

Franchise Disclosure Document



MR. SEWER FRANCHISING, INC.
An Illinois Corporation
341 Lawnridge Dr
Creve Coeur, IL 61610
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www.MrSewerUSA.com
866-811-0911

The franchisor is offering a franchise license for the operation of a business that will provide drain and sewer clean-out and repair services under the name “Mr. Sewer.”

The total investment necessary to begin operation of a Mr. Sewer franchise is between \$32,500 and \$58,500. This includes \$17,500 to \$29,500 that must be paid to the franchisor and its affiliates plus up to an additional \$1,500 for optional Grand Opening Promotion that may be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Bruce Winborn at 341 Lawnridge Drive, Creve Coeur, IL 61610 and 866 811-0911.

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

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

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

THE ISSUE DATE OF THIS DISCLOSURE DOCUMENT IS OCTOBER 9, 2009.

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 C for information about the franchisor, about other franchisors, 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 THAT THE FRANCHISEE ARBITRATE DISAGREEMENTS WITH THE FRANCHISOR ONLY IN THE STATE OF ILLINOIS. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN ILLINOIS THAN IN YOUR HOME STATE.**
- 2. THE FRANCHISE AGREEMENT STATES THAT ILLINOIS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW.**
- 3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

WE USE THE SERVICES OF ONE OR MORE FRANCHISE BROKERS OR REFERRAL SOURCES TO ASSIST US IN SELLING OUR FRANCHISE. A FRANCHISE BROKER OR REFERRAL SOURCE REPRESENTS US, NOT YOU. WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISE OR REFERRING YOU TO US. YOU SHOULD MAKE SURE TO DO YOUR OWN INVESTIGATION OF THE FRANCHISE.

See the following State Registration Page for the State Effective Dates.

ATTACHMENT 1 TO FRANCHISE DISCLOSURE DOCUMENT

The Date of Registration of this Franchisor or exemption in the Sates Listed Below is as Follows:

State	Effective Date
Illinois	

MR. SEWER FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
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1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "We" means MR. SEWER FRANCHISING, INC., the franchisor. "You" means the person(s) who buy(s) the franchise. Mr. Sewer Franchising, Inc. is an Illinois Corporation chartered on August 19, 2009. Our principal place of business is 341 Lawnridge Drive, Creve Coeur, IL 61610. (Telephone Number 866 811-0911).

We have one affiliate and predecessor, a proprietorship operated as Mr. Sewer by our founder, Bruce Winborn that was founded in 1982. Since its founding it provided the various core business services that franchisees will provide. This business provides the basis for the business plan that is shared with franchisees under the Mr. Sewer Franchising Franchise Agreement. We do not have a parent company.

Neither we, nor our affiliate, offer sewer and drain cleaning and repair or other related services in any name other than "Mr. Sewer," nor do we, or they, offer franchises under any other name or in any other industry.

Our agent for service of process in Illinois is Bruce E. Winborn. Refer to the Schedule of State Agencies attached for information on the agent for service of process in other states where we may be registered.

We grant franchisees the right to operate a business that will provide sewer and drain cleaning and repair and offer other similar services for residential and commercial property owners. Franchisees will market and operate their businesses under the trade name "Mr. Sewer" for which our founder has been granted a trademark.

Franchisees typically operate from their residence, without employees and service their markets using a van. Our website identifies and describes the benefits of our services and lists each of our operating units.

We will teach you our methods for managing your business and assist you in implementing our system of marketing Mr. Sewer services. We will assist you in selecting a suitable territory and we will provide procedures for marketing your services to local property owners; for recruiting and teaching employees to deliver the services offered by the franchise network; and for managing the finances of your business.

We offer major advantages to persons interested in entering the sewer and drain maintenance field. We will provide start-up marketing assistance in your city; and conduct research and analysis of new services and products for you to offer in the future. We award you the right to use our name and logo in your market for soliciting business, in advertising, signage, brochures, letterhead and business cards. While we believe that your affiliation with our system is very beneficial, it does not guarantee that you will develop a successful or profitable business operation.

We have been offering franchises since the date on the cover of this document. We have not granted franchises in any other lines of business. We, or our affiliate, Bruce Winborn, Proprietor, d/b/a Mr. Sewer may, in the future, operate offices in various markets that we do not currently service, but we will not encroach on the territory of a franchisee. We currently operate the website, www.MrSewerUSA.com which promotes our services through the internet. We will add new franchisees' contact information to this website when they are trained and prepared to service their markets.

Although many states and municipalities regulate plumbing contractors, there are no known state or federal regulations specific to the operation of a Mr. Sewer franchise. You will, however, be required to comply with numerous government regulations affecting the operation of your franchise and your relationship with any employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. There may be other laws applicable to your business and we urge you to make further inquiries of your advisors and local government officials about such regulation.

You will compete with other businesses offering similar services. The industries we serve are experiencing growth and a proliferation of businesses (and individuals) that offer alternative services and products that are locally, regionally or nationally owned. The industry typically experiences minimal seasonal revenue fluctuations.

2. BUSINESS EXPERIENCE

President: Bruce E. Winborn

Mr. Winborn founded our affiliate, in 1982 and has served as its Owner and Proprietor since that time. He has been responsible for developing the business plan and executing it in his home market of Peoria, IL. He has served as President of Mr. Sewer Franchising, Inc. since its founding.

Chief Operations Officer: Martin Winborn

Mr. Winborn is a 2009 graduate of the University of Illinois at Springfield with a double major in Business Administration and Business Management with a minor in Management Information Systems. He currently serves as liaison between Mr. Sewer Franchising Inc. and its many vendors. Martin will also help with training and supporting franchisees.

Vice President and Secretary: Loretta Winborn

Mrs. Winborn has been active in her current capacity since our inception. She has served our affiliate in an administrative role since its founding in 1982.

3. LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

4. BANKRUPTCY

No person previously identified in Items 1 or 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

5. INITIAL FEES

Franchisees pay a minimum Initial Franchise Fee of \$29,500 for a license to operate a Mr. Sewer franchise within one specific area that has a population of up to 200,000 residents. As an inducement to join our system, the Initial Franchise Fee for the first seven franchisees to sign a Franchise Agreement will be reduced to \$17,500 and for franchisees eight through twelve, will be \$23,500. If you wish to purchase a territory with a population in excess of 200,000 residents, you will pay an additional fee of \$75 per thousand residents over the initial 200,000 population. Payment must be made in a lump sum at the time you sign your Franchise Agreement. Payments made are considered earned and non-refundable at that time.

In the future, you may purchase adjacent territory, subject to availability, for a fee of \$100 per thousand residents.

Franchisees who have operated a sewer cleaning and repair service for one year or more may have their Initial Franchise Fee reduced based on the owner's tenure and the size of his operation.

We offer an optional Grand Opening Promotional program. If you choose to implement it, you may pay us up to \$1,500 to offset costs of mailings and other promotional programs that we will implement on your behalf. You will not pay us or our affiliate any other fees or payments before your business opens.

6. OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty ¹	7% of Sales on First \$75,000 Annually; 6% on next \$50,000 and 5% on all Sales in Excess of \$125,000. Beginning in the thirteenth month, a minimum monthly Royalty of \$350 will be due. ⁴	Payable Monthly by the tenth day of the following month based on the Royalty Report that you must develop based on the receipts of your business. Subject to \$50 late fee plus 1½% per month interest if not received within 7 days of the due date. ²	Total gross receipts includes all revenue collected by the franchise. Gross receipts does not include sales nor use taxes. ¹ You must permit us to charge a credit card or debit your bank account for Royalties due. ³
Advertising Fees ¹	Up to 2% of total gross receipts.	We may in the future require you to pay up to 2% of your total gross receipts into a Advertising Fund. These funds will be payable in the same manner as your Royalties.	We will utilize the Advertising Fund to promote the system's services and to produce advertising media for use in local markets. ⁴
Local Advertising	We require that you spend at least an additional 1.5% of your monthly total gross receipts on local advertising and promotion.	Payable to vendors on terms you establish with them.	None
Grand Opening Promotional Services ¹	We offer optional grand opening marketing services to introduce your services to insurance companies in your market.	Payment due within 7 days of billing.	We will charge a credit card or debit your bank account for marketing services due.
Additional Franchise Management Training ¹	\$750 per person is the current charge for the training of employees in excess of the two provided for in your initial franchise fee.	2 weeks prior to the beginning of training.	We train 2 persons free. See Item 11.
Transfer ¹	If you sell your franchise to someone else, Twenty-Five Percent (25%) of the Initial Franchise Fee being charged new franchisees at the time of the transfer will be due to us.	Prior to consummation of transfer.	Payable when you sell your franchise and includes 2 seats for Franchise Management Training. No charge if the franchise is transferred to a corporation which you own.
Renewal Fee ¹	Ten Percent (10%) of the Initial Franchise Fee being charged new franchisees at the time of the renewal will be due us when you renew your Franchise License at the end of its 10-year term.	30 days before renewal (at the end of your 10 year license).	Payable to us.

Name of Fee	Amount	Due Date	Remarks
Audit ¹	If we audit your books and a Royalty underpayment of 3% or more is discovered, in addition to any under payment, you must pay us the cost of the audit plus 18% annual interest and 15% of the underpaid royalty. ²	3 days after billing.	Payable by you only if an audit shows an underpayment of at least 3% of Royalty due for any month or if we performed the audit due to your failure to report revenues.

- 1 All fees are imposed by us and are payable to us. They are non-refundable. Total gross receipts includes all monies received for work performed in your territory exclusive of sales and use taxes.
- 2 You must permit us to withhold payments due to you, charge any credit card on file or debit your checking account for payment of your Royalty and Advertising Fees based upon reports that we generate based on your monthly receipts and supplemental reports that you must submit reporting any revenues collected directly by you. You must fax or email to headquarters each month a report of any revenues received directly by your franchise. Interest for late payment begins from the date of any underpayment.
- 3 When 15 franchises are open for business, we have the right to institute an Advertising Fund and require that you and all franchisees pay up to 2% of monthly total gross receipts into the fund. We will administer the Mr. Sewer Ad Fund with the guidance of a committee consisting of Franchise Owners and our representatives. Such a program will not be initiated earlier than when 15 franchises exist. We will notify all franchisees 90 days before implementing an Advertising Fund and collecting these fees. At such time, if ever, that an Advertising Fund is implemented, we will contribute two percent (2%) (or any lower system-wide percentage rate which is identical to that paid by franchisees) of our company-owned, or affiliate-owned, Mr. Sewer operating units' revenues to the fund. (See Section 11, Paragraph 8 for further details on the proposed Advertising Fund.)
- 4 Beginning in the thirteenth month of your franchise's operation, you must pay a minimum monthly Royalty of \$350, regardless of the total gross receipts collected for the period.

7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ¹	\$17,500 to \$29,500	Franchisees pay a lump sum at signing.	At signing of Franchise Agreement.	Mr. Sewer Franchising
Travel & Living Expenses while Training	\$500 to \$1,500	As Incurred	During Training	Airlines, Hotels, & Restaurants
Leasehold Improvements ²	\$0 to \$500	As Incurred	Before Opening	Local Vendors
Furniture & Equipment & Van Lease ³	\$9,500 to \$14,500	As Incurred	Before Opening	Mr. Sewer Franchising or other Vendors
Initial Inventory	\$1,000 to \$2,500	As Incurred	Before Opening	Vendors
Grand Opening Promotion ⁴	\$500 to \$1,500	As Incurred	Before Opening	Mr. Sewer Franchising or other Vendors
Miscellaneous Opening Costs ⁵	\$1,000 to \$2,500	As Incurred	Before Opening	Vendors
Security and Lease Deposits ⁶	\$0 to \$1,000	Before Opening	Before Opening	Landlord
Additional Funds ⁷	\$2,500 to \$5,000	As Incurred	During the initial 6-month period	Vendors
TOTALS	\$32,500 ¹ to \$58,500			

Notes:

- 1 No refunds are available on these amounts and they are considered earned when collected.

- 2 We anticipate that most franchises will be home-based or operate from a warehouse or small office. If you lease space outside your home, you may incur leasehold improvement costs and you will pay ongoing rental fees for the space.

3 Equipment includes items in the following chart:

Windows Compatible Notebook Computer with a minimum of 60 gigabytes hard drive and a processor running at 1.8 GHz or more, 512MB Ram, and a CD drive.	\$600 to \$1,250
Ink Jet or Laser printer	\$250 to \$400
Accounting, & Office Management Software	\$250 to \$750
Digital Camera, Cell Phone and Office Phone	\$250 to \$600
Root Removal Equipment & Hand Tools	\$7,550 to \$10,000
Desk, Chairs, Telephones, File Cabinets	\$100 to \$500
Van Lease	\$500 to \$1,000
TOTALS	\$9,500 to \$14,500

- 4 Grand Opening Promotion We have developed optional advertising campaigns that will introduce your services to your marketplace. We may execute this marketing program for you or have you work directly with the appropriate vendors.
- 5 Miscellaneous Opening Costs include costs of general liability insurance; office supplies; printed forms; the installation of telephone and DSL lines; government license fees and incorporation.
- 6 The figure for "Security Deposits" assumes that you will pay the first and last month's rent and typical utility deposits if you decide to open an office outside your residence.
- 7 Additional Funds estimates the cash or credit lines you should have available when you open your business to cover any expenses that exceed receipts during the first three to six months. These expenses include payments for any support services you may use, but not for you. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your Mr. Sewer services; competition; and the sales level reached during the initial period.
- 8 We relied on our management team's experience in the sewer and drain cleaning and repair industry to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All Mr. Sewer franchisees offer the same core menu of services under the Mr. Sewer name and are restricted from offering other products or services that have not been approved by us. Any materials you utilize in providing services and all products sold by your Mr. Sewer franchise must be approved by us. You will purchase your materials, equipment and start-up inventory from their manufacturers or from local distributors.

