regional/National meetings;
  - (ix) If you fail to report revenue as outlined in the Operations Manual;
  - (x) If you commit three (3) or more breaches of this Agreement, the Operations Manual or any other agreement related to the Franchised Business in any twelve (12)-month period regardless of whether such breaches were cured after notice;
  - (xi) If you commit any material breach of any financing or other related agreements (except for the Area Development Agreement, a breach of which will not constitute grounds for terminating this Agreement); or
  - (xii) If you fail to maintain the required insurance.

- c. We may terminate this Agreement, after sending you notice, and an opportunity to cure within seven (7) days, if:
  - (i) you violate any term or condition of this Agreement, the Operations Manual, or any other agreement related to the Territory or Franchised Business (except for the Area Development Agreement, a breach of which will not constitute grounds for terminating this Agreement);
  - (ii) any amount you owe us, our affiliates, or third-parties for leases, loans or purchases relating to the Territory or Franchised Business, is more than thirty (30) days past due; or
  - (iii) you fail to submit required reports or other information as provided herein or if you make any false submission in connection therewith.

Until the default has been cured, we or another franchisee authorized by us may solicit and service customers in your Territory.

## **9. POST TERMINATION OBLIGATIONS**

In the event that this Agreement expires, is not renewed or is terminated for any reason by any party, including a sale of the Franchised Business, you must immediately:

- a. Remove all Mosquito Joe decals or signs from all of your vehicles and other premises;
- b. Stop identifying yourself as a Mosquito Joe franchisee, never hold yourself out as a former Mosquito Joe franchisee and cease, and not thereafter commence, use of any of our Marks or any marks which are likely to be confused with our Marks;
- c. Stop using all literature received from us and other items bearing our Marks;
- d. Pay to us all amounts owing to us;
- e. Transfer to us all telephone numbers, listings and advertisements used in relation to the Franchised Business and deliver to us copies of such documents of transfer;
- f. Deliver to us all copies, including electronic copies, of lists and other sources of information containing the names of customers who patronized the Franchised Business;
- g. Deliver to us all customer files and records, and all copies thereof;
- h. Deliver to us the copy of the Operations Manual and all updates which we loaned to you;
- i. Cancel all fictitious name listings which you have filed for use of any of our Marks; and
- j. Adhere to the provisions of the covenant not to compete and any other covenant herein that requires performance by you after you are no longer a franchisee.

## 10. COVENANT NOT TO COMPETE

**a. In-Term.** During the term of this Agreement, you agree not to directly or indirectly, be employed by, work with, be engaged in, be interested in or advise, invest or contribute money to, lend money to or guarantee the debts or obligations of, any person or entity engaged in any business that competes with the outdoor insect control services offered by our franchisees, or any other business being carried on by us or our franchisees under franchise agreements, without our prior written consent.

**b. Post-Term.** You agree that for a period of two (2) years following the termination, expiration, transfer or other disposition of this Agreement or the Franchised Business, you will not directly or indirectly, be employed by, work with, be engaged in, be interested in or advise, invest or contribute money to, lend money to or guarantee the debts or obligations of, any person or entity engaged in outdoor insect control services, within fifteen (15) miles of (i) your Territory, (ii) the territory of any of our other franchisees or (iii) the territory of our affiliate-owned outdoor insect control business. Additionally, you will not solicit a service relationship with any of our customers, suppliers or strategic partners.

**c.** For two (2) years after the Agreement expires or terminates, you will not contact, for the purpose of providing outdoor insect control services which are the same as or similar to those you are authorized to sell under this Agreement, any person or organization which was, at any time during the two (2)-year period prior to such expiration or termination, a customer to which you provided such services, or which you know is a customer of another franchisee located within fifteen (15) miles of your Territory. "Customer" includes successors of any customer who reorganized, merged, acquired or transferred their business. "Contact" includes responding to another's request for services.

**d.** You acknowledge that a violation of any of the covenants in this Section 10 may cause irreparable injury to us and/or to our franchisees, for which money damages may not adequately compensate us. Accordingly, you agree that a court or arbitrator may enjoin your violation of these covenants during the pendency of any dispute resolution proceeding between us, and you agree that we have no duty to post a bond as a condition of receiving such interim relief.

**e.** You agree not to disparage us, including our current and former employees and directors.

**f.** You also agree that you will never, directly or indirectly during or after the term of this Agreement, divulge to or use for the benefit of any person or entity outside of the Mosquito Joe system, any information contained in our Operations Manual, any information concerning customers served by your Franchised Business, any information related to marketing, or any other systems or methods of operation of our business or that of our franchisees. You agree not to do any act prejudicial or injurious to our goodwill or name. Information furnished to your employees will be reasonably limited to that which directly relates to and assists in the proper performance of such employee's duties.

**g.** You hereby acknowledge that the qualifications to be a Mosquito Joe franchisee are special, unique and extraordinary, and that this Agreement would not be entered into by us except upon condition that such restrictive covenants be embodied herein.

**h.** You acknowledge and agree that the provisions of this Section are reasonable, valid and not contrary to the public interest and you waive all defenses to the strict enforcement thereof by us.

**i.** All of the covenants contained in this Section will survive any termination or expiration of this Agreement.

**j.** If any covenant or provision herein is determined to be void or unenforceable, in whole or in part, it will be deemed severed and not to affect or impair the validity of any other covenant or provision of this Section.

We may reduce the temporal or geographic scope of any covenant in this Section 10, which reduction shall become effective upon your receipt of notice of it. You agree to comply with it as modified.

## **11. INDEPENDENT CONTRACTOR**

You are an independent contractor. You are not our agent, partner, employee, or a participant in a joint venture and have no authority to hold yourself out as such to third parties. You do not have any authority to bind or obligate us. We are not and will not be liable for any act, omission, debt, or other obligation of yours.

You are responsible for all loss or damage and for all contractual liability to third parties originating in or in connection with the operation of the Franchised Business and for all claims or demands for damage directly or indirectly related thereto. You agree to defend, indemnify and hold us and our employees harmless from and with respect to any such claim, loss or damage including specifically paying any attorneys' fees or expert fees we incur as a result of any such claim.

## **12. DEATH OR INCAPACITY**

If both you and your Designated Manager become incapacitated to the extent that we determine you are both unable to conduct normal business functions, or if you and your Designated Manager dies, or if one of you dies or becomes incapacitated and the other does not assume day-to-day control of the Franchised Business, we, at our option, may allocate service calls in your Territory to neighboring franchisees without any obligation to compensate you or your estate, or we may appoint an interim Designated Manager. The interim Designated Manager, who may be another franchisee, shall operate the Franchised Business for the benefit of your estate, until the Franchised Business has been transferred to a new franchisee in compliance with Section 13, until the Franchised Business has been terminated, or until we approve a new Designated Manager to operate the Franchised Business for the benefit of your Survivors. Your Survivors include your estate, others owning an interest in your Franchised Business, including any trust



which owns an interest in the Franchised Business under terms which we have approved, and the beneficiaries of any will or trust you have established (“Survivors”). If we must operate the business under Section 12 of the Franchise Agreement, we will operate the business for a 90 day period of time (which may be renewed for one additional 90 day period), and we will periodically discuss the status of the Franchised Business with you or your Survivors.

Absent agreement to the contrary, the interim Designated Manager’s compensation shall equal thirty five percent (35%) of the net proceeds collected from amounts the Designated Manager bills on behalf of your Franchised Business. The Franchised Business shall be liable for paying sales taxes and all other expenses of the Franchised Business from its share of the proceeds. A Designated Manager may condition offering his or her services on the Survivor’s agreement to different compensation or to an indemnification agreement.

We have no duty to appoint a Designated Manager for you or for your estate. We do not represent or warrant that any Designated Manager will operate the business in a way which is profitable. We will condition our approval of a Designated Manager on your Survivors releasing us from liability for acts or omissions of a Designated Manager.

If a Survivor does not desire to acquire or retain your or your Designated Manager’s interest, the Survivor will have a reasonable period of time, but no more than 180 days, to make a transfer acceptable to us, subject to the procedures described in Section 13.

### **13. ASSIGNABILITY**

We may assign this Agreement to an assignee who agrees to remain bound by its terms, without obtaining your approval. We will not permit you to sub-license or sub-franchise the Franchised Business. Your interest under this Agreement or your ownership in the Franchised Business may be transferred or assigned only if you comply with the following provisions. No interest may be transferred unless or until you are in full compliance with this Agreement. No accounts or assets of the Franchised Business may be assigned apart from an assignment of this Agreement.

- a. If you have received and desire to accept a signed, bona fide offer to purchase or otherwise transfer an interest in the Franchised Business or any interest in this Agreement or you (the franchisee entity), you will grant us the option (the “Right of First Refusal”) to purchase the Franchised Business or interest in you as hereinafter provided.
- b. If you or the owner of any interest in the franchisee entity desires to make a transfer, such person or entity (“transferor”) must comply with the following terms, conditions and procedures to effectuate a valid transfer:
  - (i) If any proposed assignment of any rights under this Agreement, or if any other transfer which, when aggregated with all previous transfers, would, in our reasonable opinion, result in the transfer of effective control over the ownership of this Agreement and/or operation of the Franchised Business, a material part of your assets or you, (the franchisee entity), the transferee must apply for a Franchise and

must meet all of our then current standards and requirements for becoming a franchisee (which standards and requirements need not be written).

- c. Regardless of the degree of control which would be affected by a proposed transfer:
- (i) The proposed transferor shall first notify us in writing of any bona fide proposed transfer and set forth a complete description of all terms and fees of the proposed transfer in a manner we prescribe, including the prospective transferee's name, address, financial qualifications and previous five (5) years' business experience;
  - (ii) The transferor shall provide us with a copy of any written offer or agreement to purchase, signed by the proposed transferee, together with copies of any documents referenced in the offer or agreement, including notes and security agreements. If all material terms of the proposed sale are not described in the offer or agreement, the transferor shall provide details of all such terms in its submission to us, accompanied by the proposed transferee's written agreement to the terms.
  - (iii) The proposed transferor shall provide us with any additional information, agreements, certifications or documents we request for use in our evaluation of whether to approve the transfer or to exercise our right of first refusal. We will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by you which requires our consent under Section 13 of the Franchise Agreement.
  - (iv) Upon receipt of our request, the proposed transferor shall promptly provide us with access to any property, documents or records relevant to the transaction and to the interest which is the subject of the transfer. Once we have received all materials submitted by the proposed transferor and have reviewed all property, records and documents we have requested, within thirty (30) days we shall notify the transferor of our decision to exercise our right to acquire all or any part of the interest being transferred, and the conditions, if any, under which we will approve the proposed transfer.
  - (v) If the Franchised Business is being offered in combination with one or more other items, we have the right to purchase the interest we select at the price and under the terms offered or agreed to by the transferor. Regardless of whether the offer establishes different prices for different interests to be transferred, if the parties are unable to agree as to a purchase price and terms, the fair market value of such premises and property shall be determined by three appraisers chosen in the following manner. You shall select one and we shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.
  - (vi) If non-monetary consideration is offered, we may pay the cash equivalent of the non-monetary consideration offered. If such non-monetary consideration includes

the employment of the transferor, we may require the transferor to perform the proposed services on substantially the same terms as those offered by the proposed transferee. At our option, we may agree not to pay the agreed compensation for the services to be performed by the transferor, and decline the services to be performed under the terms of the offer. If we elect this option, we may set off against any amount due for services to be rendered by the transferor, any income to be received by the transferor for services performed by others during the period when the transferor had agreed to perform services for us. Neither we nor our designee shall be liable for paying any brokerage commission on the value of the interest transferred.

