

## Item 1

### THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

The Franchisor. The Franchisor is AmeriSpec, Inc. a corporation organized on April 3, 1997, under the laws of the State of Delaware. To simplify the language in this offering circular, AmeriSpec, Inc. means “we,” “us,” or “AmeriSpec.” We will refer to the person or entity that buys the franchise as “you” throughout this offering circular. If you are a corporation, a limited liability company or a partnership, certain provisions of the franchise agreement will also apply to the stockholders, members, and partners of that entity, and will be noted.

We do business under the name “AmeriSpec.” Our principal business and mailing address is 889 Ridge Lake Boulevard, Memphis, Tennessee 38120. Our agents for service of process are in Exhibit A.

Our Business Experience. We and our predecessor have been offering home inspection franchises since 1988. Except for two company-owned AmeriSpec® businesses, and divisions that provide related goods and services to our franchisees, we do not operate any other businesses. We have not offered franchises in any other line of business. Our predecessor and affiliates are described below.

Franchise Offered. The franchises we offer (each a “Franchised Business”) allow you to operate a residential inspection service for single-family and certain multi-family buildings (and certain commercial buildings) under our systems and the “AmeriSpec” mark and other names and marks that we establish (collectively, the “Names and Marks”). These services include building inspection services and other residential inspection services and related products. The market for the goods and services offered in this business include the general public. Most residential building inspections are performed when people buy or sell a home to disclose to the prospective buyer of the home any defects discovered. We expect your customers will be homeowners, homebuyers, and referral sources like real estate brokers, attorneys, mortgage lenders and relocation services.

We designate a specific area for you to establish your office, and provide you with a designated area to operate your franchise. We generally offer a franchise for a “Standard Territory.” Under a Standard Territory, your designated area will usually be a contiguous area having approximately 4,000 annual residential real estate transactions (involving the sale of one to four units). Occasionally, we may offer you a franchise for an “Alternate Territory.” Franchise Businesses with Alternate Territories generally encompass approximately 2,000, but not less than approximately 1,000, annual residential real estate transactions (involving the sale of one to four units). (See Items 5 and 12.)

Our offering for existing franchisees wishing to purchase additional franchises may differ slightly due to certain considerations for franchisee’s experience with our system (i.e. reduction in required training, computer hardware and/or software requirements, and a discount of the initial franchise fee as disclosed in Item 5.) Existing franchisees purchasing additional franchises must sign our then-current franchise agreement.

We also extend this offering to those persons wishing to convert their existing inspection business to an AmeriSpec franchised business providing the same or similar services ("Conversion Franchise"). Our offering for the Conversion Franchise differs slightly from the other offerings described above to the extent that certain considerations are made to enable a smooth transition of the business operations. These considerations are described throughout the offering circular.

Our Predecessor and Affiliates. We have one predecessor company, AmeriSpec, Inc., a California corporation organized on September 22, 1987 (the "Predecessor"). The Predecessor merged with AmeriSpec on April 7, 1997. The Predecessor was located at 1855 West Katella Avenue, Suite 330, Orange, California 92667 before moving to our Memphis address in December 1996.

On February 20, 1996, American Home Shield Corporation purchased control of the Predecessor. American Home Shield is a leading provider of home warranty contracts in the United States. It provides homeowners with contracts covering the repair or replacement of built-in appliances, hot water heaters, electrical wiring, plumbing, central heating, and central air conditioning systems, which malfunction by reason of normal wear and tear. American Home Shield is a subsidiary of ServiceMaster Consumer Services Limited Partnership, a Delaware limited partnership ("Consumer Services"). The address of Consumer Services and ServiceMaster Consumer Services, Inc. (mentioned below) is 860 Ridge Lake Boulevard, Memphis, Tennessee 38120. American Home Shield's address is 889 Ridge Lake Boulevard, Memphis, Tennessee 38120. American Home Shield has been operating since 1971. American Home Shield has never offered franchises. The general partner of Consumer Services is ServiceMaster Consumer Services, Inc., a Delaware corporation. The limited partners of Consumer Services are ServiceMaster Holding Corporation, a Delaware corporation, and ServiceMaster Management Corporation, a Delaware corporation. ServiceMaster Management Corporation is a subsidiary of The ServiceMaster Company, a Delaware corporation ("ServiceMaster"). ServiceMaster and each of Consumer Services' limited partners are located at 3250 Lacey Road, Suite 600, Downers Grove, Illinois 60515. American Home Shield also owns each of the companies in Exhibit J, and those companies, along with American Home Shield, may provide home warranty services to some of the customers of our franchisees. Each of American Home Shield, Consumer Services, ServiceMaster and ServiceMaster Consumer Services, Inc., are affiliates of AmeriSpec.