You must purchase a computer system in accordance with specifications in Section 7 and the accounting software program that is described in our Operations Manuals. These may be purchased from any vendor. You must also purchase software that will permit you to connect to the Internet and to communicate with us and other franchisees through email and attachments and to access web sites controlled by us and various vendors.

You may be required by standards that we establish to purchase certain supplies from us or other distributors. From time-to-time, we may negotiate for volume discounts that may only be available if you purchase from us but we anticipate that most discounts will also be available when buying directly from the manufacturer or their distributor. Our

standards and specifications for items such as equipment and supplies are formulated based on our historical experience in the business.

We do not have any purchasing cooperatives and we do not grant any material benefits to franchisees based on their purchases of any products or services, other than those outlined in the previous paragraph.

You must also purchase letterhead, business cards, marketing materials and supplies in accordance with quality standards set forth in the Operations Manual. These specifications include standards for quality, reliability and delivery. These products may be offered by us but may be purchased from any vendor of your choosing. There are no approved vendors in which our officers own an interest.

We estimate that approximately 20% of your opening investment will be purchased from us or our affiliates and we anticipate that no more than 10% of your future purchases will be made from us or our affiliates.

In 2008, no revenues came from the sale of products or services to franchisees.

9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2 and 4D of Franchise Agreement	Items 7 and 11
b. Pre-opening purchase/leases	Sections 4 and 5 of Franchise Agreement	Items 6 & 7
c. Site development and other pre-opening requirements	Sections 2, 4 and 5 of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Sections 4A & 5A of Franchise Agreement	Item 11
e. Opening	Sections 2, 5B, & 5C of Franchise Agreement	Item 5 & 11D
f. Fees	Section 3 & 6 of Franchise Agreement	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Section 5 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Section 5C of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 5C of Franchise Agreement	Items 8 & 16
j. Warranty and customer service requirements	Section 5B, 5C & 5E of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Section 6A of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Section 5E of Franchise Agreement	Items 8 & 16

Obligation	Section in Agreement	Disclosure Document Item
m. Maintenance, appearance and remodeling requirements	None	None
n. Insurance	Section 5I of Franchise Agreement	Items 7 and 11
o. Advertising	Section 5G of Franchise Agreement	Items 6 and 7
p. Indemnification	Section 7 of Franchise Agreement	Item 13
q. Owner's participation/management/staffing	Section 5B of Franchise Agreement	Item 15
r. Records and reports	Sections 5H, 6A & 6B of Franchise Agreement	Item 6
s. Inspections and audits	Section 5H of Franchise Agreement	Item 6
t. Transfer	Section 11 of Franchise Agreement	Items 6 and 17
u. Renewal	Section 8 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Section a Mr. of Franchise Agreement	Item 17
w. Non-competition covenants	Section 15 & Addendum B of Franchise Agreement	Item 17
x. Dispute resolution	Sections 18 & 20 of Franchise Agreement	Item 17
y. Other (National Account Administration)	Sections 4F, 4G, 5H & 5I of Franchise Agreement	Item 11

10. FINANCING

We do not offer financing or guarantees of any other costs or leases associated with opening or operating your franchise.

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

Except as listed below, Mr. Sewer Franchising is not required to provide you with any assistance.

A. Prior to Opening:

- 1 We will assign your Protected Territory and protect you from having another franchisee, us, or our affiliates, perform sewer or drain cleaning and repair services in your territory without your approval. Your territory will be based on county boundaries. (Franchise Agreement - Paragraph 2 and Addendum A)
- 2 Within 90 days of your signing the Franchise Agreement, we will provide a 5-day class called the **Mr. Sewer Academy** to train you and one other person at or near our Peoria headquarters. You may not open your Franchise until at least one member of your management team has successfully completed this training which is available only to Franchisees and General Managers. Your training is based on our various Manuals. (Franchise Agreement - Paragraph 4, Section A).

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Industry Overview, Pricing, Services & Competition	2	0	Mr. Sewer Franchising Classroom
Targeting Your Market Choosing & Executing your Marketing Plan	2	0	Mr. Sewer Franchising Classroom
Handling the Initial Inquiry & Setting the Appointment	4	0	Mr. Sewer Franchising Classroom
On Site Needs Analysis and Setting a Price.	4	0	Mr. Sewer Franchising Classroom
Marketing & Advertising	2	0	Mr. Sewer Franchising Classroom
Administration, Finance & Computer Software	2	2	Mr. Sewer Franchising Classroom
Equipment & Maintaining Inventory	2	2	Mr. Sewer Franchising Classroom
Field Training	0	16	Mr. Sewer Franchising Classroom

The cost of this training is included in your Initial Franchise Fee but you must pay your travel and living expenses for the 5 days you will spend learning our system. We will provide a training class when one or more franchisees have signed their Franchise Agreements, paid their Initial Franchise Fees, and are ready to begin operations. The training program is conducted by our officers Bruce, Martin and Lorreta Winborn. Classroom training occurs at, or near, our headquarters in Peoria, Illinois. On-the-job training occurs either by phone or visit from our personnel in your city. If we visit your city for training, you must reimburse us for travel, accommodations and meals.

B. During the operation of the franchised business, we will:

1. Provide your unit's contact information on our website to assist prospects in contacting your franchise. (Franchise Agreement - Paragraph 4, Section D)
2. Maintain a telephone advisory service to provide a prompt response to your sales, operational, administrative and management questions regarding the operation of your franchise. (Franchise Agreement - Paragraph 4, Section A, (ii))
3. Lend you a copy of our Operations Manuals which contain mandatory and suggested specifications, standards and procedures. These manuals are confidential and remain our property. We may modify these manuals, but the modification will not alter your status and rights under the Franchise Agreement. (Franchise Agreement - Paragraph 4, Section B). The table of contents of our current Operations Manuals follow this section. These manuals currently encompass approximately 125 pages.
4. When a sufficient quantity of franchises are operating, we will hold annual conferences to discuss improvements in the Mr. Sewer system, sales and pricing techniques, improved operating techniques, quality control, advertising programs and accounting. We may or may not charge you a conference fee but you must pay all your travel and living expenses. These elective conferences may be held near our Peoria headquarters or at other locations of our choosing. (Franchise Agreement - Paragraph 4, Section B)
5. We may, from time-to-time, develop advertising and marketing materials for use in your territory. You will receive samples of these items at no charge. If you want additional copies, you must pay us or other vendors for them. You may develop advertising materials for your own use, at your own cost. We must approve these materials in writing in advance of their use. Your franchise agreement requires that you spend at least 1.5% of your franchise unit's total gross receipts in local marketing. In addition, in the future, we may require that you and all franchisees pay up to 2% of monthly total gross receipts into a National Advertising Fund that will be administered by us. Each year that the fund is active, a compilation of its financial activities will be prepared by an independent CPA and shared with all franchisees. In addition, any advertising funds not spent in the year collected will remain in the fund to be expended in future years. Such a program will not be initiated earlier than when 15 franchises exist. At such time, if ever, that an Advertising Fund is implemented, we will contribute two percent (2%) (or any lower system-wide percentage rate which is identical to that paid by franchisees) of our company-owned or affiliated company-owned Mr. Sewer units' receipts to the fund. (Franchise Agreement - Paragraph 4, Section E)
6. Identify new services and products and train you in methods for implementing them in your business. We will also provide you with information about developments in the industry that may impact your business. (Franchise Agreement - Paragraph 4, Section B).

C. Computer Purchases

You are required to have a notebook computer for developing a database of your prospects and clients; scheduling your appointments; generating bids and proposals; maintaining communications over the Internet and to produce your accounting records. Your system and its software must properly communicate with our systems to permit report submissions and to access the Internet for communicating with us. You will also need the accounting software package that we specify. While we have researched the products available and are confident in our selection, we reserve the right to require utilization of new software solutions in the future. We estimate that your computer and software, together will cost between \$250 and \$750. The software you will use is available on the open market and we expect it will only be updated every two or three years. (Franchise Agreement - Paragraph 4, Section C)

D. Site Selection and Opening

We anticipate that franchisees will typically open their units 1 to 3 months after they sign a franchise agreement. If you choose to open an office or warehouse outside your residence, it must be within your

protected territory and you must obtain our approval before you sign your lease. The factors that affect the time to open your unit may include your ability to obtain a lease (if you choose to open an office outside your residence), financing, and delayed delivery of equipment. There is a requirement that you open your franchise within 180 days of signing your Franchise Agreement, unless you receive a written extension of this time. (Franchise Agreement - Paragraph 4, Section D)

E. Insurance and Indemnification

You must maintain adequate insurance and indemnity coverage throughout the term of your Franchise Agreement and any extension thereof as mandated by our Operations Manuals. You must also indemnify, or reimburse us for, any losses or expenses we incur as a result of your actions or inaction. You must obtain coverages provided by a carrier with an A.M. Best rating of A or higher, and in connection therewith to identify us as a named insured to the extent of our interest.

Prior to opening your business, you must deliver to us certificates or policies evidencing that your insurance is in full force and effect, and each year during the term of this Agreement, you must furnish premium receipts or other satisfactory evidence that such policies have continued in effect. Should you fail to maintain the required insurance, or furnish proof thereof, we have the option to obtain such insurance for you at your sole cost. You must promptly notify us of any and all claims under said policies of insurance against your franchise, us and/or our employees or agents of either.



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PROCEDURES MANUAL

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12. TERRITORY

You will receive a Protected Territory that encompasses an area with at least 200,000 residents that will be defined by zip codes, county boundaries, or highways and natural boundaries. You are free to solicit, market, sell and provide drain and sewer clean-out, repair and similar services under the Mr. Sewer name only in markets that are not within the protected territories of other franchisees, us or our affiliates. Should you establish an account in a market that is subsequently assigned to a franchisee, it will be assigned to that franchise and you will be prohibited from servicing that account further unless invited to do so by the local franchise owner. In addition, you may not, unless advertising with other Franchisees of Mr. Sewer, advertise in telephone, internet or other directories that target areas outside your protected territory nor may you establish mailing addresses for your Mr. Sewer business that would lead others to believe that you have authorization to service clients outside of your Protected Territory.

We will not establish other franchises or company-owned offices drain and sewer clean-out, repair and similar services under a different trade name, or service mark in your protected area.

Neither we, nor our affiliate, reserve the right to use other channels of distribution to make sales within your Protected Territory either under the Mr. Sewer name nor any other mark.

As long as you are in compliance with the terms of your Franchise Agreement, you have the right to purchase additional Protected Territory on an "as available" basis for a fee of \$100 per 1,000 residents.

You do not have to generate a minimum level of gross receipts to maintain your franchise, although there will be a minimum monthly royalty due beginning in the thirteenth month of operations as described in Section 6.

You are required in Section 5B of your Franchise Agreement to complete your initial training within 90 days and commence business operations within 180 days after signing your Franchise Agreement. Failure to do so constitutes a breach of your Franchise Agreement. We may extend this deadline upon written request by you containing your reasons for the delay and your estimate of your opening date.

13. TRADEMARKS

We grant you the right to operate one or more offices and to market your services under the name "Mr. Sewer" within a Protected Territory. You may also use current and future trademarks and service marks we register to identify your business and its products and services. Our founder, Bruce E. Winborn owns the rights to the Mark: **Mr. Sewer** which was registered with the United States Patent and Trademark Office Principal Register on December 18, 2001, and assigned Registration Number 2520401. We have been given the exclusive rights to use the mark in franchising by Mr. Winborn under the terms of a 20 year agreement that is automatically renewable.

You must follow our rules when you use these marks. You cannot use our name or our marks as part of your corporate (or other entity) name or with modifying words, designs or symbols except for those which we license to you. You may not use Mr. Sewer's registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

Your conduct on the Internet, including without limitation, your use of the Marks on the Internet and in domain names for the Internet, is subject to the provisions of the Franchise Agreement. We reserve the right to establish and modify, from time to time, rules which will govern your conduct and use of the Internet in connection with your Mr. Sewer franchise business, and you must agree to abide by such rules. At the present time, only Mr. Sewer Franchising is permitted to maintain a website using our marks and promoting the franchise system. Your rights to use the Marks and our Business System will terminate when the Franchise Agreement terminates or expires.

There are no currently effective material determinations in the United States Patent and Trademark Office, Trademark Trial and Appeal Board, any state trademark administrator or any court, any pending infringement, opposition or cancellation, or any pending material litigation involving our trademarks.

There are no agreements in effect which significantly limit our rights to use or license the use of said service mark or trademark in any manner material to the franchise.