- (vii) If we exercise our right of first refusal, the transferor shall transfer the interest to us or to our assignee pursuant to an agreement to purchase which contains the material terms to which the transferor and the proposed transferee had agreed. However, if the offer or proposed purchase contract has omitted any terms customarily addressed in a transfer of an interest of the type which is the subject of the transaction, we may supply those terms in the purchase agreement and related documents.
- (viii) If we or our assignee fail to exercise the option to purchase the interest sought to be transferred, then we shall, within thirty (30) days after receipt of the notice of the proposed transfer, notify the proposed transferor in writing of our approval or disapproval of the prospective transferee.

d. A transfer to a “Controlled Entity” will not trigger the Right of First Refusal. A “Controlled Entity” is an entity in which you are the beneficial owner(s) of the majority of all voting ownership interest in such entity. At the time of the desired transfer of interest to a Controlled Entity, you must notify us in writing of the name of the Controlled Entity. We only will approve a transfer to a Controlled Entity after all its beneficial owners have signed a personal guaranty of the Controlled Entity’s obligations to us in a form which we prescribe. We do not charge a transfer fee for this change. The Controlled Entity is strictly prohibited from engaging in any business or activity other than the exercise of the rights granted in this Agreement to you and the performance of its obligation as a franchisee hereunder.

In the event you transfer to a Controlled Entity, you agree to comply with the following obligations:

(i) a Controlled Entity which is a corporation shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

(1) The Controlled Entity shall furnish us with its Articles of Incorporation, Bylaws, other governing documents, any other documents we may reasonably request, and any amendments thereto;

(2) The Controlled Entity shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to the management and operation of the Franchised Business contemplated hereunder; including the establishment and operation of the Franchised Businesses to be developed hereunder;

(3) The Controlled Entity shall maintain stop transfer instructions against the transfer on its records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Mosquito Joe dated \_\_\_\_\_. Reference is made to the provisions of said Franchise Agreement and to the Articles and Bylaws of this Corporation.

(4) the Controlled Entity shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Controlled Entity and shall furnish the list to us upon request.

(ii) The Controlled Entity which is a partnership or a limited liability company shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

(1) The Controlled Entity shall furnish us with its partnership agreement or membership agreement as well as such other documents as we may reasonably request, and any amendments thereto; and

(2) The Controlled Entity shall prepare and furnish to us, upon request, a list of all or its general and limited partners and all of its members.

e. A transfer of interest among the owners of a franchisee entity will not trigger the Right of First Refusal, provided that only the percentage of ownership, rather than the identity of the owners, is changing. At the time of the desired transfer of interest within an entity, you must notify us in writing of the name and address of each officer, director, shareholder, member, partner or similar person and their respective ownership interest before and after the transfer. We do not charge a transfer fee for this change.

f. If we do not exercise our Rights of First Refusal, you may transfer the Franchised Business or ownership interest therein according to the terms set forth in the notice described in Section 13.c.(i), provided that you satisfy the conditions in sub-parts (f) through (j) below and complete the sale within ninety (90) days from the day on which we received the notice. If you do not conclude the proposed sale transaction within the ninety (90)-day period, the Right of First Refusal granted to us hereunder will continue in full force and effect.

g. The proposed transferee(s) must complete our then current Mosquito Joe franchise application and pass our application screening using our then current qualifications.

h. The proposed transferee(s) must sign the then current Mosquito Joe amendment forms and/or franchise agreement, as required by us, and must personally assume and be bound by all of the terms, covenants and conditions therein.

i. The proposed transferee(s) must attend and successfully complete our Operations Training.

j. You must sign our then current transfer and release forms and pay us a transfer fee of fifty percent (50%) of the then current franchise fee. We may require up to 10% of the purchase price be held by us in a reserve account for 6 months from the date of the sale to cover any warranty or service agreement claims by customers you have served. The exact percentage held will be determined by the number of projects completed by you in the 6 months before the sale. If a claim is made, we will deduct from your reserve account Service Assistance costs (currently \$100 per labor hour plus expenses) for each claim. At the end of the 6 months, we will release any funds remaining to you.

#### **14. NON-WAIVER OF BREACH**

The failure of either party hereto to enforce any one or more of the terms or conditions of this Agreement will not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

#### **15. GOVERNING LAW**

**a. Virginia Law.** This Agreement takes effect upon our acceptance and execution of it. It shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Virginia choice of law rules); provided, however, that if the covenants in Section 10 of this Agreement would not be enforceable under the laws of Virginia, and your Franchised Business is located outside of Virginia, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 15 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the Commonwealth of Virginia to which this Agreement would not otherwise be subject.

**b. Jurisdiction and Venue.** In any suit brought by us, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, you consent to venue and personal jurisdiction in the state and federal court of the city or county in which our national office is located, presently Virginia Beach, Virginia. In any suit brought against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, venue will be proper only in the federal court located nearest our national office (presently the United States District in Norfolk, Virginia), or if neither federal subject matter or diversity jurisdiction exists, in the city or county state court located where our national office is (presently the City of Virginia Beach, Virginia).

**c. Jury Waiver.** In any trial between any of the parties hereto, including present and former employees and agents of ours, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

**d. Class Action Waiver.** You agree that any claim you may have against us, including our past and present employees and agents, must be brought individually and you will not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

**e. Compensatory Damages; Attorneys' Fees.** In any lawsuit, dispute or claim between or against any of the parties hereto, including present and former agents and employees of ours, you and we agree to waive our rights, if any, to seek or recover punitive damages. Further, the prevailing party in any dispute shall be awarded its reasonable attorneys' fees and expert fees.

## **16. MODIFICATION**

No modifications to this Agreement will have any effect unless such modification is in writing and signed by you and by our authorized officer. Notwithstanding the foregoing, we may modify the provisions of the Operations Manual, without your consent, at any time during the term of this Agreement in order to adjust for competitive changes, technological advancements, legal requirements and attempts to improve in the market place.

## **17. RELEASE OF PRIOR CLAIMS**

By executing this Agreement, you and everyone owning an interest in the franchisee entity, on behalf of yourselves and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge Mosquito Joe Franchising, LLC, its past and present employees, agents, officers and directors, including Mosquito Joe Franchising, LLC's parent, subsidiary and affiliates, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any franchise agreement between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to any duty we may have to offer to renew your Franchise as provided in any prior franchise agreements between us.

## **18. INDEMNIFICATION**

You agree to indemnify us against any and all claims or causes of action, including attorneys' fees and expert fees, arising out of or related to your operation of the Franchised Business, unless such claim is solely the result of actions by us.

## **19. NOTICES**

Any notice or request hereunder must be given by mail or courier, postage fully prepaid, or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 349 Southport, Suite 106, Virginia Beach, VA 23452. Telephone: (757) 494-3440. Facsimile: (757) 494-1217. Any such notice may also be given to you in the same manner at the address indicated below the Franchisee's signature on this Agreement.

## **20. FULL UNDERSTANDING**

This Agreement is the entire agreement between you and us. This Agreement supersedes all other prior oral and written agreements and understandings between you and us with respect to the subject matter herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

## **21. ACKNOWLEDGMENTS**

You acknowledge that you have read our franchise disclosure document and this Agreement and that you have been given the opportunity to clarify any provision that you do not understand. You further acknowledge that you have independently investigated the business offered hereunder and base your decision to purchase solely on such investigation. You acknowledge that our franchise sales representatives are not authorized to make and have not made any representations as to your likely revenues, expenses, profits or success.

## **22. GUARANTY**

You and all your officers, directors, partners, and members of the franchisee entity, agree to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due us, and pay for products later ordered from us. Likewise, for and in consideration of this Agreement, the signatures of the individual(s) below also constitute their personal joint and several guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due us, and pay for products later ordered from us. The Guarantors waive presentment, demand or notice of non-performance and the right to require us to proceed against the other Guarantors.

Name of Franchisee: \_\_\_\_\_

Type of Entity (Individual, Partnership, Corporation, LLC): \_\_\_\_\_

Effective Date: \_\_\_\_\_ Entity Number: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

Percentage of Ownership (if entity): \_\_\_\_\_%

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

Percentage of Ownership (if entity): \_\_\_\_\_%

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

Percentage of Ownership (if entity): \_\_\_\_\_%

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

Percentage of Ownership (if entity): \_\_\_\_\_%



**GUARANTORS:**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

Percentage of Ownership (if entity): \_\_\_\_\_%

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

Percentage of Ownership (if entity): \_\_\_\_\_%

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

Percentage of Ownership (if entity): \_\_\_\_\_%

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

Percentage of Ownership (if entity): \_\_\_\_\_%

**MOSQUITO JOE FRANCHISING, LLC**

By: \_\_\_\_\_  
Kevin Wilson, CEO

Date: \_\_\_\_\_

## **SCHEDULE "A" TO THE FRANCHISE AGREEMENT**

### **Territory**

The Franchise Territory is as follows:

### **Targeted Households In Territory**

Targeted Households located within the Territory are as follows:

**SCHEDULE "B" TO THE FRANCHISE AGREEMENT**

Special Stipulations

To the extent of any conflict between the following and the provisions of the Franchise Agreement dated \_\_\_\_\_, the following special stipulation(s) will control:

NONE

\_\_\_\_\_  
**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Title)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Title)

**MOSQUITO JOE FRANCHISING, LLC**

By: \_\_\_\_\_  
Kevin Wilson, CEO

Date: \_\_\_\_\_

**SCHEDULE "C" TO THE FRANCHISE AGREEMENT**

**State Addenda**

**ADDENDUM TO THE FRANCHISE AGREEMENT  
MOSQUITO JOE FRANCHISING, LLC**

**FOR THE STATE OF MARYLAND**

This Addendum to the Franchise Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between **MOSQUITO JOE FRANCHISING, LLC** ("we", "us" or "Franchisor") and \_\_\_\_\_ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§14-201 et seq., the Franchise Agreement shall be amended as follows:

- a. Sections 2.b and 13.j require Franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- b. Section 8.b(i) of the Franchise Agreement which terminates the Franchise Agreement upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- c. Section 15.a of the Franchise Agreement states that the franchise must be governed by the laws of the Commonwealth of Virginia; however, in the event of a conflict of laws, to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.
- d. Section 15.b of the Franchise Agreement requires litigation to be conducted in the Commonwealth of Virginia; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.
- e. Section 21 of the Franchise Agreement requires the Franchisee to disclaim the occurrence and/or non-occurrence of certain acts; such disclaimers are not intended to, nor shall they act, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- f. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

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

**MOSQUITO JOE FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE AGREEMENT  
MOSQUITO JOE FRANCHISING, LLC**

**FOR THE STATE OF NEW YORK**

This Addendum to the Franchise Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between **MOSQUITO JOE FRANCHISING, LLC** ("we", "us" or "Franchisor") and \_\_\_\_\_ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 et seq., the Franchise Agreement is amended as follows:

- a. Sections 2.b and 13.j require you to sign a general release as a condition of renewal and transfer of the Franchise, and Section 17 contains a general release by you; the release excludes claims arising under the General Business Laws of the State of New York.
- b. Section 11 is amended to provide that you will not be required to indemnify us for any liability imposed upon us as a result of your reliance upon or use of procedures or products which we required, if such procedures or products were utilized by you in the manner required by us.
- c. Under Section 13 of the Franchise Agreement, we will not transfer and assign our rights and obligations under the Franchise Agreement unless the transferee will be able to perform our obligations under the Franchise Agreement, in our good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.
- d. Section 15.a of the Franchise Agreement states that the franchise must be governed by the laws of the state in which our principal business is then located. This requirement will not be considered a waiver of any right conferred upon the Franchisee by Article 33 of the General Business Laws.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum govern.

3. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Addendum on the date written below.

**MOSQUITO JOE FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**ADDENDUM TO THE FRANCHISE AGREEMENT  
MOSQUITO JOE FRANCHISING, LLC**

**FOR THE COMMONWEALTH OF VIRGINIA**

This Addendum to the Franchise Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between **MOSQUITO JOE FRANCHISING, LLC** ("we", "us" or "Franchisor") and \_\_\_\_\_ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Virginia Retail Franchising Act, Va. Code §§13.1-557 et seq., the Franchise Agreement shall be amended as follows:

a. Sections 8.b(x) and 8.c(i) states that the Franchisor may terminate the Franchise Agreement if the Franchisee commits a default under any other franchise agreement with Franchisor; this provision may not be enforceable if the grounds for default or termination do not constitute "reasonable cause" as that term is defined in the Virginia Retail Franchising Act or laws of Virginia.

2. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

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

**MOSQUITO JOE FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**

**AREA DEVELOPMENT AGREEMENT AND STATE AMENDMENTS**

**MOSQUITO JOE**

**Area Development Agreement**

# MOSQUITO JOE

## AREA DEVELOPMENT AGREEMENT

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### EXHIBITS

- EXHIBIT A Development Schedule
- EXHIBIT B Guarantee
- EXHIBIT C Franchise Agreement

**MOSQUITO JOE  
AREA DEVELOPMENT AGREEMENT**

This Area Development Agreement (the "Agreement") is entered into on \_\_\_\_\_, 20\_\_\_\_ by and between MOSQUITO JOE FRANCHISING, LLC (the "Franchisor", "Mosquito Joe), and \_\_\_\_\_, a \_\_\_\_\_ having its principal offices located at \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the "Area Developer").

WITNESSETH:

WHEREAS, Franchisor has developed a method and concept (the "System") to provide a seasonal business controlling undesirable outdoor insects, such as mosquitoes, ticks and fleas, to both residential and commercial customers using the System and the Marks (as both are defined below) (the "Franchised Business or Businesses");

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to, the mark "Mosquito Joe" and logo, and such other trade names, service marks, and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) for use in connection with the System (the "Marks"); and

WHEREAS, Area Developer wishes to obtain certain development rights to operate Franchised Businesses under Franchisor's System and wishes to obtain franchises from Franchisor for that purpose.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. GRANT

1.1 Franchisor hereby grants development rights to Area Developer, and Area Developer hereby accepts the obligation, pursuant to the terms and conditions of this Area Development Agreement, to develop the number of Franchised Businesses as specified in Exhibit A to this Agreement. Each Franchised Business for which a development right is granted hereunder shall be established and operated pursuant to: (i) a separate Mosquito Joe Franchise Agreement ("Franchise Agreement") to be entered into between Area Developer and Franchisor in accordance with Section 3.1 below; and (ii) the development schedule set forth in Paragraph 2 of Exhibit A attached hereto (the "Development Schedule"). Each Franchised Business developed hereunder shall be located in the area described in Paragraph 1 of Exhibit A, attached hereto (the "Development Area").

1.2 So long as Area Developer is in compliance with its obligations under this Agreement and/or any other agreements with the Franchisor or its affiliates, Franchisor shall not establish, nor license anyone other than Area Developer to establish, a Franchised Business under the System in the Development Area, until the last date specified in the Development Schedule. Franchisor retains all rights not specifically granted to Area Developer, including, for

example, the right: (i) to use and license others to use the System and Marks for the operation of “Mosquito Joe” Franchised Businesses at any location outside the Development Area; (ii) to acquire and operate businesses of any kind at any location within or outside of the Development Area (excluding Franchised Businesses in the same line of service operated under the System within the Development Area); (iii) to use and license others to use the System and/or the Marks at any location within or outside of the Development Area other than for the operation of a “Mosquito Joe” Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of the Development Area, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as Franchisor deems advisable, and without granting Area Developer any rights therein. Franchisor may dispatch franchisees from neighboring territories to service customers in the Development Area as provided in Mosquito Joe Franchise Agreements. Area Developer’s rights within the Development Area are also subject to other franchisees’ rights under Franchisor’s various programs and policies.

1.3 This Agreement is not a franchise agreement, and does not grant to Area Developer any right to use in any manner Franchisor’s Marks or System.

1.4 Area Developer shall have no right under this Agreement to license others to use in any manner the Marks or the System.

## 2. DEVELOPMENT FEE

2.1 In consideration of the development rights granted herein, Area Developer has paid to Franchisor upon execution of this Agreement a development fee of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), receipt of which is hereby acknowledged by Franchisor, which has been fully earned and is non-refundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted Area Developer herein.

## 3. DEVELOPMENT OBLIGATIONS

3.1 Area Developer (or an entity controlled by Area Developer (hereafter “Affiliate”)) shall execute a Franchise Agreement for each Franchised Business in a territory approved by Franchisor in the Development Area as hereinafter provided (the “Territory”). The Franchise Agreement for the first two Franchised Businesses developed hereunder shall be in the form of the Franchise Agreement attached hereto as Exhibit C (the “First Franchise Agreement”). The Franchise Agreement for each additional Franchised Business developed hereunder shall be in the form of the Franchise Agreement being offered generally by Franchisor at the time each such Franchise Agreement is executed. The Franchise Agreement for each Franchised Business shall be executed by Area Developer and submitted to Franchisor within fifteen (15) days of its receipt from Franchisor. If the Area Developer is in full compliance with this Agreement, then, notwithstanding anything to the contrary in any of the Franchise Agreements, the initial franchise fee to be paid by Area Developer shall be Two Thousand Five Hundred Dollars (\$2,500) for each Franchise Agreement executed by Area Developer or its Affiliates for each Franchised Business

to be located in the Development Area during the term of this Agreement. Area Developer must execute the first two Franchise Agreements, and make all payments required thereunder at the time of signing, at the time this Area Development Agreement is signed.

Franchisor's duty to offer or grant franchises is subject to the requirement to maintain franchise disclosure documents and franchise registrations as required by law. If Franchisor may not lawfully offer or sell a franchise at a time Area Developer desires to execute the Franchise Agreement, Franchisee's and Area Developer's duties hereunder shall be deferred until such documents are amended and, if applicable, approved for use, and delivered to Area Developer.

3.2 Recognizing that time is of the essence, Area Developer agrees to satisfy the Development Schedule. Failure by Area Developer to adhere to the Development Schedule, shall constitute a default under this Agreement as provided in Section 6.2 hereof.

#### 4. TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the date when Area Developer has open and in operation all of the Franchised Businesses required by the Development Schedule.

#### 5. DUTIES OF THE PARTIES

5.1 For each Franchised Business developed hereunder, Franchisor shall furnish to Area Developer the following:

5.1.1 Such developer training for Area Developer as Franchisor may deem advisable.

5.2 Area Developer accepts the following obligations:

5.2.1 An Area Developer which is a corporation shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.1.1 Area Developer shall furnish Franchisor with its Articles of Incorporation, Bylaws, other governing documents, any other documents Franchisor may reasonably request, and any amendments thereto;

5.2.1.2 Area Developer shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder;

5.2.1.3 Area Developer shall maintain stop transfer instructions against the transfer on its records of any voting securities and shall issue no certificates for voting

securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of an Area Development Agreement with Mosquito Joe dated \_\_\_\_\_. Reference is made to the provisions of said Area Development Agreement and to the Articles and Bylaws of this Corporation.

5.2.1.4 Area Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Area Developer and shall furnish the list to Franchisor upon request.

5.2.2 An Area Developer which is a partnership or a limited liability company shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.2.1 Area Developer shall furnish Franchisor with its partnership agreement or membership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; and

5.2.2.2 Area Developer shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners and all members in Area Developer.

5.2.3 Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

5.2.4 Area Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

5.2.5 Area Developer shall provide Franchisor with annual unaudited balance sheets and statements of financial condition.

## 6. DEFAULT

6.1 Area Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Area Developer, if Area Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer; or if Area Developer is adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer; or



if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Area Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Area Developer is dissolved; or if execution is levied against Area Developer's business or property; or if suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Business developed hereunder is instituted against Area Developer and not dismissed within thirty (30) days; or if the real or personal property of Area Developer shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 If Area Developer fails to meet its obligations under the Development Schedule, such action shall constitute a default under this Agreement, upon which Franchisor, in its discretion, may terminate the rights granted in Section 1.2 hereof, effective fifteen (15) days following notice from Franchisor.