Competition. The competition for the services you offer will vary depending on the type of service. The competition for our primary service, the residential building inspection service, will come from other building inspection services in the same geographic area, including independent local companies and those that may be franchised by national or regional building inspection franchise companies. In some areas of the country, residential sales may be seasonal and this will cause your business to be seasonal in those areas.

Other inspection services offered by many of our franchisees include a variety of environmental inspections. We believe the market and the competition for these services is generally the same as for our building inspection services. There are some competitors that offer

only these services, or that offer other services as part of another business that does not compete with our building inspection service.

Certain franchisees may offer “Commercial Property Inspection” services. A “Commercial Property Inspection” is an inspection of a non-residential property. Commercial Property Inspections provide information to owners, prospective purchasers, and property managers needed for evaluating the condition of the property. Commercial Property Inspections may include specialty inspections performed as needed, by subject experts uniquely qualified to perform the specialty inspection and deliver an authoritative report that evaluates components relative to the property and that pertain to their expertise. All franchisees wishing to perform commercial inspections must become certified in Commercial Property Inspections by meeting certain criteria, attending, and completing the AmeriSpec Commercial Inspection training program. (See “Training” under Item 11 below.)

Additional AmeriSpec affiliates:

(1) ServiceMaster Residential/Commercial Services Limited Partnership, a Delaware limited partnership, is a franchisor of heavy-duty cleaning franchises and the former owner of ServiceMaster’s Lawn Care franchise business. It is also a subsidiary of Consumer Services. ServiceMaster Res/Com’s address is 3839 Forest Hill-Irene Road, Memphis, Tennessee 38125. Currently ServiceMaster Res/Com has approximately 4,600 domestic franchises. ServiceMaster Res/Com and its predecessors have offered heavy-duty cleaning franchises since 1952. ServiceMaster also offered home companion franchises under the name, ServiceMaster Caring Companions, from late 1996 through mid 1998. Fourteen were sold and operated during that time. Except for cleaning, lawn care and companion care, neither ServiceMaster Res/Com nor its predecessors have ever offered franchises for other unrelated businesses before.

(2) Merry Maids Limited Partnership, a Delaware limited partnership (“Merry Maids”) franchises residential house cleaning businesses. The address for Merry Maids is 3839 Forest Hill-Irene Road, Memphis, Tennessee 38125. Merry Maids is a subsidiary of Consumer Services. Merry Maids currently has approximately 1,404 franchises and operates approximately 66 branch residential cleaning businesses. Merry Maids and its predecessors began business and started offering franchises in 1980. Neither Merry Maids nor its predecessors have ever offered franchises for other unrelated businesses.

(3) The Terminix International Company Limited Partnership, a Delaware limited partnership (“Terminix”), operates and franchises professional termite and pest control services in residential and commercial buildings. It is also a subsidiary of Consumer Services. The address for Terminix is 860 Ridge Lake Boulevard, Memphis, Tennessee 38120. Terminix currently has approximately 27 franchisees operating 134 service offices and operates approximately 347 company-owned offices. Terminix and its predecessors have granted franchises for others to perform termite and pest control services beginning in 1927. Terminix and its predecessors stopped licensing new franchises in the mid 1970’s. Neither Terminix nor its predecessors have ever offered franchises for other unrelated businesses.

(4) TruGreen Limited Partnership, a Delaware limited partnership ("TruGreen"), franchises and operates commercial and residential lawn care services including indoor and outdoor landscaping, lawn care and maintenance, tree and shrub care and maintenance, all utilizing chemical and/or non-chemical methods. TruGreen supplies fertilizer and other lawn care products to retail outlets across the United States. It also is a subsidiary of Consumer Services. The address for TruGreen is 860 Ridge Lake Boulevard, Memphis, Tennessee 38120. TruGreen has offered TruGreen® franchises since its formation in 1992. TruGreen has never offered franchises for other unrelated businesses.

In May 1992, TruGreen acquired the ChemLawn lawn care business from Ecolab, Inc. At the time of the acquisition, ChemLawn had 158 branches and 61 franchises. TruGreen currently operates approximately 236 company-owned branches under the "TruGreen/ChemLawn" trade name. Approximately 46 franchisees operate under the "TruGreen/Chemlawn" trade name. Approximately 15 franchisees operate under the "ServiceMaster Lawn Care" trade name. Consumer Services currently owns 100% of TruGreen.