We are not aware of any infringing uses which could materially affect your use of such service mark.

You agree in the Franchise Agreement to indemnify and hold us harmless from all liability which we may incur in connection with the operation of the franchised business by you. This indemnity does not, however, extend to actions brought against us or you by one claiming infringement on such claimant's service mark, trade mark or trade name rights, so long as such claim is based on the proper use by you of the proprietary marks licensed by the Franchise Agreement. Mr. Sewer Franchising obligates itself in the Franchise Agreement to protect the proprietary marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the proper use of the marks.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You may use the proprietary information in our Operations Manuals described in Item 11. Although we have not filed an application for a copyright registration for the Operations Manuals, we claim a copyright, and the information is proprietary. Item 11 describes limitations on the use of this manual by you and your employees. You must also promptly tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we deem appropriate.

We do not own any patents and there are no applications pending for patent rights.

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

While we do not require that you personally supervise the business, the franchise must be directly supervised, on a day to day basis, by a manager who has successfully completed our training program. The manager may not have an interest or business relationship with any of our business competitors. The manager need not have an ownership interest in a corporate or partnership-run franchise but he or she must sign a written agreement to maintain the confidentiality of the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

Each individual who owns a 5% or greater interest in the franchise entity, who has not signed the Franchise Agreement, must sign a Guarantee assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement. (See Addendum D of the Franchise Agreement.)

16. RESTRICTIONS OF WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell all the core services that we have approved under our brand that we may modify from time-to-time (see Item 9) and that you only utilize equipment and products approved by us. There is no limitation of our right to modify the list of approved services that you must provide.

17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or other Agreement	Summary
a. Length of the franchise term	Section 8	The term is 10 years.
b. Renewal or extension of the term	Section 8	If you are in good standing you can renew for additional 10 year terms.
c. Requirements for franchisee to renew or extend	Section 8	Sign new agreement, (that new agreement may contain terms different from your current agreement but your territory will not change); pay any balances outstanding; sign a release and pay renewal fee.
d. Termination by franchisee	Sections 3 & 9A	Not Permitted
e. Termination by franchisor without cause	Section 9B	Not Permitted
f. Termination by franchisor with cause	Section 9C	We can terminate only if you default.

Provision	Section in Franchise or other Agreement	Summary
g. "Cause" defined—curable defaults	Section 9C	Curable defaults: failure to open your franchise within 180 days of signing your Franchise Agreement, non-payment of fees, non-reporting, failure to meet Franchise Agreement standards, non-compliance with local law, poor business practices (as defined), failure to obtain non-compete agreements from managers, operating from a non-approved site, offering services in another name or outside of protected territory.
h. "Cause" defined—non-curable defaults	Section 9C	Non-curable defaults: conviction of felony, repeated defaults (even if cured), abandonment, trademark misuse, unapproved transfers, bankruptcy, insolvency, or false statements on applications or reports.
i. Franchisee's obligations on termination/non-renewal	Section 10	Obligations include complete de-identification and payment of amounts due (see also r, below).
j. Assignment of contract by franchisor	Section 11C	We may assign our rights.
k. "Transfer" by franchisee—defined	Section 11B	Includes transfer of contract, or assets, or ownership change.
l. Franchisor approval of transfer by franchisee	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 11B	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, all fees owed by you paid, and current agreement signed by new franchisee (also see r, below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11E	Right of first refusal is reserved by us. We will have 10 days to notify you of our intention to meet the terms of a buyer and 45 days to complete a purchase.
o. Franchisor's option to purchase franchisee's business	None	None exists.
p. Death or disability of franchisee	Sections 11 and 11B	Your estate and/or beneficiaries can inherit your rights as long as a qualified manager runs your franchise.
q. Non-competition covenants during the term of the franchise	Section 15	No involvement in competing business anywhere in the U.S., Canada, or Mexico.
r. Non-competition covenants after the franchise is terminated or expires	Section 15	You may not own nor manage a competing business for 2 years within 50 miles of your protected territory (including after assignment) nor may you provide our core services for any client that you serviced during your franchise term.
s. Modification of the agreement	Section 16	No modifications generally unless agreed to in writing by both parties but Operations Manual is subject to change.
t. Integration/merger clause	Section 16	Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable.
u. Dispute resolution by mediation or arbitration	Section 18	Except for certain claims, all disputes must be first mediated, then arbitrated in Peoria, Illinois.
v. Choice of forum	Section 20	Litigation must be in the United States District Court for the Illinois Central District, Seventh Circuit, or the State Court in Peoria County, Illinois.
w. Choice of law	Section 20	Illinois law applies.

18. PUBLIC FIGURES

We do not use any celebrities or public figures to promote our franchise to the public at large or to those considering purchasing our franchises.

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.

Except as set forth below, we do not furnish nor authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Mr. Sewer franchise. Actual results will vary from unit to unit, and we cannot estimate the results of any particular franchise.

As of the date of this Disclosure Document, we do not have any franchisees and therefore have no actual operating results from franchisees. The information below is based upon the performance of our affiliate, a Proprietorship of Mr. Bruce E. Winborn, d/b/a Mr. Sewer which operates a business similar to that offered franchisees through this Disclosure Document in the Peoria marketplace. That business began in 1982 and continues serving property owners in its home market. There can be no assurance that the performance of our franchisees will be similar.

The template set forth below is intended to serve as a tool for you to forecast your potential receipts and gross profits from the operation of your franchise. The information provided in the template must be read in conjunction with the notes set forth before and immediately following the template. Although there may be considerable differences between various markets for the services that will be offered by our franchisees, we believe that our experience provides a reasonable basis for all of the information provided below. Our basis for the information set forth will be provided upon reasonable request.

CAUTION: These revenue streams represent volumes that we believe can realistically be achieved *after your first 90 to 180 days in operation* which usually commences 4 to 8 weeks after signing your agreement and 1 to 2 weeks after you complete training. These Potential Gross Receipts calculations are based on monthly averages of sewer cleaning and repair jobs produced by our affiliate in one territory including a population of approximately 200,000 in central Illinois similar to those offered in this Disclosure Document. Each column represents Average Monthly Receipts during the Quarter assuming your marketing and conversion of leads generates the average number of jobs per month shown in the following row. There is no assurance that you'll do as well. Economic conditions may cause you to pay more for promotional products and services that are critical to your success or reduce the willingness of your prospects to invest in your services. If you rely upon our figures, you must accept the risk of not doing as well. The revenue that you achieve for each service will vary depending on market demand, local competition, your selling skills and other factors, some of which may be beyond your control.

Potential Receipts					
Year 1	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
<u>Average Monthly Receipts</u>	<u>\$ 3,000</u>	<u>\$ 5,165</u>	<u>\$ 6,500</u>	<u>\$ 7,000</u>	<u>\$ 65,000</u>
Average Monthly Jobs @\$100	30	51	65	70	650
Year 2	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
<u>Average Monthly Receipts</u>	<u>\$ 6,900</u>	<u>\$ 7,015</u>	<u>\$ 7,130</u>	<u>\$ 7,360</u>	<u>\$ 85,000</u>
Average Monthly Jobs @\$115	60	61	62	64	740
Year 3	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
<u>Average Monthly Receipts</u>	<u>\$ 8,250</u>	<u>\$ 8,250</u>	<u>\$ 8,375</u>	<u>\$ 8,500</u>	<u>\$ 100,000</u>
Average Monthly Jobs @\$125	66	66	67	68	800

Expenses¹
 Rent
 Telephone
 Supplies
 Insurance
 Office Expenses
 Interest
 Lease Payments
 Licenses & Fees
 Bank Fees
 Payroll Service
 Accounting & Legal
 Internet Services
 Local Advertising - 1.5%
 Royalties - 10%
 Net Profit

¹ General and Administrative Expenses—especially rent (if you choose to open an office outside your home)—vary widely from market to market and we have not attempted to estimate these.

20. OUTLETS AND FRANCHISEE INFORMATION
ITEM 20 TABLE NO. 1
Systemwide Outlet Summary
For Years 2006 to 2008

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2006	NA	NA	NA
	2007	NA	NA	NA
	2008	NA	NA	NA
Company-Owned*	2006	1	1	0
	2007	1	1	0
	2008	1	1	0
Total Outlets*	2006	1	1	0
	2007	1	1	0
	2008	1	1	0

*This office is owned by our affiliate, the Proprietorship of Mr. Bruce E. Winborn, d/b/a Mr. Sewer.

ITEM 20 TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2006 to 2008

State	Year	Number of Transfers
Illinois	2006	NA
	2007	NA
	2008	NA
Total	2006	NA
	2007	NA
	2008	NA

ITEM 20 TABLE NO. 3
Status of Franchised Outlets
For Years 2006 to 2008

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
	2006	NA	NA	NA	NA	NA	NA	NA
	2007	NA	NA	NA	NA	NA	NA	NA
	2008	NA	NA	NA	NA	NA	NA	NA
Totals	2006	NA	NA	NA	NA	NA	NA	NA
	2007	NA	NA	NA	NA	NA	NA	NA
	2008	NA	NA	NA	NA	NA	NA	NA

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets
for Years 2006 to 2008

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Illinois*	2006	1	0	0	0	0	1
	2007	1	0	0	0	0	1
	2008	1	0	0	0	0	1
Totals*	2006	1	0	0	0	0	1
	2007	1	0	0	0	0	1
	2008	1	0	0	0	0	1

*This office is owned and operated by our affiliate, the Proprietorship of Mr. Bruce E. Winborn, d/b/a Mr. Sewer.

An estimate of the total number of Franchises to be sold or granted during the one year period following the date of this disclosure document is outlined in the following chart.

ITEM 20 TABLE NO. 5
Projected Openings as of December 31, 2008

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Openings in Next Fiscal Year
Illinois	0	3	0
Indiana	0	1	0
Ohio	0	2	0
Totals	0	6	0

FRANCHISED UNITS OPEN AS OF DECEMBER 31, 2008

We did not sell any franchises prior to December 31, 2008 and therefore, there were no Franchised Units that closed during the year ended December 31, 2008.

There are no franchisees whose franchise has, within the twelve-month period immediately preceding the date of this Disclosure Document, been terminated, canceled, not renewed or, who has, during the same time period, otherwise voluntarily or involuntarily ceased to do business pursuant to the Franchise Agreement, or has not communicated with us within the ten weeks prior to the date of application of this registration. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed any confidentiality clauses with any current or former franchisees which would in any way restrict their ability to speak with you openly about their experience with Mr. Sewer Franchising, Inc.

There are no trademark specific franchisee organizations associated with the franchise system, nor are there any independent franchisee organizations that have asked to be included in this disclosure document.

21. FINANCIAL STATEMENTS

The company's Audited Financial Statements dated September 12, 2009 are attached hereto as Exhibit A. Operations of the company began on September 12, 2009. Our fiscal year ends December 31.

22. CONTRACTS

Attached hereto are the following documents:

- EXHIBIT A -- Audited Financial Statements dated September 12, 2009.
- EXHIBIT B -- Sample Non-Disclosure and Non-Competition Provisions for General Managers
- EXHIBIT C -- Schedule of State Agencies
- EXHIBIT D -- State-Specific Amendments
- EXHIBIT E -- Franchise Agreement
 - Addendum A -- Franchisee's Protected Territory
 - Addendum B -- Closing Acknowledgments
 - Addendum C -- Approved Location Acknowledgment
 - Addendum D -- Guaranty
 - Addendum E -- State Law Addendum

23. RECEIPT

The last two pages of this Disclosure Document are duplicate copies of our Receipt acknowledging that you have received this Disclosure Document. You are required to sign each Receipt and return one copy to us at the address on the cover.

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

Financial Statements

MR. SEWER FRANCHISING, INC.

Audited Financial Statements Dated

September 12, 2009

PEG PHILLIPS, CPA, P.C.

293 HERMAN ST.
PEKIN, IL 61554
(309) 346-9688

INDEPENDENT AUDITOR'S REPORT

Dear Gentlepersons,

We have audited the accompanying Balance Sheet of Mr. Sewer Franchising, Inc (the Company) as of September 12, 2009. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Mr. Sewer Franchising, Inc as of September 12, 2009 in conformity with accounting principles generally accepted in the U.S.

Handwritten signature of Peg Phillips, CPA PC.

October 2, 2009

MR SEWER FRANCHISING INC

Balance Sheet

As of September 12, 2009

ASSETS	
Current Assets	
Checking/Savings	
Checking	10,000.00
Total Checking/Savings	<u>10,000.00</u>
Total Current Assets	10,000.00
Other Assets	
Franchising Package	29,925.00
Start-up Costs	1,125.00
Intangible Assets	2,500.00
Total Other Assets	<u>33,550.00</u>
TOTAL ASSETS	<u>43,550.00</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	17,625.00
Total Accounts Payable	<u>17,625.00</u>
Other Current Liabilities	
Advances from Shareholder	15,925.00
Total Other Current Liabilities	<u>15,925.00</u>
Total Current Liabilities	<u>33,550.00</u>
Total Liabilities	33,550.00
Equity	
Capital Stock	10,000.00
Total Equity	<u>10,000.00</u>
TOTAL LIABILITIES & EQUITY	<u>43,550.00</u>

MR. SEWER FRANCHISING, INC
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE FINANCIAL STATEMENT

NOTE A – DESCRIPTION OF BUSINESS

Mr. Sewer Franchising, Inc (the Company) is an Illinois corporation incorporated on August 20, 2009. The Company will offer franchises for the right to use the name, logo, and technical solutions developed by the Company related to the trade of sewer installation and repair. In addition, the Company intends to market, sell, and conduct educational programs related to this trade.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting – The Company reports its financial statements for financial reporting using the accrual method of accounting.