6.3 Except as otherwise provided in Sections 6.1 and 6.2 above, if Area Developer fails to comply with any material term and/or condition of this Agreement, or fails to comply with the terms and/or conditions of any Franchise Agreement between the Area Developer (or a person or entity affiliated with or controlled by the Area Developer) and the Franchisor, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least fifteen (15) days prior to the effective date of termination; provided, however, that Area Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the fifteen (15)-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to the right to develop new Franchised Businesses) shall terminate without further notice to Area Developer effective immediately upon the expiration of the fifteen (15)-day period or such longer period as applicable law may require.

6.4 Upon termination of this Agreement, Area Developer shall have no right to establish or operate any Franchised Business for which a Franchise Agreement has not been executed by Franchisor at the time of termination. Thereafter, Franchisor shall be entitled to establish, and to license others to establish, Franchised Businesses in the Development Area except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer.

6.5 No default under Section 3.2 of this Area Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto.

6.6 No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

## 7. TRANSFERS

7.1 Franchisor may assign this Agreement to an assignee who agrees to remain bound by its terms, without obtaining Area Developer's approval. Neither Area Developer nor an owner with an interest in this Agreement (collectively "transferor") may sub-license or sub-franchise its rights granted by this Agreement. Area Developer's interest under this Agreement or its ownership in the Area Developer entity may be transferred or assigned only if transferor complies with the following provisions. No interest may be transferred unless or until Area Developer and the transferor are in full compliance with this Agreement. No right to execute a Franchise Agreement may be assigned apart from an assignment of all of Area Developer's rights to execute Franchise Agreements under this Agreement.

7.2 If a transferor has received and desires to accept a signed, bona fide offer to purchase or otherwise transfer an interest in Area Developer's business or any interest in this Agreement or the Area Developer entity, the transferor shall grant Franchisor the option (the "Right of First Refusal") to purchase transferor's business or interest in the Area Developer as hereinafter provided.

7.3 If the transferor desires to make a transfer, such person or entity must comply with the following terms, conditions and procedures to effectuate a valid transfer:

7.3.1 If any proposed assignment of any rights under this Agreement, or if any other transfer which, when aggregated with all previous transfers, would, in Franchisor's reasonable opinion result in the transfer of effective control over the ownership of this Agreement and/or operation of Area Developer's business, a material part of Area Developer's assets or the Area Developer entity, the transferee must apply for an Area Development Agreement and must meet all of Franchisor's then current standards and requirements for becoming an Area Developer (which standards and requirements need not be written).

7.4 Regardless of the degree of control which would be affected by a proposed transfer:

7.4.1 The proposed transferor shall first notify Franchisor in writing of any bona fide proposed transfer and set forth a complete description of all terms and fees of the proposed transfer in a manner Franchisor prescribes, including the prospective transferee's name, address, financial qualifications and previous five (5) years' business experience;

7.4.2 The transferor shall provide Franchisor with a copy of any written offer or agreement to purchase, signed by the proposed transferee, together with copies of any documents referenced in the offer or agreement, including notes and security agreements. If all material terms of the proposed sale are not described in the offer or agreement, the transferor shall provide details of all such terms in its submission to Franchisor, accompanied by the proposed transferee's written agreement to the terms.

7.4.3 The proposed transferor shall provide Franchisor with any additional information, agreements, certifications or documents Franchisor requests for use in its evaluation of whether to approve the transfer or to exercise its Right of First Refusal.

7.4.4 Upon receipt of Franchisor's request, the proposed transferor shall promptly provide Franchisor with access to any property, documents or records relevant to the transaction and to the interest which is the subject of the transfer. Once Franchisor has received all materials submitted by the proposed transferor and has reviewed all property, records and documents Franchisor has requested, within thirty (30) days Franchisor shall notify the transferor of Franchisor's decision to exercise its right to acquire all or any part of the interest being transferred, and the conditions, if any, under which Franchisor will approve the proposed transfer.

7.4.5 If the transferor's interest in Area Developer, the Area Developer's business or in this Agreement is being offered in combination with one or more other items, Franchisor has the right to purchase the interest it selects at the price and under the terms offered or agreed to by the transferor. Regardless of whether the offer establishes different prices for different interests to be transferred, Franchisor may establish a fair value for the interest it selects to acquire, based either upon the prices paid for similar interests in arm's length transactions during the previous two (2)-year period before the date of the proposed transfer, or on other reasonable criteria.

7.4.6 If non-monetary consideration is offered, Franchisor may pay the cash equivalent of the non-monetary consideration offered. If such non-monetary consideration includes the employment of the transferor, Franchisor may require the transferor to perform the proposed services on substantially the same terms as those offered by the proposed transferee. At Franchisor's option, Franchisor may agree not to pay the agreed compensation for the services to be performed by the transferor, and decline the services to be performed under the terms of the offer. If Franchisor elects this option, Franchisor may set off against any amount due for services to be rendered by the transferor, any income to be received by the transferor for services performed by others during the period when the transferor had agreed to perform services for Franchisor. Neither Franchisor nor its assignee shall be liable for paying any brokerage commission on the value of the interest transferred.

7.4.7 If Franchisor exercises its Right of First Refusal, the transferor shall transfer the interest to Franchisor or to Franchisor's assignee pursuant to an agreement to purchase which contains the material terms to which the transferor and the proposed transferee had agreed. However, if the offer or proposed purchase contract has omitted any terms customarily addressed in a transfer of an interest of the type which is the subject of the transaction, Franchisor may supply those terms in the purchase agreement and related documents.

7.4.8 If Franchisor or its assignee fails to exercise the option to purchase the interest sought to be transferred, Franchisor shall, within thirty (30) days after receipt of the notice of the proposed transfer, notify the proposed transferor in writing of its approval or disapproval of the prospective transferee.

7.5 A transfer to a “Controlled Entity” will not trigger the Right of First Refusal. A “Controlled Entity” is an entity in which the transferor(s) is/are the beneficial owner(s) of one hundred percent (100%) of each class of voting ownership interest in the Area Developer entity. At the time of the desired transfer of interest to a Controlled Entity, the transferor must notify Franchisor in writing of the name of the Controlled Entity. Franchisor only will approve a transfer to a Controlled Entity after all its beneficial owners have signed a personal guaranty of the Controlled Entity’s obligations to Franchisor in a form which Franchisor prescribes. Franchisor does not charge a transfer fee for this change.

7.6 A transfer of interest among the owners of an Area Developer entity will not trigger the Right of First Refusal, provided that only the percentage of ownership, rather than the identity of the owners, is changing. At the time of the desired transfer of interest within an entity, the transferor must notify Franchisor in writing of the name and address of each officer, director shareholder, member, partner or similar owner of an interest and their respective ownership interest before and after the transfer. Franchisor does not charge a transfer fee for this transfer.

7.7 If Franchisor does not exercise its Right of First Refusal, the transferor may transfer this Area Development Agreement or ownership interest herein according to the terms set forth in the notice, provided that Area Developer and the transferor satisfy the conditions in Sections 7.8 through 7.13 below and complete the sale within ninety (90) days from the day on which Franchisor receives the notice. If Area Developer does not conclude the proposed transfer within the ninety (90)-day period, the Right of First Refusal granted to Franchisor hereunder shall continue in full force and effect.

7.8 The proposed transferee(s) must complete Franchisor’s then current Mosquito Joe franchise application and pass Franchisor’s application screening using Franchisor’s then current qualifications, which need not be written.

7.9 The proposed transferee(s) must sign the then current Mosquito Joe amendment forms and/or franchise agreement, as required by Franchisor, and must personally assume and be bound by all of the terms, covenants and conditions therein.

7.10 The proposed transferee(s) must attend and successfully complete Franchisor’s Operations Training.

7.11 The transferor must sign Franchisor’s then current transfer and release forms.

7.12 All materials required for any offer or sale of securities of Area Developer (or any entity that owns or is affiliated with Area Developer) by federal or state law shall be submitted to Franchisor for review, approval, and consent prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review, approval, and consent prior to their use. No Area Developer offering shall imply (by use of the Marks or otherwise) that Franchisor is participating as an underwriter, issuer or offer or of Area Developer’s or Franchisor’s securities; and Franchisor’s review and approval of any

offering shall be limited solely to the subject of the relationship between Area Developer and Franchisor and shall not, in any manner be deemed a review or approval of the substantive nature or legality of any such security offering or sale. Area Developer and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Area Developer shall pay Franchisor a non-refundable fee of Fifteen Thousand Dollars (\$15,000) in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Area Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 7.3. Any such offering shall be subject to Franchisor's Right of First Refusal, as set forth in Section 7.4 hereof.

7.13 Franchisor's consent to a transfer of any interest in this Agreement granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee. Franchisor may disapprove any transfer which may constitute a subdivision of the Territory or the granting of subfranchises.

## 8. COVENANTS

8.1 Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer (or, if Area Developer is a corporation, limited liability company or partnership, a principal of Area Developer approved by Franchisor) shall devote sufficient time, energy and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder.

8.2 Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer shall receive valuable specialized training and confidential information, including, without limitation, a manual and other information regarding the site selection, operational, sales, promotional and marketing methods and techniques of Franchisor and the System, and that Area Developer has the exclusive right and obligation to develop the Development Area. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

8.2.1 Divert or attempt to divert any business or customer of any Franchised Business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System; and/or

8.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or area developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

8.3 Area Developer covenants that, except as otherwise approved in writing by Franchisor, Area Developer shall not, during the term of this Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business which is the same as or similar to the business contemplated hereunder which is located in whole or in part within the Development Area, other than those Franchised Businesses provided for in the Development Schedule; and shall not for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 7, above; (b) the expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 8.3; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business which develops, finances or offers outdoor insect control services and which business is, or is intended to be, conducted within the Development Area or within a fifteen (15)-mile radius of the territory of any other franchisee then using the System or any of our affiliate-owned businesses.

8.4 Section 8.3 hereof shall not apply to ownership by Area Developer of less than a one percent (1 %) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term “publicly-held corporation” shall be deemed to refer to a corporation which has securities that have been registered under the federal Securities and Exchange Act of 1934.

8.5 At Franchisor’s request, Area Developer shall require and obtain execution of covenants similar to those set forth in this Section 8 (including covenants applicable upon the termination of a person’s relationship with Area Developer) from any or all of the following persons: (1) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Area Developer, and of any corporation directly or indirectly controlling Area Developer, if Area Developer is a corporation or other entity; and (2) the general partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Area Developer is a partnership. Every covenant required by this Section 8.5 shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Area Developer to obtain execution of a covenant required by this Section 8.5 shall constitute a default under Section 6.3 hereof.

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

8.7 Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 8, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.8 Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees and expert fees) incurred by Franchisor in connection with the enforcement of this Section 8, and any of Franchisor's other rights under this Agreement.

8.9 Area Developer acknowledges that Area Developer's violation of the terms of this Section 8 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Area Developer in violation of the terms of this Section 8.