Cash and Cash Equivalents – The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. The Company has experienced no historical loss as a result of this risk.

Basis of Presentation and Estimates – Preparation of the Company's financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statement and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Initial Franchise and Development Fees – Initial franchise fees will be recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed. Initial franchise fees collected by the Company before all material services and conditions are substantially performed will be recorded as deferred franchise sales revenue. These costs will be allocated (and incurred) when all material services or conditions of the agreement as outlined in the contract have been completed. To date no franchises have been offered for sale.

Income Taxes – The Company has elected to form as an S-Corporation and will be treated for income tax purposes as a flow-through entity. Accordingly, taxable income and losses of the Company are reportable by the stockholders and no provision for federal income taxes has been recorded in the accompanying financial statement. Profits and losses under Illinois state income tax laws are treated the same as for federal income tax purposes. Therefore, no provision for state income taxes has been recorded in the accompanying financial statement.

NOTE C – FRANCHISE DEVELOPMENT COSTS AND OTHER INTANGIBLES

Intangible assets can consist principally of the excess of cost over the fair value of net assets acquired (or goodwill), intellectual property and other intangible assets. The Company has established an intangible asset for the cost of developing its unique franchise system.

The entire cost of the Franchising Package has been recorded as an Other Asset with the unpaid portion booked as an Accounts Payable. Other intangible assets include Start-up Costs, which includes attorney and accountant's fees, and the generic account Intangible Assets, which includes such costs as development of trademarks and logos.

The Company has adopted Statement of Financial Accounting Standards (SFAS) 142, Goodwill and Other Intangible Assets. SFAS 142 requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives (such as franchise development costs) are amortized over their estimated useful lives.

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Franchise development costs will be amortized by the Company on a straight-line basis over three years. Intangible assets with finite lives such as the franchise development costs are reviewed for impairment if events or changes in circumstances indicate that the carrying amount might not be recoverable.

NOTE D – DEVELOPMENT STAGE OPERATIONS

The accompanying financial statement is presented in accordance with Statement of Financial Accounting Standard (SFAS) No. 7, *Accounting and Reporting by Development Stage Enterprises*. According to SFAS No. 7 an enterprise shall be considered to be in the development stage if it is devoting substantially all of its effort to establishing a new business and planned principal operations have not commenced, or planned principal operations have commenced, but there has been no significant revenue there from.

From inception to this report date the Company did not have any revenues and did not have significant financial transactions beyond initial funding to establish its existence. The Company's activities have been focused only on organizational tasks. Significant operations are expected to commence upon completion of the Company's Franchise Disclosure Document.

During the development stage of the Company, certain administrative support functions and associated costs of the Company may be provided by the stockholders. In the future, the stockholders may charge the Company for these in the form of a management fee. No such charges have been made or recorded in the accompanying financial statement.

The financial statement has been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of its business. The financial statement does not give effect to any adjustments that might be necessary if the Company were unable to meet its obligations or continue operations.

EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT

SAMPLE NON-DISCLOSURE AND NON-COMPETITION PROVISIONS FOR GENERAL MANAGERS

1. In consideration for employment, the undersigned, wishing to become the General Manager of _____, a Franchisee of MR. SEWER FRANCHISING, INC. (hereinafter referred to as Franchisor), agrees to take Franchisor's basic course in management of a company offering drain and sewer clean-out, repair, maintenance and similar services within 30 days of the date hereof.

2. The undersigned shall not disclose to any unauthorized person any information pertaining to the Franchisee's business, including information concerning cleaning and repair techniques or services, procedures, equipment, products or procedures, the Franchisee's marketing methods, advertising methods, product mix, sources, pricing techniques and any other information represented as confidential by the Franchisee to the undersigned, without the Franchisor's specific written consent during the term of employment nor for three (3) years thereafter.

3. The undersigned shall not be involved directly nor indirectly, as manager, general manager, sales agent, sales or management level employee, consultant, owner, or representative, in any business or business activity which is engaged wholly or partially in the business of selling or providing sewer and drain cleaning, repair, maintenance and other services or any business substantially competitive with Franchisee's business, anywhere within an area defined by a fifty (50) mile radius of Franchisee's Protected Territory, during the term of employment, nor for a period of two years after its termination.

4. The undersigned expressly acknowledges and represents that, prior to entering into this Agreement, he/she was employed and earned a living in some occupation other than that contemplated by this Agreement, and would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event he/she was prohibited from engaging in the business of selling or providing sewer and drain cleaning, repair, maintenance and other services.

The undersigned acknowledges that a copy of this Agreement will be immediately provided to Mr. Sewer Franchising, Inc., which is an intended third party beneficiary with the right to bring an action under this provision.

The undersigned further acknowledges that he/she has received a copy of this Agreement.

Franchisee

Printed Name

Signature

Signature

Date

EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT

SCHEDULE OF STATE AGENCIES

California

Commissioner of Corporations
Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013-1105
(213) 736-2741

Hawaii

Department of Commerce & Consumer Affairs
335 Merchant Street, #203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

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

Indiana

Agent
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Administrator

Securities Commissioner
Indiana Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Agent for Service of Process

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

Inquiries About Franchise Matters

Office of Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-7044

Michigan

Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept. Of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Minnesota Dept. Of Commerce
85 Seventh Place East, Suite 500
St. Paul, Minnesota 55101
(651) 296-6328

New York

Bureau of Investor Protection & Securities
New York State Dept. Of Law
23rd Floor
120 Broadway
New York, New York 10271
(212) 416-8211

North Dakota

Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 224-4712

Rhode Island

Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903
(401) 277-3048

South Dakota

Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4013

Virginia

Agent for Service of Process
Clerk of the State Corporation Commission of Virginia
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

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

Washington

Department of Financial Institutions
Securities Division
P.O.Box 9033
Olympia, Washington 98507-9033
(206) 753-6928

Wisconsin

Securities & Franchise Registration
Wisconsin Securities Commission
P.O.Box 1768
Madison, Wisconsin 53701
(608) 266-8559

EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC AMENDMENTS

The following information supplements our Franchise Disclosure Document and supersedes any conflicting information contained in the main body of the Disclosure Document.

FOR RESIDENTS OF THE STATE OF CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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

The Franchise Agreement requires application of the laws of the State of Illinois. This may not be enforceable under California Law.

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

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

You must sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

Illinois State Law Appendix

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, ILCS 705/19 and 705/20.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act is void."

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

Minnesota State Law Appendix

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

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

For residents of Virginia.

In Recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Enviro-Tech Pest Franchises, Inc., for use in the Commonwealth of Virginia shall be amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Washington State Law Appendix

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

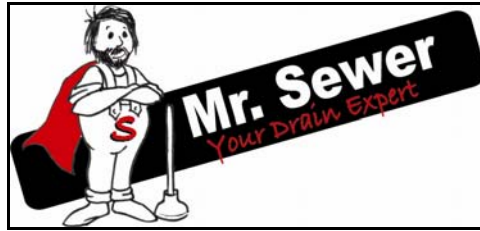
In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights of remedies under the act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT



Franchise Agreement

(with Addenda)

MR. SEWER FRANCHISING, INC.

**MR. SEWER FRANCHISING, INC.
FRANCHISE AGREEMENT**

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MR. SEWER FRANCHISING, INC
FRANCHISE AGREEMENT

AGREEMENT made this _____ day of _____, 20__ by and between MR. SEWER FRANCHISING, INC., an Illinois Corporation, having its principal place of business at 341 Lawnridge Drive, Creve Coeur, IL 61610 (hereinafter referred to as "Franchisor") and

_____ of _____ in
the State of _____, (hereinafter referred to as "Franchisee").

WHEREAS, Franchisor has acquired experience, skills and knowledge with reference to the development, opening and operation of a business offering sewer and drain cleaning, repair, maintenance and other services for residential and commercial properties under the Mr. Sewer logo; and

WHEREAS, Franchisor owns the sole owner to the right for use in franchising to the title and interest in and to the service mark "Mr. Sewer" for which application for registration was recorded on December 18, 2001 by the United States Patent and Trademark Office Principal Register (registration application Serial Number 2520401);

Franchisor's founder, Bruce E. Winborn, is the sole owner to the right, title and interest in and to the trademark "Mr. Sewer[®]" which was registered on the United States Patent and Trademark Office Principal Register on December 18, 2001, Registration Number 2520401 (the Trademark"). Mr. Winborn, has granted Franchisor the exclusive license to use this Trademark in franchising, and

WHEREAS, Franchisee desires to obtain from Franchisor a franchise to operate a business that will conduct sewer and drain cleaning and repair and other related services for residential and commercial properties in one protected territory and in connection therewith to use the Trademark, to employ the Franchisor's business techniques, approved product lines, and systems, and to benefit from its experience and knowledge;

NOW, THEREFORE, the parties hereto, in consideration of their mutual promises herein contained, and for other good and valuable consideration acknowledged by them to be adequate, do hereby agree as follows:

1. APPOINTMENT

Franchisor hereby grants unto Franchisee and Franchisee hereby accepts the right, license and privilege to use and benefit from the Franchisor's techniques, skills, experience, knowledge, and current and future Proprietary Marks in the operation of one Mr. Sewer business under the conditions hereinafter set forth. Franchisor further grants to Franchisee the right to operate its business only in the Protected Territory described in Addendum A. The term "franchise" as used herein shall mean either the right, license or privilege so granted hereunder, or the business to be operated by the Franchisee, or both, as the context would so dictate.

Initials

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Franchisee acknowledges that it has no exclusive rights to use any of the Marks or any part of the franchised system anywhere outside the franchisee's territory described herein, and Franchisor may license to others, or use the Marks itself in any manner it chooses, in its sole discretion. Franchisor acknowledges that, as long as Franchisee is in compliance with the terms of this agreement, it will prevent other franchisees from providing services within the Franchisee's territory as described in Addendum A without Franchisee's consent.

2. SITE SELECTION AND PROTECTED TERRITORY

The Franchisee must operate this business from a residence or a commercial site approved by the Franchisor in writing that is in compliance with local business codes.

Franchisee may market and provide its sewer and drain cleaning, repair and other services only within the Protected Territory as it is defined in Addendum A of this Agreement or in areas that do not lie within another Franchisee's Protected Territory or areas serviced by Franchisor or its affiliates. Franchisee may only provide its services in another Franchisee's Protected Territory when specifically invited to do so by said Franchisee or by Franchisor. In addition, Franchisee may not, unless in conjunction with other Mr. Sewer Franchisees, advertise in telephone, internet or similar directories that target areas outside of Franchisee's protected territory nor establish mailing addresses for the Mr. Sewer business or make other representations to potential clients that would lead others to believe that Franchisee has facilities or authorization to operate outside of its Protected Territory.

So long as Franchisee is in full compliance with this Agreement, Franchisor will not open, nor permit others to open, a Mr. Sewer business offering sewer and drain cleaning, repair and other related services within the Protected Territory described in Addendum A. Franchisor retains the right to use or grant the rights to others to use the Mr. Sewer name in any area outside of the Protected Territory.

Franchisor reserves the right to assign job inquiries to another franchisee or complete jobs itself (or through its affiliate) if such inquiries are not responded to promptly.

As long as Franchisee is in compliance with the terms of this Franchise Agreement, Franchisee will have the right to purchase additional contiguous Protected Territory on an "as available" basis for a fee of \$100 per 1,000 residents.

3. INITIAL FRANCHISE FEE AND RELATED CHARGES

In consideration of the franchise and rights granted to Franchisee herein, Franchisee shall pay to Franchisor an Initial Franchise Fee of \$_____ for the rights to open one Mr. Sewer business to service the Protected Territory defined in Addendum A. Payment of this fee must be made in a lump sum at the time of the signing of this agreement.

Initials

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4. OBLIGATIONS OF THE FRANCHISOR

Franchisor hereby agrees to do the following:

A. Training. Franchisor will conduct or arrange for the following training programs for Franchisee:

(i) "Mr. Sewer Academy" This five-day program covers basic management and operation of a Mr. Sewer business and is conducted at Franchisor's Headquarters in Peoria, IL. Only Franchise owner(s) and Franchise General Managers may attend this program. Franchise General Managers shall not function in such capacity without having successfully completed such training program within thirty (30) days of hire or engagement. "Franchise owner(s)" shall mean partners, principal shareholders, officers, members or proprietors of the Franchise, as the case may be, according to the type of franchise business organization. The training program must be successfully completed prior to commencement of the franchise business. Failure by Franchisee (or its designee) to successfully complete such program may result in termination of this Franchise Agreement and all rights granted to Franchisee hereunder shall inure to the benefit of Franchisor. Each Franchisee shall have the right to enroll two (2) people in this school at no additional charge. The fee for training more than two owners or managers is currently \$750 per attendee, but is subject to change.

The duration, location and content of the training programs are established by the Franchisor and may be modified, including any fees, in the sole discretion of the Franchisor. If Franchisee seeks to have additional managers trained in excess of the limits stated above, they must be approved by Franchisor and the applicable training fees must be paid in advance. Travel, accommodations, and related expenses for all persons attending any of Franchisor's training courses shall be borne solely by Franchisee.

(ii) Advisory Service. Franchisor will provide a continuing advisory service which will include, but not be limited to, consultation on sewer cleaning and repair services, as well as, sales, marketing, business or technical problems with an analysis of Franchisee's market penetration, cost controls, and profitability. Franchisor may offer additional training and establish prerequisites or qualifications for those seeking to enroll in any such additional training course. Franchisor may furnish Franchisee with certain training aids for Franchisee to provide basic training to Franchisee's personnel without charge.

(iii) If Franchisor deems it appropriate, it may provide a competency examination to test the knowledge and skills in any of the above areas of expertise. A candidate passing such examination will have all rights and privileges as those who have successfully completed the related training program.

B. Operations Material. Franchisor will make available, at no additional cost to Franchisee, its confidential Operations Manuals and training material together with any revisions or amendments thereto which may be made by Franchisor from time to time during the term of this Agreement. Franchisor will regularly review new products, and services for Franchisee to deliver to its clients. When a sufficient number of Franchises are in operation, Franchisor will hold an annual convention for all Franchisees to attend in order to gain additional knowledge in the industry. Franchisee may be charged a fee to attend said convention and will be responsible for travel and lodging expenses while attending such conferences.

C. Approved Products. Any products or materials that are used within the Franchisee's business or sold to customers, must meet minimum standards or be approved by Franchisor, in writing, before use. Currently, all materials necessary for managing the business may be purchased from a variety of local or national vendors.

Initials

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D. Start-Up Assistance. To help Franchisee establish itself in its marketplace, Franchisor will help Franchisee coordinate marketing to a cross-section of the property owners in its Protected Territory. Franchisor will advise Franchisee on appropriate advertising and promotion, and provide ads and pricing models that have been successful in other markets.

E. Promotion. Subject to this Agreement, Franchisor agrees to provide advice and training in methods for selling, advertising, promoting and developing the franchised business. From time to time, Franchisor may develop marketing materials and newsletters to assist Franchisee in promoting its sewer and drain cleaning, repair, and maintenance services. Samples of such materials will be given to Franchisee and additional quantities may be purchased from the Franchisor or other vendors. If Franchisor elects to establish an Advertising Fund, it will assist those charged with administering the Fund with developing advertising promotions and materials.

F. Accounts and Contracts that call for servicing properties in two or more franchise territories will be designated National Accounts. The Franchisee that signs the account will be given a percentage of the Gross Sales generated by the client. Currently, that amount is 10% but Franchisor reserves the right to change this from time to time. Franchisor will also give the signing Franchisee the right of first refusal to service jobs in areas that are not assigned to existing Franchisees.

5. OBLIGATIONS OF THE FRANCHISEE

A. Training. Pursuant to Sections 4A, Franchisee agrees to attend and cause its designated General Management to attend and successfully complete the training programs referred to in Section 4A, in accordance with all of the terms and conditions set forth therein.

B. Commencement and Continuity of Operation. Franchisee agrees to complete its initial training and open its franchise business within 180 days from the date this Franchise Agreement is signed. Franchisee agrees to ensure that its phones are answered, either by an employee or electronically during normal business hours. Further, the owner(s) of the Franchise agree(s) to devote his or her full time and efforts to the promotion of the franchise or to have a General Manager devote his or her full time and efforts to the promotion of the success of the franchise. In such latter event, such General Manager must have completed successfully the training courses described in Section 4A.

Franchisee agrees to notify Franchisor 10 days in advance of any planned closings of the business and within 24 hours of the start of any emergency closings. Failure to communicate reasons and duration for closings may cause the Franchise to be deemed abandoned and suitable remedies may be commenced by Franchisor. In all circumstances, Franchisee agrees to make every reasonable effort to ensure that the Franchise's phones are answered, customers' needs are filled and cleaning or repair activities are provided with a lapse of no more than 10 business days.

C. Proprietary Marks.

(i) Franchisee agrees to use the Proprietary Marks so licensed only in accordance with the terms of this Agreement. Franchisee agrees that during the term of this Agreement, and thereafter, Franchisee shall not,

Initials

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directly nor indirectly, contest the validity of ownership by Franchisor of the Proprietary Marks so licensed hereunder. Franchisee further agrees promptly to notify Franchisor of any claim, demand or suit brought upon it by any other person, firm or corporation to use the Proprietary Marks licensed hereunder.

(ii) Franchisor acknowledges its obligations to police the use of the Proprietary Marks and agrees to do so. Franchisee agrees promptly to notify Franchisor of any litigation instituted by any person, firm, corporation or governmental agency against Franchisee, concerning the use of the Proprietary Marks. The Franchisor will defend Franchisee from any claims arising out of its proper use of the Proprietary Marks that are in compliance with Franchisor's standards. Franchisee agrees to execute, subject to the reasonable approval of counsel for Franchisee, any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution, either in the name of Franchisor or in the name of Franchisee, as Franchisor shall, in its sole discretion, determine.

(iii) Franchisee shall not use the Proprietary Marks or any part or form thereof as part of its corporate, partnership, or other business name. Franchisee agrees to obtain the written approval of Franchisor for said name before opening its franchise office and before commencing operations. Franchisee agrees not to use the Proprietary Marks in entering into any agreement or contract of any description, or in incurring any obligation, it being understood that Franchisee is only to use its corporate, partnership or proprietorship name for this purpose. Nothing herein contained shall prevent Franchisee from identifying itself as a Mr. Sewer franchisee as specified in Franchisor's confidential operating manuals. The use of the Franchisor's Proprietary Marks for operating its Mr. Sewer business, for Internet promotion, for business cards and stationery is exemplified in the Franchisor's Operations Manual and Franchisee agrees in so using said Marks to follow exactly the examples and format as set forth in the manuals or in any like materials provided by Franchisor.

(iv) Franchisee agrees to operate, advertise and promote the franchised business under the Proprietary Marks and to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor as set forth in the Confidential Operating Manuals or other documents. Franchisee agrees to promote the mark "Mr. Sewer," "Mr. Sewer Franchising," and others instituted from time to time, in all publications, printing, signs and visual images by reproducing said name at least two point sizes larger than any listing of its corporate, partnership, or proprietorship name. Franchisee further agrees to use no type style, color combination nor other graphic device to cause its business name, or any other name or design, to gain dominance over the "Mr. Sewer" name or any Proprietary Marks utilized.

(v) Franchisee agrees to allow Franchisor, in the sole discretion of Franchisor, to enter and inspect the Franchisee's premises, and to observe the manner in which Franchisee is operating its sewer and drain cleaning, and repair services, it being understood that such rights are important to Franchisor to preserve the integrity of its Proprietary Marks and to make certain that the Franchisee is properly using said Proprietary Marks in the operation of its franchise business.

(vi) Franchisee understands and acknowledges that each and every detail of the Mr. Sewer system is important to Franchisor, to Franchisee, and to other licensed Franchisees. In order to develop and maintain uniformity of services, products, and applications, and therefore, to enhance the reputation, trade demand and goodwill of all Mr. Sewer Franchisees, Franchisee accordingly covenants:

Initials

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(a) to advertise and promote his/her franchise under the names “Mr. Sewer” except where otherwise required by law;

(b) to adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Franchisor;

© to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor, and as set forth in the confidential operating manuals and/or other documents; and

(d) to use the Marks on the Internet, and in domain names for the Internet, only under the listings established by Mr. Sewer Franchising as described in the confidential operating manuals and/or other documents.

(vii) Franchisee acknowledges that valuable goodwill is attached to Franchisor's trademarks, service marks, trade names, and/or copyrights and that it will use them only in the manner and to the extent specifically licensed by this Agreement.

D. Operations.

(i) Franchisee agrees to conduct its franchise in accordance with Franchisor's Confidential Operating Manuals as the same may be revised from time to time. Franchisee further agrees to treat at all times the contents of said manuals as confidential and to reproduce or copy parts thereof only as instructed therein or as otherwise approved by Franchisor. Franchisee and Franchise Owner(s) shall not at any time, either during the term of this Agreement or thereafter, disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available, any portion of said manuals or confidential information to any unauthorized person or entity. All management personnel shall execute a Non-Disclosure Agreement similar to that attached as Addendum B of the Franchise Disclosure Document, the Sample Non-Disclosure and Non-Competition Provisions for General Managers.

(ii) Franchisee acknowledges that said manuals shall at all times remain the sole property of Franchisor, and Franchisee agrees to promptly deliver, neither expecting nor demanding any fees, said manuals and training materials of Franchisor to Franchisor or its designee upon the expiration or other termination of this Agreement.

E. Standards of Quality.

(i) Franchisee agrees to market, sell and deliver in its local marketplace, only under the Mr. Sewer name, in such manner as may be determined by Franchisor: sewer and drain cleaning, repair and other approved services, as will meet the reasonable specifications and standards from time to time designated by Franchisor. Franchisee agrees not to conduct any other business or activity utilizing the same location, equipment, or personnel unless approved by Franchisor in writing prior to use. Franchisor retains the right to revoke any such approval at any time in its sole discretion.

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(ii) Franchisee is required to provide all services as suggested by Franchisor's Operations Manuals in the conduct of its business and to purchase any inventory and materials used in its operation from the Franchisor or suppliers suggested and approved by Franchisor. Franchisee is not required to purchase supplies, business cards, stationery, brochures or similar items from Franchisor, but the quality of such items must comply with the standards and specifications therefor of Franchisor. Franchisor will provide said quality standards and specifications to Franchisee during initial training.

F. Modification.

Franchisee agrees to operate its franchise using Franchisor's Proprietary Marks, its proprietary software, copyrighted materials, and business techniques as existing upon execution of this Agreement. Franchisor may reasonably modify same during the term of this Agreement.

Any changes or modifications to be made to the franchised business as a result of any such modification or development of any of the Proprietary Marks, copyrighted materials, products, equipment or techniques shall be made by Franchisee within three (3) months time after their modification or development at the Franchisee's expense. If Franchisee must modify or discontinue the use of a trademark as a result of changes made by the Franchisor, Franchisor will reimburse Franchisee for its tangible costs of such changes that exceed \$5,000. Any such reimbursed expenses must be pre-approved by the Franchisor.

G. Advertising.

(i) Franchisee agrees to submit to Franchisor for its prior written approval all sales promotion materials and advertising to be used by Franchisee to promote its products and services, including, but not limited to, brochures, newspaper, poster, internet, direct mail, radio and television advertising, specialty and novelty items, stationery and business cards. However, any advertising need not be submitted for the Franchisor's approval if it is prepared in accordance with the Confidential Operating Manuals. Unless written disapproval of said advertising and promotional material is received by Franchisee from Franchisor within 15 days from the date such material is submitted to and received by Franchisor, said material shall be considered approved.

(ii) Franchisee agrees to use the Proprietary Marks in advertising in accordance with the terms of the confidential operating manuals of Franchisor. Examples of advertising contained in such manuals are deemed approved unless otherwise stated in writing by Franchisor.

H. Accounting and Records.

(i) Franchisee agrees to maintain and preserve during the term of the franchise (and for three years thereafter) full, complete and accurate books of account and records of all transactions including receipts, expenses, capital expenses and investments. Franchisee shall submit to Franchisor periodic reports on forms in the manner and at the times specified herein. The required reports for submission as of the date of this Agreement are as follows:

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REPORT	TIME TO SUBMIT
Royalty Report	On or before the 10 th of the following month
Advertising Fund Report (when in effect)	On or before the 10 th of the following month
Online Access to Accounting and Office Management Software	24/7 through Internet Access to Franchisee's software and computer databases
Annual Profit & Loss Statement, Balance Sheet, and Tax Returns of the Franchised Business	On or before 60 days following Franchisee's Fiscal Year End

(ii) All records, ledgers and other documents of the franchised business shall be made available for audit or inspection by Franchisor (or its designee) during normal business hours upon reasonable notice by Franchisor or its designee. If Franchisee fails or refuses to permit such an audit or inspection, Franchisee agrees to pay Franchisor its expenses incurred in connection with such attempted inspection or audit.

(iii) Franchisor may cause an audit to be conducted on the books and records of Franchisee by a qualified party chosen by Franchisor. If the audit was performed due to the Franchisee's failure to report total gross receipts or provide other reports or tax returns as required above or if the audit establishes that Franchisee understated total gross receipts (as defined in Section 6A) to Franchisor for any period by more than three per cent (3%) of the amount of actual total gross receipts, Franchisee shall pay for the cost of the audit, and shall pay as liquidated damages a sum equal to 15% of the additional Royalty Fees due for the period so audited. Any unpaid royalties revealed by such an audit shall bear interest at a rate of 18% per annum from the date payment was due. Such payments shall be received by Franchisor within three (3) days of the date that Franchisee receives written notice that such payments are due. Franchisee shall maintain the funds, books and records of the franchised business separate from and independent of all other funds, business and personal records of Franchisee and franchise owner(s). If there is any commingling of such funds or books and records, then Franchisor's rights of audit and inspection granted hereunder also shall apply to such other business and personal records (including banking and financial information) of Franchisee and franchise owner(s).