## 9. NOTICES

Any notice or request hereunder must be given by mail or courier, postage fully prepaid, or delivered personally or by facsimile, to our CEO at our National Headquarters, presently 349 Southport Circle, Suite 106, Virginia Beach, Virginia 23452. Telephone: (757) 494-3440. Facsimile: (757) 494-1217. Any such notice may also be given to you in the same manner at the address indicated below the Area Developer's signature on this Agreement. Either party may change the address at which it shall receive notices by sending a notice to the other party as provided in this section.

## 10. PERMITS AND COMPLIANCE WITH LAWS

10.1 Area Developer shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

10.2 Area Developer shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Business established pursuant to this Agreement.

## 11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 Area Developer is an independent contractor. Area Developer is not Franchisor's agent, partner, employee or a participant in a joint venture and has no authority to hold itself out as such to third parties. Area Developer does not have any authority to bind or obligate

Franchisor. Franchisor is not and shall not be liable for any act, omission, debt or other obligation of Area Developer.

11.2 Area Developer is responsible for all loss or damage and for all contractual liability to third parties arising out of or incurred in connection with the operation of the Area Developer's business and for all claims or demands for damage directly or indirectly related thereto. Area Developer agrees to defend, indemnify and hold harmless Franchisor and its employees of and from and with respect to any such claim, loss or damage.

## 12. APPROVALS AND WAIVERS

12.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing. A request for approval shall be deemed denied unless or until Franchisor grants its written approval.

12.2 Franchisor makes no warranties or guarantees upon which Area Developer may rely, and assumes no liability or obligation to Area Developer, by providing any waiver, approval, consent, or suggestion to Area Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

12.3 No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Area Developer under any of the terms, provisions, covenants, or conditions hereof, shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Area Developer, or as to subsequent breach or default by Area Developer. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, provisions, covenants, or conditions of this Agreement.

## 13. ENTIRE AGREEMENT AND AMENDMENT

13.1 This Agreement is the entire agreement between Area Developer and Franchisor. This Agreement supersedes all other prior oral and written agreements and understandings between Area Developer and Franchisor with respect to the subject matter herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

13.2 No modifications to this Agreement shall have any effect unless such modification is in writing and signed by Area Developer and by Franchisor's authorized officer.

## 14. RELEASE OF PRIOR CLAIMS

By executing this Agreement, the undersigned entity, if any, and all individuals, on behalf of themselves and Area Developer and their heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge Franchisor, its past and present employees, agents, officers and directors, including Franchisor's parent, subsidiary



and affiliated corporations, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any Area Development Agreement, Franchise Agreement or other agreement or relationship, between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to Franchisor's renewal obligations, as contained in any prior or other area development agreement, or to any duty it may have to comply with franchise sales laws applicable to this transaction.

#### 15. NON-WAIVER OF BREACH

The failure of either party hereto to enforce any one or more of the terms or conditions of this Agreement shall not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

#### 16. APPLICABLE LAW

16.1 Virginia Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Virginia choice of law rules); provided, however, that if the covenants in Section 8 of this Agreement would not be enforceable under the laws of Virginia, and Area Developer is located outside of Virginia, then such covenants shall be interpreted and construed under the laws of the state in which the Area Developer's principal place of business is located. Nothing in this Section 16.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the Commonwealth of Virginia to which this Agreement would not otherwise be subject.

16.2 Jurisdiction and Venue. In any suit brought by Franchisor, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, Area Developer consents to venue and personal jurisdiction in the state and federal court of the city or county of Franchisor's national office, presently Virginia Beach, Virginia. In any suit brought against Franchisor, including Franchisor's present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, venue shall be proper only in the federal court located nearest Franchisor's national office (presently the United States District in Norfolk, Virginia), or if neither federal subject matter nor diversity jurisdiction exists, in the city or county state court located where Franchisor's national office is (presently the City of Virginia Beach, Virginia).

16.3 Jury Waiver. In any trial between any of the parties hereto, including present and former employees and agents of Franchisor, Area Developer and Franchisor agree to waive Area Developer's and Franchisor's rights to a jury trial, and instead have such action tried by a judge.

16.4 Class Action Waiver. Area Developer agrees that any claim it may have against Franchisor, including Franchisor's past and present affiliates, officers, directors, employees and agents, must be brought individually and Area Developer shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against Franchisor.

16.5 Compensatory Damages. In any lawsuit, dispute or claim between or against any of the parties hereto, including present and former affiliates, officers, directors, agents and employees of ours, you and we agree to waive our rights, if any, to seek or recover punitive damages.

17. ACKNOWLEDGMENTS

Area Developer acknowledges that it has read Franchisor's franchise disclosure document and this Agreement and that Area Developer has been given the opportunity to clarify any provision that it does not understand. Area Developer further acknowledges that it has independently investigated the business offered hereunder and bases its decision to enter into this Agreement solely on such investigation. Area Developer acknowledges that Franchisor's representatives are not authorized to make and have not made any representations as to Area Developer's likely revenues, expenses, profits or success, and Area Developer is not relying on any such representations.

18. GUARANTY

The Area Developer, and if it is an entity, all its officers, directors, partners and members, agree to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, and to pay any other debts due Franchisor. Likewise, for and in consideration of this Agreement, the signatures of the individual(s) below also constitute their personal joint and several guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due Franchisor, and the duty to comply with the transfer procedures and covenants set forth in Sections 7 and 8. The Guarantors waive presentment, demand or notice of non-performance and the right to require Franchisor to proceed against the other Guarantors.

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Agreement in duplicate on the day and year first above written.

**MOSQUITO JOE FRANCHISING, LLC**

**FRANCHISOR:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Notices to Franchisor:

MOSQUITO JOE FRANCHISING, LLC  
349 Southport Circle, Suite 106  
Virginia Beach, VA 23452

Notices to Area Developer:

\_\_\_\_\_

\_\_\_\_\_

Attention: \_\_\_\_\_

Fax: \_\_\_\_\_

\_\_\_\_\_

**AREA DEVELOPER:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**MOSQUITO JOE  
AREA DEVELOPMENT AGREEMENT**

**EXHIBIT A**

**DEVELOPMENT SCHEDULE**

1. Each Franchised Business developed under this Area Development Agreement shall be located in the following area (the "Development Area", as more specifically described in Section 1.1 of this Agreement):

2. Recognizing that time is of the essence, Area Developer agrees to satisfy the development schedule set forth below:

<b>By Date:</b>	<b>Cumulative Total Number of Franchised Businesses Which Area Developer Shall Have Opened and in Operation:</b>

**INITIALED:**

**FRANCHISOR: \_\_\_ AREA DEVELOPER: \_\_\_**

**MOSQUITO JOE  
AREA DEVELOPMENT AGREEMENT**

**EXHIBIT B**

**GUARANTEE**

As an inducement to MOSQUITO JOE FRANCHISING, LLC (the “Franchisor”, “Mosquito Joe”) to execute the Mosquito Joe Area Development Agreement between Franchisor and \_\_\_\_\_ (“Area Developer”) dated \_\_\_\_\_, 20\_\_\_\_ (the “Agreement”), the undersigned hereby agree to defend, indemnify and hold Franchisor, Franchisor’s affiliates, and their respective officers, directors, employees, and agents harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, expert fees, reasonable costs of investigation, court costs, and expenses) resulting from, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Agreement, any amendment thereto, or any other agreement executed by Area Developer referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 8 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for obligations hereunder existing at the time of death; the obligations of the other guarantors shall continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 8 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail (without regard to, and without giving effect to, the application of Virginia conflict of law rules).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTOR(S)

(Seal) \_\_\_\_\_, Individually

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

(Seal) \_\_\_\_\_, Individually

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

(Seal) \_\_\_\_\_, Individually

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

(Seal) \_\_\_\_\_, Individually

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**MOSQUITO JOE**  
**AREA DEVELOPMENT AGREEMENT**

**EXHIBIT C**

**FRANCHISE AGREEMENT**

The form of Franchise Agreement currently offered by Franchisor is attached.

**AREA DEVELOPMENT AGREEMENT**  
**STATE SPECIFIC AMENDMENTS**



**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT  
MOSQUITO JOE FRANCHISING, LLC**

**FOR THE STATE OF MARYLAND**

This Addendum to the Area Development Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between **MOSQUITO JOE FRANCHISING, LLC** ("we", "us" or "Franchisor") and \_\_\_\_\_ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§14-201 et seq., the Area Development Agreement shall be amended as follows:

- a. Section 6.1 of the Area Development Agreement which terminates the Area Development Agreement upon bankruptcy of the Area Developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- b. Section 7.11 requires Area Developer to sign a general release as a condition of transfer of the area development rights; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- c. Section 16.1 of the Area Development Agreement states that the laws of the Commonwealth of Virginia govern; however, in the event of a conflict of laws, to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.
- d. Section 16.2 of the Area Development Agreement requires litigation to be conducted in the Commonwealth of Virginia; the requirement shall not limit any rights Area Developer may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.
- e. Section 17 of the Area Development Agreement requires the Area Developer to disclaim the occurrence and/or non-occurrence of certain acts; such disclaimers are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- f. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law

applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. Unless expressly amended by this Addendum, all other provisions of the Area Development Agreement remain unchanged.

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

**MOSQUITO JOE FRANCHISING, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Area Developer: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT  
MOSQUITO JOE FRANCHISING, LLC**

**FOR THE STATE OF NEW YORK**

This Addendum to the Area Development Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between **MOSQUITO JOE FRANCHISING, LLC** ("we", "us" or "Franchisor") and \_\_\_\_\_ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 et seq., the Area Development Agreement is amended as follows:

- a. Under Section 7.1, we will not transfer and assign our rights and obligations under the Area Development Agreement unless the transferee will be able to perform our obligations under the Area Development Agreement, in our good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.
- b. Section 7.11 requires you to sign a general release as a condition to transfer of the area development rights; the release excludes claims arising under the General Business Laws of the State of New York.
- c. Section 16.1 of the Area Development Agreement states that the franchise must be governed by the laws of the state in which our principal business is then located. This requirement will not be considered a waiver of any right conferred upon the Area Developer by Article 33 of the General Business Laws.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum is inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum govern.

3. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Addendum on the date written below.

**MOSQUITO JOE FRANCHISING, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Area Developer: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT F-1**

**PROMISSORY NOTE**

**PROMISSORY NOTE**

\$ \_\_\_\_\_

Date: \_\_\_\_\_  
Virginia Beach, Virginia

FOR VALUE RECEIVED, the undersigned promises to pay to the order of MOSQUITO JOE FRANCHISING, LLC, at 349 Southport Circle, Suite 106, Virginia Beach, VA 23452 or at the holder’s option, at such other place as may be designated from time to time by holder, the amount of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), together with interest at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum, calculated as simple interest, on the unpaid balance computed from the date provided above.

This Note shall be payable as accrued interest only for the first \_\_\_\_\_ (\_\_\_\_) years, interest payments will be paid annually for the first \_\_\_\_\_ (\_\_\_\_) years beginning \_\_\_\_\_, 2\_\_\_\_. The payment of principal and interest will begin in year \_\_\_\_\_ (\_\_\_\_) in \_\_\_\_\_ monthly installments of \$\_\_\_\_\_. The first installment is due and payable, on \_\_\_\_\_, 2\_\_\_\_. Upon the sale of the business or termination of the franchise agreement this note shall be due in full with all accrued interest to date.

The undersigned represents and warrants to MOSQUITO JOE FRANCHISING, LLC that the loan evidenced by this Note is being made for business, commercial or investment purposes. The undersigned shall have the right to anticipate the payment of this Note, in whole or in part, without penalty, at any time.

The undersigned agrees to pay all attorneys’ fees and other costs and expenses that MOSQUITO JOE FRANCHISING, LLC may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note.

Each person liable on this Note in any capacity, whether as maker, endorser, surety, guarantor, or otherwise (an “Obligor”), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law. Each Obligor agrees that MOSQUITO JOE FRANCHISING, LLC may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note: (a) any extension or extensions of the time of payment of any principal, interest or other amount due and payable under this Note; (b) any renewal of this Note, in whole or in part; (c) any full or partial release or discharge from liability under this Note of any other Obligor; (d) any waiver of any default under this Note or other agreement between the Lender and any Obligor relating to the indebtedness evidenced by this Note; or (e) any agreement with the Maker changing the rate of interest or any other term or condition of this Note.

TIME IS OF THE ESSENCE with regard to the payment of any amounts due under this Note and the performance of the covenants, terms and conditions of this Note.

Any one or more of the following shall constitute an event of default under this Note: (a) any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note; (b) the death, dissolution, merger, consolidation or termination of existence of any Obligor; (c) any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement, document or instrument to which any Obligor and MOSQUITO JOE FRANCHISING, LLC are parties; (d) any Obligor is unable to pay debts as they become due, or is or becomes insolvent or makes an assignment for the benefit of creditors; (e) any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy laws or any state insolvency statute; or (f) a receiver is appointed for, or a writ or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets or income of any Obligor.

If an event of default shall occur or if the undersigned shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note and all accrued interest shall become immediately due and payable, at the option of MOSQUITO JOE FRANCHISING, LLC without notice or demand to any Obligor. The remedies provided in this Note upon default and in other agreement between MOSQUITO JOE FRANCHISING, LLC and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

**EACH OBLIGOR HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH SUCH OBLIGOR AND MOSQUITO JOE FRANCHISING, LLC MAY BE PARTIES, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO, THIS NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTION OR PROCEEDING, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY EACH OBLIGOR, AND EACH OBLIGOR HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY AND THAT EACH OBLIGOR HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH ITS COUNSEL.**

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Obligor and shall inure to the benefit of MOSQUITO JOE FRANCHISING, LLC its successors and assigns.

This note shall be contingent upon the maker securing SBA or other suitable financing for his franchise business.

This Note shall be construed in all respects and enforced according to the laws of the Commonwealth of Virginia.

WITNESS the following signature(s) and seal(s):

---

**Signature of Maker**

---

**Printed name of Maker**

Home Address:

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**EXHIBIT F-2**

**GUARANTY**

## GUARANTY AGREEMENT

FOR VALUE RECEIVED, and in order to induce MOSQUITO JOE FRANCHISING, LLC (“Mosquito Joe”) to accept the Promissory Note dated \_\_\_\_\_ 19\_\_, in the principal amount of \_\_\_\_\_ (\$\_\_\_\_\_) Dollars (“Note”) signed by

\_\_\_\_\_  
 (“Borrower”), the undersigned hereby absolutely and unconditionally guarantee to Mosquito Joe the due and prompt payment of the indebtedness represented by said Note, and all other costs incurred, including reasonable attorneys’ fees, in enforcing the terms of the Note and this Guaranty.

The undersigned hereby agrees that Mosquito Joe may from time to time without notice to or consent of the undersigned and upon such terms and conditions as Mosquito Joe may deem advisable without affecting this Guaranty: (a) make any agreement extending or otherwise altering the time for or the terms of payment of all or any part of the Note; (b) modify, waive, compromise, release, subordinate, resort to, exercise or refrain from exercising any right Mosquito Joe may have hereunder; (c) accept security or additional security or guarantees of any kind; (d) endorse, transfer or assign the Note to any other party; (e) accept from the Borrower or any other party partial payment or payments on account of the Note; (f) from time to time hereafter further loan monies or give or extend credit to or for the benefit of the Borrower; (g) release, settle or compromise any claim of Mosquito Joe against the Borrower, or against any other person, firm or corporation.

The undersigned hereby unconditionally and absolutely waive: (a) any obligation on the part of Mosquito Joe to protect, secure or insure any of the security given for the payment of the Note; (b) the invalidity or unenforceability of the Note; (c) any of the security given for the payment of the Note; (d) notice of acceptance of this Guaranty by Mosquito Joe; (e) notice of presentment, demand for payment, notice of non—performance, protest, notices of protest and notices of dishonor, notice of non-payment or partial payment; (f) notice of any defaults in the performance of any of the covenants and agreements contained therein, in any instrument given as security for the Note or in any other agreement or contract between Lender and Borrower; (g) the transfer or sale by Borrower or the diminution in value thereof or any security given for the Note; (h) any failure, neglect or omission on the part of Mosquito Joe to realize or protect the Note or any security given therefor; (i) any right to insist that Mosquito Joe prosecute collection of the Note or resort to any instrument or security given to secure the Note or to proceed against the Borrower or against any other guarantor or surety prior to enforcing this Guaranty; provided, however, at its sole discretion Mosquito Joe may either in a separate action pursuant to this Guaranty pursue its remedies against the Borrower or any other guarantor or surety, without affecting its rights under this Guaranty; (j) notice to the undersigned of the existence of an extension of the Note; or (k) any order, method or manner of application of any payments on the Note.

Without limiting the generality of the foregoing, the undersigned will not assert against Mosquito Joe any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti—deficiency statute, ultra vires acts, usury, illegality or unenforceability which may be available to the Borrower in respect of the Note, or any setoff available against Mosquito Joe to the Borrower whether or not on account of a related transaction, and the

undersigned expressly agrees that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Note, notwithstanding provisions of law that may prevent Mosquito Joe from enforcing such deficiency against the Borrower. The undersigned hereby specifically waives and renounces any right to proceed against Mosquito Joe, and its successors and assigns, for any deficiency arising as a result of the foreclosure of any mortgage or security agreement. The liability of the undersigned shall not be affected or impaired by any voluntary or involuntary dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar event or proceeding affecting the Borrower or any of its assets and that upon the institution of any of the above actions, at Mosquito Joe sole discretion and without notice thereof or demand therefor, the undersigned's obligations shall become due and payable and enforceable against the undersigned whether or not the Note or any of its installments is then due and payable.

The undersigned further agrees that no act or thing, except for payment in full, which but for this provision might or could in law or in equity act as a release of the liabilities of the undersigned hereunder shall in any way affect or impair this Guaranty and the undersigned agrees that this shall be a continuing, absolute and unconditional Guaranty and shall be in full force and effect until the Note has been paid in full.

The undersigned agrees that all indebtedness, liability or liabilities now or at any time or times hereafter owing by the Borrower to the undersigned are hereby subordinated to the Note and any payment of indebtedness of the Borrower to the undersigned, if Mosquito Joe requests, shall be received by the undersigned as trustee for Mosquito Joe on account of the Note. The undersigned agrees that the payment of any amount or amounts by the undersigned pursuant to this Guaranty shall not in any way entitle the undersigned, whether at law, in equity or otherwise to any right to direct the application or disposition of any such security or any right to direct the enforcement of any such security.

Performance by the undersigned under this Guaranty shall not entitle the undersigned to be subrogated to the Note or to any security therefor, unless and until the full amount of the indebtedness has been fully paid.

This Guaranty Agreement shall be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws (without regard to the conflicts of laws provisions) of the Commonwealth of Virginia.

Each of the undersigned acknowledge and agree that the promises herein shall be construed to be and are hereby declared to be joint and several in each and every particular and shall be fully binding upon and enforceable against any or all of the undersigned and neither the death nor release of any person or party to this Guaranty shall affect or release the joint and several liability of any other person or party.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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GUARANTOR

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GUARANTOR

WITNESSES:

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**EXHIBIT F-3**

**SECURITY AGREEMENT**

## SECURITY AGREEMENT

THIS AGREEMENT, made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_ of \_\_\_\_\_ (“Purchaser”), to MOSQUITO JOE FRANCHISING, LLC, a Virginia limited liability company, having its principal place of business at 349 Southport Circle, Suite 106, Virginia Beach, Virginia 23452 (“Secured Party”);

### WITNESSETH THAT:

In consideration of Secured Party agreeing to sell goods and provide services to Purchaser on account, and other good and valuable considerations to the undersigned in hand paid, the receipt and sufficiency of which are hereby acknowledged, Purchaser hereby grants to Secured Party a security interest in all of the stock of goods, wares and merchandise (collectively the “Inventory”), and the trade fixtures, furnishings and equipment, including Purchaser’s service van(s), vehicles, computers and computer programs (collectively the “Equipment”), and accounts, contract rights, general intangibles, chattel paper, revolving accounts, extended credit contracts, open accounts, leases, insurance policies, documents, deposits, trademarks, trade names, customers lists, books, records, catalogues and sales aids (collectively the “Property”) (the Inventory, the Equipment and the Property are collectively referred to herein as the “Collateral”), wherever located, whether now owned or hereafter acquired, and any replacement, substitutions, additions, accessions or cash and non—cash proceeds arising therefrom, whether as a result of the sale, exchange, collection or other disposition of any of the Collateral, or otherwise.

This Security Agreement is made as security for the payment by the Purchaser to Secured Party of Purchaser’s indebtedness on the Purchaser’s account with the Secured Party.

Purchaser hereby represents and warrants to Secured Party that the property covered by this Security Agreement is lawfully in Purchaser’s possession, is now free from all liens and encumbrances other than this security interest and a security interest in favor of \_\_\_\_\_.

Purchaser may sell and install the Inventory in the regular course of business, provided however, that he shall replenish said Inventory so sold and installed, and shall at all times maintain said Inventory to substantially the same amount that presently exist.