(iv) Royalty Reports are required to reconcile all receipts of the Franchisee directly or on behalf of Franchisee by Franchisor.

I. Insurance.

Franchisee, at Franchisee's sole expense, agrees to maintain adequate insurance and indemnity coverage throughout the term of this agreement and any extension thereof. Franchisee acknowledges that this requirement shall in no way be construed as making Franchisee the agent of Franchisor. Franchisee agrees to purchase from an insurance carrier with an A.M. Best rating of A or higher, complete insurance coverages as described in Franchisor's Operations Manuals which are subject to change from time to time and in connection therewith to identify the Franchisor as a named insured to the extent of its interest:

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Prior to the opening of the franchise business, Franchisee shall deliver to Franchisor certificates or policies evidencing that such insurance is in full force and effect, and each year during the term of this Agreement, Franchisee shall furnish to Franchisor premium receipts or other satisfactory evidence that such policies have continued in effect. Should Franchisee fail to maintain the required insurance, or furnish proof thereof, the Franchisor has the option to obtain such insurance for the Franchisee at the sole cost of the Franchisee. Franchisee shall promptly notify Franchisor of any and all claims under said policies of insurance against Franchisee, Franchisor and/or employees or agents of either.

J. Taxes, Payments and Compliance with Law.

(i) Franchisee shall promptly pay when due all taxes and assessments in connection with Franchisee's business, its premises, and equipment; shall cause to be immediately discharged all liens or encumbrances of every kind or character created or placed upon or against any of said property other than in the normal course of business; and shall pay when due all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of said Franchise. Franchisee is not obligated to make payments hereunder if Franchisee is legitimately contesting such taxes, assessments, liens, encumbrances, accounts or indebtedness; however, Franchisee shall promptly pay such items once they do become finally uncontested and determined.

(ii) Franchisee shall comply with all applicable federal, state and local laws and regulations, and shall obtain and maintain on a timely basis any and all permits, certificates, bonds, or licenses necessary for the full and proper conduct of its franchise. This shall include, but not be limited to, any business, or other licenses required by the laws of any applicable jurisdiction.

K. Lease Assignment.

(i) Should Franchisee abandon the operation of its franchise business directly, indirectly, or if Franchisee is terminated, Franchisor shall have the right to grant, sell, or assign a franchise or operate a similar sewer and drain cleaning and repair business itself directly at said location or any place else within the Protected Territory set out in Addendum A of this Agreement.

(ii) Should Franchisee cease to operate its business under the Mr. Sewer name, or abandons or gives up the Franchise granted under this Agreement, or in the event the Franchise is terminated by Franchisor, Franchisee hereby grants to Franchisor the option (but not the obligation) to take over any lease or rental of commercial property occupied by the business without compensation to Franchisee.

(iii) Any lease entered into by Franchisee for a site to operate its sewer and drain maintenance services business must contain provisions which provide that the landlord agrees to furnish Franchisor with any and all written notices of default concurrently with the giving of such notice to Franchisee and that Franchisor shall have the right (but not the obligation) to cure any said default according to the terms of the lease, and that the lease may be assigned to Franchisor or its designee and that landlord will consent to such assignment without imposing any assignment or transfer fee upon terminations of this agreement or any a breach of the lease by the Franchisee.

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6. FEES

In addition to fees specified in other sections of this Agreement, the Franchisee shall be responsible for the payment of the following fees, under the terms and conditions hereinafter set forth:

A. Royalty Fee.

Franchisee shall pay to Franchisor a Royalty Fee, equal to Seven Percent (7%) of the first Seventy-Five Thousand Dollars (\$0 - \$75,000) Total Gross Receipts derived from the franchised business during each calendar year; Five Percent (5%) of the next Fifty Thousand Dollars (\$75,001-125,000); and Five Percent (5%) of all annual sales received in a calendar year in excess of \$125,000. Calculation of these break points will be prorated for the Franchisee's first year of operations.

(i) Beginning on the first anniversary of Franchisee's business opening, there will be a minimum monthly Royalty due of three hundred fifty dollars (\$350), regardless of the amount of total gross receipts collected for the period.

The term "total gross receipts" shall mean the total amount of all revenues paid to the Franchisee, its agents and its employees, from the sale of all services or products under the Mr. Sewer mark, and from any other sources of revenue derived from the operation of the franchised business. If a payment or fee is received in the form of merchandise or services, the fair market value of the merchandise or services shall be used in determining the Royalty Fee, and payment shall be made to Franchisor in cash accordingly. The term "total gross receipts" shall exclude any sales taxes that may be levied.

(ii) Payment of the Royalty Fee shall be made to the Franchisor monthly by the tenth day of the month following the month in which the revenues were received. Franchisee shall make arrangements with its banking institution to permit Franchisor to debit Franchisee's banking account based on Franchisee's monthly Royalty Report (a summary of revenues collected) that shall be submitted electronically, by email or fax, as specified from time to time by Franchisor. Franchisee may elect to authorize Franchisor to charge a credit card account for monthly Royalty Fees, with Franchisee agreeing to pay additional processing charges.

(iii) In the event Franchisee fails to pay any Royalty Fee within seven (7) days after it is due, then Franchisee shall pay a late fee of \$50 plus interest on the amount due at the lesser rate of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law for each month that said amount is not paid, but in no event shall Franchisee be compelled to pay interest or fees at a rate greater than the maximum permitted by applicable law.

(iv) In the event Franchisee fails to submit Royalty Reports in a timely manner Franchisor will have the right to estimate the amount due and debit Franchisee's account for that amount, making adjustments in subsequent debits to correct any inaccuracy. Franchisor shall be entitled, but not required, to base estimated Royalties on the average of the three preceding month's Royalty payments.

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B. Advertising Fee

The Franchisor reserves the right to require the Franchisee to pay up to two (2%) percent of total gross receipts of the Franchise into an Advertising Fund that will be used to promote the Mr. Sewer name in the marketplace, with the exact amount to be specified by the Franchisor. Franchisor agrees not to collect Advertising Fees until a minimum of fifteen (15) Franchises are open for business and Franchisor will give 90 days written notice before implementation and collection of fees. When instituted, the Franchisee shall pay the amount due monthly, by the tenth of the following month, paid in the same manner as the royalties. The Franchisor will spend these monies on national, regional, or local media, or to develop advertising media for use in local markets or other marketing techniques or programs designed to promote the sales of Mr. Sewer Franchisees' products and services to the public. These funds may also be expended by Mr. Sewer for market research and development, test or target marketing, the conducting of surveys, creative and production costs, reimbursement to Mr. Sewer for reasonable accounting, administrative, and legal expenses associated with the Advertising Fund, or for other purposes deemed appropriate to enhance, promote and defend the Franchisor's trademarks. Franchisor will make available to Franchisee annual reports of payments made from the Advertising Fund and will solicit commentary regarding future expenditures. The Franchisor's staff will manage the Ad Fund whose sole duty will be to budget and spend monies in the Advertising Fund in ways that it deems appropriate after receiving guidance from a Committee of Franchise Owners. Franchisor will not co-mingle Advertising Funds with other funds or accounts.

At such time, if ever, that an Advertising Fund is implemented, Franchisor and its affiliate will contribute two percent (2%) (or any lower system-wide percentage rate which is identical to that paid by franchisees) of its Mr. Sewer operating units' total gross receipts to the Advertising Fund.

The Franchisee also agrees to advertise in its local marketplace, using the Franchisor's Service Mark and Logo, and using advertising copy approved by the Franchisor. Franchisee agrees to promote and utilize Franchisor's call center if one is implemented in the future. The Franchisee agrees to spend at least one and one-half percent (1.5%) of monthly Total gross receipts on such local advertising. The Franchisee agrees to make reports as the Franchisor may require to verify such expenditures within 15 days from the end of each month for the preceding month.

7. INDEPENDENT CONTRACTOR/INDEMNIFICATION

A. It is agreed that, for all purposes, Franchisee shall be considered an independent contractor, and not an employee, agent, legal representative, joint venturer, partner or servant of Franchisor. Franchisee shall not make any contract, agreement, warranty, or representation on behalf of Franchisor nor as Mr. Sewer, nor bind Franchisor to any obligation, nor hold itself out as an agent of Franchisor and shall effectively communicate to third parties, Franchisee's individual, corporate or business name and status, in addition to the fact that Franchisee is a licensee of Franchisor.

B. Franchisee agrees to indemnify and hold Franchisor harmless from and against any and all costs, damages, expenses (including attorneys' fees) and claims arising directly or indirectly from or as a result of, or in connection with the operation of the franchised business by Franchisee. Said indemnity does not extend to actions brought against Franchisor or Franchisee by a third party claiming infringement on such claimant's service mark, trade mark or trade name rights, so long as such claim is based on the proper use by Franchisee

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of the proprietary marks licensed by this Franchise Agreement. Mr. Sewer Franchising agrees to protect the proprietary marks and indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand arising out of the proper use of the mark(s).

8. TERM

A. This Agreement shall be effective and binding from the date of its execution. The term of this franchise shall expire ten (10) years from such date.

B. At the end of said term, Franchisee may renew this Agreement for additional ten (10) year terms so long as the following conditions are satisfied:

1. Franchisee has complied substantially with its obligations hereunder during the term and is then in compliance with such obligations at time of giving notice and at time of renewal;

2. Franchisee has given Franchisor written notice of its election to renew at least ninety (90) but not more than one hundred eighty (180) days prior to expiration of the initial term;

3. The Franchisee signs the new Franchise Agreement then in effect which may contain terms and conditions different from those contained herein, but will not change Franchisee's Protected Territory, and Franchisee signs such other companion agreements as the Franchisor then requires of all Franchisees and the Franchisee signs a general release of the Franchisor from all claims; The Franchisee signs the new Franchise Agreement then in effect,

4. A renewal fee of ten percent (10%) of the Initial Franchise Fee being charged new franchisees for a comparable territory at the time of the renewal shall be paid to the Franchisor at least 30 days before expiration of this agreement. No new initial franchise fee will be charged to Franchisee upon such renewal or renewals.

Upon renewal and execution of a new Franchise Agreement, royalties, advertising fees or other fees and charges will be based on the then current charges of the Franchisor under Franchise Agreements then being granted. Franchisor is not restricted in its right to change other significant provisions of the previously existing Franchise Agreement, other agreements or documents.

9. TERMINATION AND DEFAULT

A. Franchisee may not terminate this Agreement during its term but may decline to renew the Agreement at the end of any 10 year term.

B. Franchisor has the right to cancel, terminate, or refuse to renew this Agreement for the following reasons (in addition to other rights and remedies it may have) without any refund of any portion of the Franchise Fee:

1. If Franchisee fails, refuses, or neglects promptly to pay to Franchisor any money owing to Franchisor on the date due.

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2. If Franchisee fails to submit required reports or financial data in a timely manner.

3. If Franchisee defaults in the performance under this Franchise Agreement, a loan, open account billing, contract assignment, or under any other Agreement with, or obligation to Franchisor, or if Franchisee fails to comply with guidelines, policies and requirements imposed upon it by this Agreement, by the Operations Manual, or by such other operational memoranda issued by Franchisor;

4. If Franchisee violates or fails to comply with any applicable law including state business licensing or bonding laws and fails to cure same within the time allowed by law.

5. If Franchisee fails to maintain generally accepted good business practices which will reflect favorably on the Franchisee, Franchisor and its marks. This includes, but is not limited to: prompt response to clients', consumers' or Franchisor's inquiry, by mail, or telephone and payment of liabilities, fees, and debts of the Franchisee.

6. If the business of Franchisee is assigned, transferred, sold, leased, or for any other reason passes from the actual supervision or control of Franchisee without Franchisor's written consent including any transfer, sale, assignment, exchange or any other disposition of shares (or series of such transactions) of a corporate or limited liability company-owned franchise.

7. If Franchisee fails to operate the business continuously for a period of more than fourteen (14) consecutive days during the term of this Franchise Agreement, fails to begin offering sewer and drain cleaning services for residential and commercial properties within 180 days of signing this Agreement.

8. If Franchisee fails to personally complete or have its designated General Manager complete, the initial training described in Paragraph 4A(i) within 30 days of hire or engagement.

9. If Franchisee makes, or has made, any materially false statement or report to the Franchisor in connection with this Franchise Agreement or application therefor or in reporting Franchisee's receipts and resultant royalties.

10. If Franchisee fails to obtain from its managers, signed, written statements, in which these employees agree to keep secret Franchisor's trade secrets and proprietary information for operation of a Mr. Sewer business or if Franchisee delivers to, or permits unauthorized persons access to the Franchisor's confidential manuals, training programs, or any other confidential materials, or trains any other person to use Franchisor's methods for conduct of a similar business.

11. If Franchisee engages in the creation, marketing, sale, or delivery of sewer and drain cleaning, repair and other services, or offers other similar products or services under any other trade name, or business name, or in any geographical area other than that authorized by this Franchise Agreement, or any subsequent written authorization, or operates the franchised business at a location other than that approved by the Franchisor; sells unauthorized products or services under the Mr. Sewer name; or otherwise violates Paragraph 15.