Purchaser represents and warrants that all Collateral shall be kept within the State of \_\_\_\_\_. Purchaser shall promptly notify Secured Party in writing of any change in Purchaser’s above address or use of any other names under which it is doing business.

Purchaser further covenants and agrees as follows:

1. To keep its account with Secured Party current at all times.
2. To keep the Collateral insured against loss and damage by fire and other casualty at least to the extent of their book value, for the benefit of Secured Party in such form and in such insurance company as Secured Party shall reasonably approve, said policies to name Secured Party as co—

insured, and that in default thereof, Secured Party may effect such insurance, and the sum so paid for that purpose with interest thereon at the lesser of eighteen (18%) percent per annum or the maximum legal rate shall immediately be payable by the Purchaser and shall be deemed a part of the debt secured hereby.

3. It is understood that any loss, injury or destruction of the Collateral shall be at the risk of Purchaser and shall not release the Purchaser from any obligation hereunder.

4. To use the Collateral with reasonable care, skill and caution, and not to permit the same to be damaged, injured or depreciated; not to encumber or permit any encumbrance or lien of any character against the Collateral; not to use the Collateral in violation of any law; not to waste or destroy the Collateral or to suffer it or any part thereof to be attached or taken on execution or other process.

5. To make and file all statements required by law and to pay all fees, taxes, assessments and charges of any nature that may be levied against or in connection with the Collateral, this instrument, or the indebtedness secured hereby and to keep this Security Agreement in full force and effect until said debt is paid. In the event the Purchaser shall neglect or fail to pay said expense, Secured Party may pay them, and all sums of money so expended with interest thereon at the lesser of eighteen (18%) percent per annum or the maximum legal rate shall immediately be payable by the Purchaser and shall be deemed a part of the debt secured hereby.

Purchaser shall pay to Secured Party all expenses incurred by Secured Party in enforcing any of the provisions hereof, including but not limited to, costs of collecting the debt secured hereby, and all such expenses shall be deemed a part of the debt secured hereby.

6. To defend the Collateral against the claims of all persons.

7. It is understood and agreed that the Collateral is, and shall continue to remain, personal property, and that Purchaser shall not change or alter or act upon or permit any change, alteration or action upon which the Collateral would change its character as personal property.

8. That the said Equipment shall not be sold, mortgaged, conveyed or disposed of in any way without the prior written consent of Secured Party unless Purchaser has replaced such Equipment with equipment of equal or greater value.

9. At the request of Secured Party, Purchaser will join in executing, or will execute, all necessary financing statements and any other documents deemed necessary by Secured Party and pay the cost of filing such statements and other documents.

This Security Agreement may be assigned, negotiated, and/or transferred, without notice to Purchaser and when assigned and/or negotiated shall be free from any defense, counterclaim or cross—complaint by Purchaser.

No transfer, renewal, extension, modification or assignment of this Security Agreement, or any interest hereunder, nor the failure of Secured Party to enforce any provision hereof, shall operate or be construed as a waiver by Secured Party of the strict performance of the covenants and conditions of this Security Agreement by Purchaser.

Time is of the essence of this Security Agreement. If default be made in the observance and performance of any of the terms, conditions and agreements on Purchaser's part herein contained or contained in any other agreement or contract between Secured Party and Purchaser, or in the event of the insolvency of Purchaser or Purchaser's cessation of the business as a going concern

or in the event of a filing of a petition in bankruptcy by or against Purchaser, or in the event of the existence of a lien upon or the sequestration or attachment of any property in the possession of Purchaser, or in the event of an assignment for the benefit of creditors by Purchaser, or if Purchaser should dispose of more than ten (10%) percent of its assets other than in the regular course of its retail business, or (if a corporate entity) should a change of ownership of ten (10%) percent or more of the shares of capital stock of Purchaser to other than an existing shareholder take place, or if Secured Party shall, at any time, reasonably deem the security afforded by this Security Agreement unsafe or at any risk, then the full amount of the aforesaid debt shall become immediately due and payable at the option of Secured Party; and it shall then be lawful for Secured Party (and Purchaser hereby so authorizes and empowers it) without notice or demand and without legal process, to take immediate possession of the Collateral and for that purpose to enter upon any premises where the same or any part thereof may be and to remove the same therefrom; and Secured Party shall not thereby be liable for damages for trespass or subject to suit of any kind.

IT IS AGREED that upon any such default as aforesaid and to the extent permitted by law, Secured Party may, without notice to Purchaser sell the Collateral and all equity of redemption of Purchaser therein without legal procedure and without demand for performance, either at public or private sale, and in such county and at such place as Secured Party may elect without having the said property at the place of sale; that Secured Party may purchase said property or any part thereof at any such sale, and that out of the moneys arising from said sale, Secured Party may retain all sums secured by this Security Agreement, whether then or thereafter payable, including all costs, charges and expenses incurred by Secured Party in effecting such sale or otherwise in relation to the said property, rendering the surplus, if any, to Purchaser. If a deficiency occurs, Purchaser agrees to pay such deficiency forthwith, together with a reasonable attorneys' fee for the recovery thereof if an attorneys' fee is incurred by Secured Party.

Purchaser authorizes any attorney to appear in any court of record of the United States and to confess judgment in the amount of the deficiency against Purchaser and in favor of Secured Party, and Purchaser hereby waives service of process and any right of appeal.

**PURCHASER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION (INCLUDING STATUTORY AND EMERGENCY STATUTORY ACTIONS), PROCEEDING OR COUNTERCLAIM ON ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH ANY AGREEMENT OR CONTRACT BETWEEN PURCHASER AND SECURED PARTY, THEIR RELATIONSHIP, NON-PAYMENT OF ANY PAYMENT(S) REQUIRED OF PURCHASER TO BE PAID TO SECURED PARTY, AND NON—MONETARY DEFAULT(S) OF PURCHASER.**

Purchaser waives the right to remove any legal action from the court originally acquiring jurisdiction and waives all homestead and other property exemption laws.

This Security Agreement shall be governed by the laws of the Commonwealth of Virginia. Any provisions of this Security Agreement prohibited by the law of such state shall, as to said state, be ineffective to the extent of such prohibition without invalidating the remaining provisions of the Security Agreement.

All rights and remedies hereunder are cumulative and not alternative. The waiver or indulgence with respect to any of the terms and conditions herein contained shall not operate as a waiver of



subsequent defaults. Any remedies herein provided shall be in addition to any other remedy available to Secured Party at law or in equity.

This Security Agreement shall bind Purchaser and the heirs, legal representatives, successors and/or assigns of Purchaser and shall inure to the benefit of Secured Party and the successors and/or assigns of Secured Party. If Secured Party assigns its interest herein, its assignee shall take free of any defense, counterclaim or cross—complaint Purchaser may have against Secured Party.

This Security Agreement constitutes the entire agreement and no waivers or modifications shall be valid unless written upon or attached to this Security Agreement or unless executed under separate written instrument.

Purchaser hereby represents and warrants that Purchaser has the legal capacity and right to execute this instrument.

Each of the undersigned acknowledge and agree that the promises herein shall be construed to be and are hereby declared to be joint and several in each and every particular and shall be fully binding upon and enforceable against any or all of the undersigned and neither the death nor release of any person or party to this Security Agreement shall affect or release the joint and several liability of any other person or party to this Security Agreement.

Words in this Security Agreement importing the masculine gender may be applied to and include (as the case may require) corporations, partnerships, and women; words importing the singular number may be applied to and mean several persons and things; words importing the plural number may be applied to and mean only a single person or thing.

IN WITNESS WHEREOF, the undersigned have duly executed this Security Agreement on the day and year first above written.

PURCHASER:

CORPORATE EXECUTION

\_\_\_\_\_  
(Name of Corporation)

ATTEST:

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
President

INDIVIDUAL OR PARTNERSHIP

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT F-4**

**PROMISSORY NOTE**

**PROMISSORY NOTE**

\$ \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned (“Debtor”) promises to pay to the order of MOSQUITO JOE FRANCHISING, LLC (the “Creditor”) the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), in legal tender of the United States, on the date Debtor completes initial franchise training. The principal shall be payable at the principal office of the Creditor, 349 Southport Circle, Suite 106, Virginia Beach, Virginia 23452, or at such other place as the Creditor may designate in writing. If the undersigned shall default under its Mosquito Joe Franchise Agreement, or default in the payment of this Note when the same shall be due and payable, whether at maturity or by declaration or otherwise, the entire indebtedness evidenced hereby may, at the option of the Creditor and without demand or further notice of any kind to any party, be declared, and thereupon immediately shall become in default and due and payable, and the principal balance shall thereafter bear interest at the rate of eighteen percent (18%) APR or the highest rate then permitted by applicable law, whichever is less. Should this Note, or any part of the indebtedness evidenced hereby, be collected by law or through an attorney-at-law, the Creditor shall be entitled to collect reasonable attorneys’ fees plus interest at the highest rate permitted by applicable law, and all costs of collection. The remedies provided in this Note upon default are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity. The undersigned and any surety, guarantor, endorser or other party hereto, severally waives demand, protest, notice of demand and nonpayment. Any extension or renewal of this Note in whole or in part, or of the indebtedness evidenced hereby, may be made without the consent or notice to any surety, guarantor, endorser, maker or any other party hereto, and without affecting or lessening the ability of any such person. The indebtedness evidenced by this Note may not be prepaid. This Note shall be construed in all respects and enforced according to the laws of the Commonwealth of Virginia.

WITNESS the hand and seal of the undersigned.

DEBTOR:

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

[Affix Corporate Seal]

**EXHIBIT F-5**

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS  
(DIRECT DEBITS)**

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS  
(DIRECT DEBITS)**

The undersigned depositor (“Depositor”) hereby:

authorizes MOSQUITO JOE FRANCHISING, LLC (“Company”) to initiate debit entries and or credit correction entries to the undersigned’s checking and/or savings account indicated below and

authorizes the depository designated below (“Depository”) to debit such account pursuant to Company’s instructions.

\_\_\_\_\_  
Bank

\_\_\_\_\_  
Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor’s account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

\_\_\_\_\_  
FRANCHISEE (Depositor) (Print Name)

By: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT G**

**TELEPHONE AGREEMENT ASSUMPTION AGREEMENT**

**TELEPHONE AGREEMENT ASSUMPTION AGREEMENT**

\_\_\_\_\_  
(Name of Telephone Company)

\_\_\_\_\_  
(Address)

**TRANSFER OF SERVICE AGREEMENT**

In the event my Mosquito Joe Franchise is discontinued for any reason, I hereby release the use of the following telephone number(s): \_\_\_\_\_ which were used in conjunction with said Franchise to Mosquito Joe, or its designee.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Present Customer's Signature

SWORN TO AND SUBSCRIBED before me by the said \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ .