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12. (a) If Franchisee shall be adjudicated a bankrupt (unless restricted by the United States Bankruptcy Code) or becomes insolvent; (b) if a receiver of its property, or any part thereof, is appointed by a court of competent authority; © if Franchisee makes a general assignment for the benefit of its creditors; (d) if a final judgment against Franchisee remains unsatisfied of record for sixty (60) days or longer (unless a supersedeas bond is filed); (e) if execution is levied against Franchisee's business or property, or suit to foreclose any lien or mortgage is instituted and not dismissed within sixty (60) days; (f) if Franchisee's bank accounts, property or receivables are attached or garnisheed and such attachment or garnishment proceedings are not dismissed within a sixty (60) day period; or (g) if Franchisee is convicted of a felony.

13. If Franchisee breaches any of the terms of this Agreement two or more times within any twelve (12) month period, even if cured.

With respect to the grounds for termination set forth above in subparagraph (1) and (2), Franchisor will deliver to Franchisee written notice of default at least seven (7) days prior to the date of termination; during this seven (7) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (3), (4), (5), and (10), Franchisor will deliver to Franchisee written notice of default at least thirty (30) days prior to the date of termination; during this thirty (30) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (6), (7), (8), (9), (11), (12) and (13), Franchisor will deliver notice of default, and the Franchise Agreement will terminate immediately with no right to cure.

Where notice of default and demand for performance is given, when and to the extent required, such notice or demand shall not be a waiver of any other term hereof. To the extent that any provisions of this Agreement provide for periods of notice less than those provided by any applicable law, or provide for termination, cancellation or non-renewal other than in accordance with such applicable law, then such provisions hereof shall be modified to the extent necessary to comply with the provisions of such applicable law.

10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

A. Upon the termination of this Agreement and this franchise, or upon their expiration, Franchisee and franchise owner(s), as applicable, shall:

1. Promptly pay to Franchisor (its subsidiaries and affiliates), all sums of money, royalties, fees or other charges due or which are undisputed and have accrued to the date of termination or expiration, as applicable;

2. Cease to use, in any manner whatsoever, the Franchisor's name, the proprietary marks, manuals, any proprietary software, brochures, slogans, signs, forms, devices and other materials, used in connection with the operation of the franchise, and take all necessary steps to disassociate itself from Franchisor, including removal of signs, internet postings, and non-use of letterheads. Franchisee shall not represent or advertise that Franchisor and Franchisee were formerly affiliated with the Franchise System;

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3. Immediately return to Franchisor with no demand for compensation, all operations manuals, forms, signs, prospect, customer lists and files, as well as any other materials provided to Franchisee by Franchisor, its subsidiaries or affiliates; (Franchisor will repay Franchisee for signs or other materials paid for by Franchisee that were purchased from the Franchisor, that are returned in a salable condition, or their value may be credited to any unpaid obligations of the Franchisee);
4. Take whatever action is necessary to cancel, terminate and/or change any assumed name registration, document, or other record which contains the name "Mr. Sewer" (or any form or part thereof) or any Proprietary Mark of Franchisor;
5. Agree not to disclose any trade secrets or confidential information of Franchisor, its subsidiaries and affiliates;
6. Immediately cease operation of the terminated or expired franchised business;
7. Notify all telephone companies, of the termination of this agreement and request that all telephone numbers, that have been used to identify the Franchisee as a licensee of Mr. Sewer Franchising, Inc., be assigned to the Franchisor or terminated (at the Franchisor's discretion) no later than 7 days after the date of termination or expiration. The phone line(s) should be placed on intercept with no call forwarding unless the Franchisor chooses to accept financial responsibility for the line(s). This agreement to transfer or terminate phone line(s) applies to all telephone numbers whether commercial, residential, cellular, internet-based or other forms of telecommunications;
8. Submit to the Franchisor a list containing the names, addresses, telephone numbers and the name of the contact person responsible for purchasing Franchisee's services and products for each customer that has purchased services during the prior 18 months;
9. Promptly assign all customer contracts and job orders to the Franchisor to facilitate the prompt execution of any scheduled work or other jobs. In addition, Franchisee must remit to Franchisor any monies collected for services or products that have not been earned as the result of this termination or expiration and the resulting inability of Franchisee to deliver said products and provide services under the Mr. Sewer Mark. Any and all jobs in progress will be assigned to Franchisor for completion or assignment to another Franchisee.
10. Notify any and all Internet Service Providers, URL Registrars, search engines, directories and other pertinent sources of the termination of this agreement and request that all links, referrals, registrations, and telephone numbers, that have been used to identify the Franchisee as a licensee of Mr. Sewer Franchising, be assigned to the Franchisor or terminated (at the Franchisor's discretion) 7 days after the date of termination or expiration. Any domain name registrations should be transferred under regulations established from time to time by ICONN or the then current registration authority, to the Franchisor unless the Franchisor chooses not to accept financial responsibility for these URL(s). If this is the case, said name registrations should be cancelled and any web pages containing referrals to the Mr. Sewer name or logo or reference to the offering of sewer and drain cleaning, repair and other services of residential and commercial properties.

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11. Offer Franchisor the right to take over any commercial property leases utilized by Franchisee and to purchase for fair market value as established by an qualified independent appraiser selected by the Franchisor any equipment, inventory or leases for equipment utilized by the business.

If Franchisee and/or franchise owner(s), as applicable, fail or refuse to comply with this Section 10 in a professional and expeditious manner, as well as all other obligations hereunder intended to survive termination and expiration of this Agreement and Franchise, including but not limited to the non-disclosure, non-competition and indemnification covenants, then Franchisee and franchise owner(s) agree to pay Franchisor for all costs and expenses, including auditors' and attorneys' fees incurred by Franchisor in an effort to effect compliance thereunder. All obligations of Franchisee, franchise owner(s) and Franchisor hereunder which expressly, or by their nature, survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Franchisor shall have the right, at its sole discretion, to cure any default of the Franchisee and bill the Franchisee for any expenses incurred in eliminating said default.

11. TRANSFERABILITY OF INTEREST

A. Franchisee may not assign this Franchise Agreement nor sell the assets of the franchise business to others, or transfer the ownership of 20% or more of the ownership interest of a franchisee entity without the Franchisor's written consent. Franchisor may refuse to consent to any such assignment, sale, or transfer to any person, partnership, joint venture, corporation or other entity unless that party meets the then current standards for new Franchisees and Franchisee has met the requirements of Paragraph 11B below.

B. Prior to any inter vivos assignment or transfer, Franchisee shall fully pay and satisfy all of Franchisee's obligations to Franchisor, and, if the transfer is to an unrelated third party, Franchisee (or transferee) shall have fully paid to Franchisor a fee equal to twenty-five percent (25%) of the Initial Franchise Fee being charged new franchisees for a comparable territory at the time of the transfer for the training course, supervision, administrative, accounting, legal, and/or other Franchisor expenses incurred in connection with the transfer. In addition, Franchisor shall have the right to review and approve the purchase agreement for compliance with standard business practices, including, but not limited to, the debt burden of the purchaser; the transferee shall have signed a new Franchise Agreement with the Franchisor; training arrangements must be made; and Franchisee must sign a general release of the Franchisor from all claims.

C. This Agreement and all of Franchisor's rights, title, duties, obligations, and interest hereunder may be freely assigned, transferred or conveyed by Franchisor and shall be binding upon and inure to the benefit of Franchisor's successors and assigns.

D. Notwithstanding anything stated elsewhere in this Agreement, the Franchisee shall have the right, if it is in full compliance with this Agreement, to transfer, without charge, its rights and obligations under this Agreement to a corporation or a limited liability company in which Franchisee continuously owns one hundred percent (100%) of the issued and outstanding shares of each class of stock or membership interests, provided that the corporation or limited liability company must agree in writing to be bound by the terms of this Agreement and the Franchisee hereby agrees to remain personally liable in all respects as a guarantor of the obligations of the corporation or LLC. Franchisee shall be in default under the terms of this Agreement if Franchisee, at any time, disposes of any interest sufficient to reduce its ownership in the corporation to less than eighty 80% interest of any class of stock or ownership interest in an LLC without complying with the

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steps of Paragraph 11B.

E. Franchisor retains the right to purchase the assets of Franchisee at the same price and on the same terms as any other party. If Franchisee reaches an agreement to sell, assign or transfer this license, or the Franchise Business itself, to another party, it must be subject to Franchisor's rights. Franchisor will have 10 days to notify Franchisee of its intent to exercise or waive said rights after receiving written documentation indicating the Franchisee's agreement to sell. Franchisor shall have an additional 45 days to complete the purchase, in instances where it decides to exercise its right to purchase, after it has given Franchisee its notice to do so.

F. In the event of the death, disability or permanent incapacity of Franchisee (or appointment of a conservator or guardian of the person or estate of Franchisee, or if Franchisee is a corporation or limited liability company, then upon the death, insanity, permanent disability of the corporation's principal officer or the manager or managing member of an LLC), Franchisor shall not unreasonably withhold its consent to the transfer of all of the interests of Franchisee to his spouse, heirs or relatives, whether such transfer is made by will or by operation of law, provided that the requirements of Paragraph 11B hereof have been met. In the event that Franchisee's heirs do not obtain the consent of Franchisor as prescribed herein, the personal representative of Franchisee shall have reasonable time, not to exceed six months from the date of death or incapacity, to dispose of Franchisee's interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

12. NON-WAIVER

No failure of Franchisor to exercise any rights reserved to it nor to insist upon strict compliance by Franchisee (or franchise owner(s) as applicable) with any obligation or condition of this contract, and no custom or practice at variance with these terms, shall constitute a waiver of Franchisor's right to demand exact compliance with these terms. Waiver by Franchisor of any particular default by Franchisee (or franchisee owner(s)) shall not affect or impair Franchisor's rights in respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee or franchise owner(s) of any of the terms, provisions, or covenants, affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any right or of the right to declare any subsequent breach or default of this Agreement. Subsequent acceptance by Franchisor of the payments due to it shall not be deemed to be a waiver by Franchisor of any of its rights arising by a preceding breach by Franchisee or franchisee owner(s) of any terms, covenants or conditions of this Agreement.

13. NOTICE

Any notices required to be given shall be given in writing by personal delivery, or by certified or registered mail, or by reputable commercial overnight delivery service, directed to Franchisor at Mr. Sewer Franchising, Inc., 341 Lawnridge Drive, Creve Coeur, IL 61610 or to Franchisee at Franchisee's address set forth on the second page of this Agreement. Notice by mail shall be deemed received on the fifth business day following the date it was deposited in the mail.

Either party hereto may change the address to which any notices to such party shall be delivered, by written notice to the other.

Initials

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14. LIABILITY FOR BREACH

In the event of any breach of this Agreement by either party, in addition to any other remedies the aggrieved party may have at law or in equity, the party in breach shall pay to the aggrieved party all amounts due and all damages, costs and expenses, including reasonable attorneys' fees and auditors' fees incurred by the aggrieved party as a result of any such breach.

15. COVENANT NOT TO DISCLOSE OR COMPETE

Franchisee and any guarantors hereof acknowledge that their initial knowledge of the operation of a Mr. Sewer franchise, its products, services and methods of conducting business, is derived wholly from information disclosed to them by Franchisor pursuant to this Agreement, the training programs, the Confidential Operating Manuals and other means, and that such information is proprietary and confidential.

A. So long as this Franchise Agreement is in effect, and for two (2) years thereafter, Franchisee and all Guarantors shall maintain the absolute confidentiality of such information and shall not divulge to, or use for the benefit of, any other person, partnership, association, trust, corporation or entity outside the Franchisor's organization, any confidential or proprietary information of Franchisor nor any information concerning customers, the methods of doing business (including, without limitation, promotion, pricing of services, any proprietary software, marketing concepts and other technical information and know-how employed by Franchisor or its franchisees in the offering of sewer and drain cleaning, repair and other services) which Franchisee or the guarantor may acquire by virtue of their operation under the terms of this Agreement. Information furnished to employees, or agents of Franchisee by Franchisee shall be reasonably limited to that information which directly relates to such employees' or agents' duties. All employees of the Franchisee shall execute like non-disclosure and confidentiality undertakings in writing as a condition precedent to their engagement by Franchisee. To the extent that any of the Franchisor's business techniques are trade secrets, Franchisee agrees to maintain confidentiality of these details in perpetuity.

B. So long as this Franchise Agreement is in effect, and for two years thereafter, except for the franchised business licensed hereunder, Franchisee and guarantors expressly covenant that Franchisee and guarantors will not engage, directly or indirectly, within a fifty (50) mile radius of the boundaries of Franchisee's Protected Territory, whether as an owner, stockholder, partner, officer, director, or managerial employee in the business of investigating, generating, marketing, selling, and delivering sewer and drain cleaning, repair and other services or engage in a business similar to that licensed hereunder. In addition, Franchisee and Guarantors will not so engage anywhere in the United States or Canada during the term of this Franchise Agreement or any renewals. If Franchisee and/or Guarantors do so compete (whether by reason of the unenforceability of such covenant not to compete or otherwise), Franchisee and/or guarantors shall pay to Franchisor, in lump sum, as liquidated damages, and not as a penalty, an amount equal to the average Royalty due during each of the last twelve months times thirty-six (36). The parties expressly acknowledge and agree that such payments shall not affect any rights or remedies the Franchisor may have, at law or in equity, including without limitation the right to seek injunctive relief, against Franchisee and/or the franchise owners by reason of such competition by them.

C. This Covenant is entered into by and between the parties hereto with full knowledge of its nature and extent. They hereby acknowledge that the Franchise Agreement would not be entered into by the Franchisor

Initials

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except upon the condition that such restrictive covenant be embodied herein and that, as such, they be enforceable, in the event of a breach by Franchisee and/or the franchise owners, by injunctive relief, and/or any other remedies available at law or equity to Franchisor, which remedies shall be cumulative. Franchisee and the franchise owners expressly acknowledge and represent that, prior to entering into this Agreement, they were employed and earned a living in some occupation other than that contemplated by this Agreement, and would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event they were prohibited from engaging in the business of investigating, generating, marketing, selling, and delivering sewer and drain cleaning, repair and related services to property owners in its community.

16. ENTIRE AGREEMENT

This Agreement and the documents to which reference in it has been made, shall be construed together and constitute the entire, full and complete agreement between the parties and shall supersede all prior agreements, no other representation having induced Franchisee and franchise owner(s), as applicable, to execute this Agreement. There are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect. No amendment, change or variance from this Agreement shall be binding on any party unless executed in writing. Nothing in this Franchise Agreement will waive any claims arising out of statements contained in the Franchisor's Franchise Disclosure Document.

17. SEVERABILITY

Each paragraph, section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining paragraphs, sections, parts, terms, and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties. Said invalid paragraphs, sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement, provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement.

18. MEDIATION AND ARBITRATION

A. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this contract, or the breach thereof, shall be subject to mandatory non-binding Mediation. The Mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association unless the parties agree on a Mediator in writing within ten (10) days after either party gives written notice of Mediation. If either party alleges a dispute or controversy against the other party for any reason, except for those specified above, then either party will have the right to demand non-binding Mediation within the (10) days after the complaining party provides the other party with written notice describing the dispute or controversy and the desired action. All Mediation hearings will take place exclusively in Peoria, Illinois, and will be held within twenty (20) days after the Mediator has been appointed. The Mediation hearing will be informal and the Mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the Mediator will be shared equally by the parties. The parties agree that

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they will act in good faith to settle any dispute or controversy between them either prior to or during Mediation. All matters, testimony, arguments, evidence, allegations, documents and memorandums will be confidential in all respects and will not be disclosed to any other person or entity by either party.

The Franchisor and the Franchisee will not have the right to commence any Arbitration or legal proceedings against the other party until the dispute or controversy has been mediated as provided for herein, unless said dispute is of a nature excluded from Mediation as set forth above or if neither party has requested mediation. Both parties will have the right to take all actions necessary to demand Arbitration or to commence legal proceedings prior to any Mediation hearing; however, neither party will have the right to an arbitration hearing or to prosecute any legal proceedings beyond commencement of an action until the Mediation has concluded.

B. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this contract, or the breach thereof, not resolved through Mediation, shall be resolved by Arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, by a single arbitrator mutually selected by the Franchisee and Franchisor. Said Arbitration shall take place at Peoria, Illinois. Judgment entered upon an award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The parties agree that they shall be entitled to take discovery by way of depositions and requests for production of documents and that AAA-issued subpoenas shall suffice for compelling same. Each party shall determine the extent of the discovery it desires to undertake and shall submit to the arbitrator (and serve on the opposing party) a schedule of such intended discovery. Each party shall be entitled to take discovery pursuant to its schedule unless objection thereto is made by the other party within 10 days after service of said schedule. The parties shall make a good faith attempt to resolve all objections. Any unresolved objections shall be submitted to the arbitrator for resolution.

C. Nothing herein shall bar the right of either party to obtain injunctive relief against threatened or actual conduct under the usual rules of equity, including the applicable rules for obtaining preliminary injunctions.

19. FRANCHISEE

The term "Franchisee" shall be deemed to include all persons who succeed to the interest of the original Franchisee by transfer or operation of law.

20. VENUE/GOVERNING LAW

This Agreement was entered into in the State of Illinois and this Agreement, and all disputes between the parties hereto, shall be interpreted and construed under its laws. Other than those disputes subject to mandatory mediation and arbitration as per Paragraph 18 above, the parties agree that any action in which Franchisor is a party brought by any party against another party in connection with any disputes, rights or obligations arising out of this Agreement shall be instituted in a state court of competent jurisdiction with venue only in Peoria County, State of Illinois, or in the United States District Court for the Central District of Illinois except and only to the extent prohibited by applicable law. Any party to this Agreement named as a defendant in such an action brought in connection with this Agreement in any other court outside of the above-designated county or district shall have the right to have the venue of said action changed to the

Initials

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above-designated county or federal district, unless precluded by applicable law. Franchisee hereby agrees to submit personally to the jurisdiction of a court of competent subject matter jurisdiction located in the above-designated state and county or federal district, except in any legal proceeding where Franchisor is not a party. The parties acknowledge that this Agreement is executed in and that a material portion of Franchisor's obligations under this Agreement are to be performed in, the above-designated state and county and federal district.

Nothing contained in this paragraph shall prevent or prohibit Franchisor from seeking an injunction or other equitable relief in any court of competent jurisdiction.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in duplicate the day and year first above written.

Witnesses:

MR. SEWER FRANCHISING, INC.
(FRANCHISOR)

By _____
Duly Authorized

Franchisee (Seal)

Printed Name

Franchisee (Seal)

Printed Name

Initials

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**ADDENDUM A TO THE FRANCHISE AGREEMENT
FRANCHISEE'S PROTECTED TERRITORY**

Franchisee is authorized to open and operate only one business providing sewer and drain cleaning, repairs and related services under the Mr. Sewer mark within the Protected Territory

known as _____ which is defined as including the following zip codes as defined by the US Postal Service: _____:

(See map attached.)

Franchisor agrees that, so long as Franchisee is in compliance with this Franchise Agreement Franchisor will not license another Franchisee(s) to provide Mr. Sewer services within the Protected Territory identified above.

Witnesses:

MR. SEWER FRANCHISING, INC.
(FRANCHISOR)

By _____
Duly Authorized

Franchisee (Seal)

Printed Name

Franchisee (Seal)

Printed Name

ADDENDUM B TO THE FRANCHISE AGREEMENT

CLOSING ACKNOWLEDGMENTS

In order to ensure that your decision to purchase a Franchise from Mr. Sewer Franchising, Inc. (Franchisor) is based upon your own independent investigation and judgment, please complete and sign this Acknowledgment.

1. I (we) have not received any information, either oral or written, regarding the sales, revenues, earnings, income or profits of Mr. Sewer Franchisees from any officer, employee, agent or sales representative of Franchisor that is not contained in Section 19, Financial Performance Representations of the Franchisor's Franchise Disclosure Document.

2. I (we) have not received any assurances, promises or predictions of how well my (our) Mr. Sewer franchise will perform financially from any officer, employee, agent or sales representative of Franchisor.

3. I (we) have made my (our) own independent determination that I (we) have adequate working capital to develop, open and operate my (our) Mr. Sewer franchise.

4. I (we) acknowledge that Franchisor will use reasonable efforts to assist me (us) in choosing a Territory for my (our) Mr. Sewer Franchise, but I also understand that I am (we are) responsible for the final decision regarding the selection of a suitable territory and site.

5. I (we) am not relying on any promises of Franchisor which are not contained in the Franchisor's Franchise Agreement.

6. I (we) understand that my (our) investment in a Mr. Sewer franchise contains substantial business risks and that there is no guarantee that it will be profitable.

7. I (we) have been advised by Franchisor and its representatives to seek professional legal and financial advice in all matters concerning the purchase of my (our) Mr. Sewer Franchise.

8. I (we) acknowledge that the success of my (our) Mr. Sewer franchise depends, in large part, upon my (our) ability as an independent business person(s) and my (our) active supervision of the day-to-day operation of the business.

9. The name(s) of the person(s) with whom I (we) dealt in the purchase of my (our) Mr. Sewer Franchise is (are) _____.

Dated: _____

Printed Name

Signature

Printed Name

Signature

ADDENDUM C TO THE FRANCHISE AGREEMENT

Franchisee's Approved Location is hereby identified as follows:

Franchisee is authorized to open and operate its business providing sewer and drain cleaning, repairs and related services under the Mr. Sewer mark maintaining its office at the following specific site:

Witnesses:

MR. SEWER FRANCHISING, INC.
(FRANCHISOR)

By _____
Duly Authorized

Franchisee (Seal)

Printed Name

Franchisee (Seal)

Printed Name

ADDENDUM D TO THE FRANCHISE AGREEMENT

GUARANTY

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement") by Mr. Sewer Franchising, Inc. (hereafter "Franchisor"), each of the undersigned individuals, ("Guarantors") hereby personally and unconditionally: (1) guarantees to Franchisor and its affiliates and their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees personally to be bound by, and personally liable for the breach of each and every provision in the Agreement and comply with all sections of the Agreement, as though the undersigned were the Franchisee.

Each of the undersigned waives:

- (a) acceptance and notice of acceptance by Franchisor and its affiliates of the foregoing undertakings;
- (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- © protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that:

- (a) his direct and immediate liability under this guaranty shall be joint and several;
- (b) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so:
 - © such liability shall not be contingent or conditioned upon pursuit by Franchisor or its affiliates of any remedies against Franchisee or any other person;
 - (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or its affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this guaranty.

Initials

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IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

PERCENTAGE OF OWNERSHIP
INTERESTS IN FRANCHISEE

GUARANTOR(S)

Dated: _____

Printed Name

Signature

Dated: _____

Printed Name

Signature

Dated: _____

Printed Name

Signature

Dated: _____

Printed Name

Signature

Dated: _____

Printed Name

Signature

Dated: _____

Printed Name

Signature

Dated: _____

Printed Name

Signature

ADDENDUM E TO THE FRANCHISE AGREEMENT

FOR RESIDENTS OF THE STATE OF CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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

The Franchise Agreement requires application of the laws of the state of Illinois. This may not be enforceable under California Law.

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

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

You must sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

Illinois State Law Appendix

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, ILCS 705/19 and 705/20.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act is void."

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Minnesota State Law Appendix

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

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

For Residents of Virginia

In Recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Enviro-Tech Pest Franchises, Inc., for use in the Commonwealth of Virginia shall be amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Washington State Law Appendix

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights of remedies under the act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

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BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FOR RESIDENTS OF ALL STATES LISTED IN THIS ADDENDUM

Notwithstanding Section 16 of the Franchise Agreement to the contrary, this Addendum will not be merged with or into, or superseded by, the Franchise Agreement. In the event of any conflict between the Franchise Agreement and this Addendum, this Addendum will be controlling. Except as otherwise expressly set forth in this Agreement, no other amendments or modifications of the Franchise Agreement are intended or made by the parties.

Applicable state or commonwealth: _____

In witness whereof, the parties hereto have duly executed and delivered this Addendum as of the date of execution of the Franchise Agreement.

MR. SEWER FRANCHISING, INC

FRANCHISEE

By:

Signature

Print name

Signature

Print name

Initials

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23. RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mr. Sewer Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale.

If Mr. Sewer Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and Should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state officials in your state, as listed on the attached schedule of state agencies. In the states listed on the attached schedule of state agencies, we have designated the agency listed as its agent for service of legal process in each of the states listed.

The Franchisor's registered agent in the State of Illinois is Bruce E. Winborn. The Franchisor may receive service of process at 341 Lawnridge Drive, Creve Coeur, IL 61610.

Our principals, Bruce & Martin Winborn are primary franchise sellers. They are based at 341 Lawnridge Drive, Creve Coeur, IL 61610, Phone: 866-811-0911. James H. Deitz, Jackie Adams, Joseph McCord, and Andover Franchising, Inc., 1010 Huntcliff, Suite 1350, Atlanta, GA 30350, Phone 800 220-8256 serve as franchise brokers in the sale of some Mr. Sewer franchises.

I received a disclosure document dated October 9, 2009 that included the following Exhibits: Audited Financial Statements Dated September 12, 2009; Closing Acknowledgments; the Schedule of State Agencies; State-Specific Amendments; and the Franchise License Agreement including Territory Definition; Sample Non-Disclosure Agreement; Guaranty and Loan Agreement.

Witness

Signature of Prospect

Printed Name

Address

City, County, State ZIP

Date

(Please sign and date this page and retain for your records)

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If Mr. Sewer Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and Should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state officials in your state, as listed on the attached schedule of state agencies. In the states listed on the attached schedule of state agencies, we have designated the agency listed as its agent for service of legal process in each of the states listed.

The Franchisor's registered agent in the State of Illinois is Bruce E. Winborn. The Franchisor may receive service of process at 341 Lawnridge Drive, Creve Coeur, IL 61610.

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Witness

Signature of Prospect

Printed Name

Address

City, County, State ZIP

Date

(Please sign and date this page and return it to Mr. Sewer Franchising, Inc.)