Notary Public, State of \_\_\_\_\_

\_\_\_\_\_

\*\*\*\*\*

I hereby assume and agree to pay all charges outstanding, either billed or unbilled, including White Pages directory charges, on the telephone number(s) listed above.

\_\_\_\_\_  
Date

\_\_\_\_\_  
New Customer's Signature

SWORN TO AND SUBSCRIBED before me by the said \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ .

Notary Public, State of \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT H**

**PURCHASE AND SALE AGREEMENT**



## Purchase and Sale Agreement

This Purchase and Sale Agreement is made this \_\_\_ day of (month) (year) by and between MOSQUITO JOE FRANCHISING, LLC, a Virginia Limited Liability Company, doing business as Mosquito Joe® (“Seller”), and \_\_\_\_\_ (“Purchaser”);

WHEREAS Seller owns certain assets described on Exhibit B and used in connection with an insect control services business in the franchise territory described on Exhibit A (the “Territory”); and

WHEREAS Seller is also the Franchisor of Mosquito Joe franchises and will, pursuant to a franchise agreement (“Franchise Agreement”), grant to the Purchaser the right to use the Mosquito Joe operating system and Marks in the operation of an insect control services business under the terms and conditions contained in the Franchise Agreement; and

WHEREAS Purchaser desires to purchase the Business from Seller.

THEREFORE, for good and valuable consideration, Seller and Purchaser agree as follows:

1. On the terms and subject to the conditions set forth in this Agreement and the Franchise Agreement, Seller shall sell to Purchaser and Purchaser shall purchase the Business as of the date of this Agreement.
2. Purchaser agrees to execute the current Mosquito Joe Franchise Agreement for the Territory described in Exhibit A of this Agreement.
3. The purchase price (“Purchase Price”) to be paid by the Purchaser to the Seller for the Business shall be \$ \_\_\_\_\_ which shall be paid (insert payment terms).
4. Purchaser and Seller have agreed that the purchase price shall be allocated as follows:
  - (a) All furniture, fixtures, supplies and equipment \$ \_\_\_\_\_
  - (b) Vehicles \$ \_\_\_\_\_
  - (c) Inventory \$ \_\_\_\_\_
  - (d) Franchise \$ \_\_\_\_\_
  - (e) Goodwill \$ \_\_\_\_\_Purchaser agrees to accept all assets in an “as is” condition. Purchaser also acknowledges that the license to use the customer list shall run simultaneously with the initial term of the Franchise Agreement and any renewal thereof.
5. Seller warrants to Purchaser that
  - (a) Seller is the sole owner of and has good and marketable title to all furniture, fixtures, supplies and equipment listed on Exhibit B.
  - (b) Seller will deliver to Purchaser information relating to the clients served by the Seller in the Territory described on Exhibit A. Seller makes no

representations, warranties or guarantees regarding the continuing relationship with such clients or any anticipated income from any individual client or from the clients as a whole.

6. Upon the date of execution of this Agreement by both parties, this Agreement shall be closed (“Closing”). At such time, all rents, utility charges and other expenses shall be prorated.
7. Seller has not made and does not make any warranties, representations or guaranties and Purchaser is not relying on any warranty, representation or guaranty made by any person acting on Seller’s behalf as to the condition of any furniture, fixtures, and equipment, past or future income, expenses or operation of the business, or any other matter or thing affecting or related thereto, except as specifically set forth herein. Purchaser warrants to Seller that Purchaser has made such evaluations, projections, and studies regarding the potential income possibilities to serve its own purposes and hereby acknowledges that Seller has not made and does not make any representations, warranties, or guaranties regarding such evaluations, projections or studies.
8. All expenses associated with the Business prior to Closing are and shall remain the responsibility of the Seller. Seller hereby indemnifies the Purchaser from liabilities arising out of the Seller’s operation of the Business prior to Closing. All expenses associated with the Business which arise from the moment of Closing and thereafter shall be the responsibility of the Purchaser. Expenses may include but are not limited to, rent, payroll, telephone service charges, utilities, and maintenance agreements.
9. Purchaser must change all accounts related to the operation of the Territory to the Purchaser’s name immediately after execution of this Agreement.
10. This Agreement is not assignable by Purchaser in whole or in part without Seller’s written consent.
11. This Agreement, together with all Exhibits hereto, and the Franchise Agreement, constitute the entire agreement between the parties regarding the subject matter of this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors, assigns and legal representatives.
12. This Agreement is accepted in the Commonwealth of Virginia and shall be governed by and interpreted in accordance with Virginia law.

**Purchaser:**  
(Purchaser’s name)

**Seller:**  
MOSQUITO JOE FRANCHISING, LLC

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT I**

**GENERAL RELEASE**

**RELEASE**

KNOW THAT \_\_\_\_\_ and its successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and fixture principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "RELEASOR"), in consideration of the right to renew, assign or transfer its Franchise Agreement with MOSQUITO JOE FRANCHISING, LLC ("Mosquito Joe") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, releases and discharges Mosquito Joe and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants and their respective successors and assigns (collectively, "RELEASEE") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses; cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the RELEASOR, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the RELEASEE for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, except for any claims that may arise under the [ Franchise Registration and Disclosure Law].

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR has executed this RELEASEE on \_\_\_\_\_, 20\_\_.

Executed and delivered in the presence of:

[Franchisee]

Witness

By: \_\_\_\_\_

**EXHIBIT J**

**OPERATIONS MANUAL TABLE OF CONTENTS**

	Pages
Section 1 – Introduction, Franchise Relationship, Franchisee Responsibilities, Reporting	15
Section 2 – Customer Service	12
Section 3 – Service Offering & Mosquito Control	8
Section 4 – Building A Business	12
Section 5 – Daily Operations & Procedures	22
Section 6 – Employee Handbook	64
Section 7 – Compliance & Accounting	20
Appendix	18
Marketing Supplement	49
Operations & Owners Supplement	<u>56</u>
TOTAL:	276

**EXHIBIT K**

**LIST OF FRANCHISED BUSINESSES  
(As of the date of this Franchise Disclosure Document)**

<b>MOSQUITO JOE FRANCHISED OUTLETS</b>						
<b>Territory No./Opened</b>	<b>Owner's Name</b>	<b>Location Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone No.</b>
<b>None</b>						

We have no area developers as of the date of this disclosure document.

**LIST OF FORMER FRANCHISEES  
(As of the date of this Franchise Disclosure Document)**

All States

None

**LIST OF COMPANY-OWNED BUSINESSES  
(As of the date of this Franchise Disclosure Document)**

Company-owned Business: owned by our affiliate, Mosquito Joe Local Operations, LLC, 349 Southport Circle, Suite 106, Virginia Beach, VA 23452, (757) 494-3440.

**EXHIBIT L**

**MOSQUITO JOE  
FRANCHISEE COMPLIANCE CERTIFICATION**

As you know, MOSQUITO JOE FRANCHISING, LLC (the "**Franchisor**", "**Mosquito Joe**") and you are preparing to enter into a Franchise Agreement for the establishment and operation of a franchised business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. I had my first face-to-face meeting with a representative of Franchisor on \_\_\_\_\_, \_\_\_\_\_.

2. Have you received and personally reviewed the Franchise Agreement and each addendum and related agreement attached to it?

Yes \_\_\_ No \_\_\_

3. Do you understand all of the information contained in the Franchise Agreement, each addendum and related agreement provided to you?

Yes \_\_\_ No \_\_\_

If "No," what parts of the Franchise Agreement, addendum, and related agreement do you not understand? (Attach additional pages, if necessary.)

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

Yes \_\_\_ No \_\_\_

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

Yes \_\_\_ No \_\_\_

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

Yes \_\_\_ No \_\_\_

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

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7. Have you discussed the benefits and risks of establishing and operating a franchised business with an attorney, accountant, or other professional advisor?

Yes \_\_\_ No \_\_\_

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

Yes \_\_\_ No \_\_\_

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

Yes \_\_\_ No \_\_\_

9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the revenues, profits or operating costs of a franchised business operated by the Franchisor or its franchisees, that is contrary to the information contained in the FDD?

Yes \_\_\_ No \_\_\_

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

Yes \_\_\_ No \_\_\_



11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the franchised business will generate, that is contrary to the information contained in the FDD?

Yes \_\_\_ No \_\_\_

12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the franchised business that is contrary to or different from, the information contained in the FDD?

Yes \_\_\_ No \_\_\_

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

Yes \_\_\_ No \_\_\_

14. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_ No \_\_\_

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

Yes \_\_\_ No \_\_\_

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

Yes \_\_\_ No \_\_\_

17. If you have answered "Yes" to any one of questions 9-16, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of questions 9-16, please leave the following lines blank.

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I signed the Franchise Agreement and addenda (if any) on \_\_\_\_\_, \_\_\_\_\_, and acknowledge that no agreement or addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

\_\_\_\_\_  
\_\_\_\_\_, 201\_

**EXHIBIT M**

**FINANCIAL STATEMENTS**

**ITEM 23**  
**RECEIPT (YOURS)**

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this franchise disclosure document and all agreements carefully.

If MOSQUITO JOE FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Mosquito Joe Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A.

The sales agents representing Mosquito Joe Franchising, LLC for this offering are:

Kevin Wilson, Walter Ewell  
Mosquito Joe Franchising, LLC  
349 Southport Circle, Suite 106  
Virginia Beach, VA 23452  
757.494-3440

ISSUANCE DATE: January 9, 2013

Mosquito Joe Franchising, LLC has authorize the agents listed in Exhibit C to receive service of process for it. I have received a Disclosure Document (Franchise Disclosure Document) dated January 9, 2013. This disclosure document included the following Exhibits:

- Exhibit A – List of Administrators
- Exhibit B – Disclosure Document State Addenda
- Exhibit C – Agents for Service of Process
- Exhibit D – Franchise Agreement and State Amendments
- Exhibit E – Area Development Agreement and State Amendments
- Exhibit F-1 – Promissory Note
- Exhibit F-2 – Guaranty
- Exhibit F-3 – Security Agreement
- Exhibit F-4 – Promissory Note
- Exhibit F-5 – Authorization Agreement for Prearranged Payments (Direct Debits)
- Exhibit G – Telephone Number Assumption Agreement
- Exhibit H – Purchase and Sale Agreement
- Exhibit I – General Release
- Exhibit J – Operations Manual Table of Contents
- Exhibit K – List of Franchised Businesses
- Exhibit L – Franchisee Compliance Certification
- Exhibit M – Financial Statements

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Date

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Franchisee

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Date

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Franchisee