(5) Furniture Medic Limited Partnership, a Delaware limited partnership, has been a subsidiary of Consumer Services since July 1996. Furniture Medic offers franchises for furniture restoration, repair and refinishing. Its predecessor, Furniture Medic, Inc., a Georgia corporation, began offering the same kind of franchises in August 1992. Furniture Medic currently has approximately 549 operations worldwide. Furniture Medic's address is 3839 Forest Hill-Irene Road, Memphis, Tennessee 38125. Neither Furniture Medic nor its predecessor, Furniture Medic, Inc. has offered franchises for other unrelated businesses. Furniture Medic, Inc.'s address was 277 Southfield Parkway, Forest Park, Georgia 30050.

(6) The ServiceMaster Acceptance Company Limited Partnership ("SMAC") is a wholly owned financing subsidiary of ServiceMaster. SMAC offers financing to AmeriSpec® franchisees (as described in Item 10 below). Its address is 3250 Lacey Road, Suite 600, Downers Grove, Illinois 60515.

Laws, Licenses and Permits. To AmeriSpec's knowledge, in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Montana, Nevada, New Jersey, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Virginia and Wisconsin, there are specific statutory requirements that apply to home inspector licensing, registration or certification, or otherwise regulate the operation of a home inspection business and therefore will apply to your business. Several other states have legislation pending regarding the licensing, registration or certification of home inspectors and specific requirements for home inspection reports. You should check with your state's real estate commission, home inspection association, or local municipality to confirm the existence of the legislation or pending legislation in your state. Other laws regulating businesses in general also may apply to your Franchised Business.

Item 2

**BUSINESS EXPERIENCE**

The following table lists our general partners, their directors, and principal officers and other executives who have management responsibility for our franchises:

**PRESIDENT; DIRECTOR: David J. Crawford**

Mr. Crawford became President of AmeriSpec on February 1, 2006 after serving as our Executive Vice President since January 1, 2005. Mr. Crawford was also promoted to President of American Home Shield on March 1, 2006. Previously, he was Senior Vice President, Sales, for American Home Shield from January 2005 through March 1, 2006 and, prior to that, Senior Vice, Real Estate Sales, for American Home Shield from June 1994 through December 2004.

**EXECUTIVE VICE PRESIDENT; DIRECTOR: Scott J. Cromie**

Effective March 1, 2006, Mr. Cromie became Executive Vice President and Director of AmeriSpec after serving as our President from January 1, 2005 through February 1, 2006. Previously, Mr. Cromie was our Executive Vice President from April 1997 through January 1, 2005. Prior to that, he was President of AmeriSpec from February 1996 through April 1997. He has served as Director of AmeriSpec since February 1996. On March 1, 2006, Mr. Cromie became Chief Executive Officer of American Home Shield. Mr. Cromie was President of American Home Shield from October 1996 through March 1, 2006 and Chief Operating Officer and Director of American Home Shield since June 2000. He joined American Home Shield as Controller in 1986. In addition, on March 1, 2006, Mr. Cromie was promoted to Group President of The ServiceMaster Company with responsibilities for Merry Maids, ServiceMaster Clean, American Home Shield, AmeriSpec, Furniture Medic, SiteService (an affiliated company) and InStar (a recently acquired affiliated company).

**SENIOR VICE PRESIDENT; SECRETARY; DIRECTOR; GENERAL COUNSEL:  
Mark F. Lightfoot**

On March 1, 2006, Mr. Lightfoot was promoted to Senior Vice President of AmeriSpec and Merry Maids, ServiceMaster Clean, American Home Shield, Furniture Medic, SiteService (an affiliated company) and InStar (a recently acquired affiliated company). Mr. Lightfoot has been Secretary and a Director of AmeriSpec since February 1996. From September 1986 through the present, he has been Vice President, General Counsel and Secretary of American Home Shield, in Memphis Tennessee. In May 2002, he was promoted to Senior Vice President of American Home Shield. In May 2003, Mr. Lightfoot assumed the position of General Counsel for AmeriSpec.

SENIOR VICE PRESIDENT; CHIEF FINANCIAL OFFICER; TREASURER: Brian Rupiper

Mr. Rupiper was promoted to Senior Vice President and Chief Financial Officer of American Home Shield and AmeriSpec on March 1, 2006. Mr. Rupiper has been Treasurer of AmeriSpec since May 2001. He has served as Vice President and Treasurer of American Home Shield since May 2001. Mr. Rupiper joined American Home Shield as Accounting Manager in 1987 and has also held the positions of Controller at the National Service Center, Manager of Field Operations and Director of Field Operations with American Home Shield.

VICE PRESIDENT; CHIEF OPERATING OFFICER: Cary N. Fairless

Mr. Fairless became Vice President and Chief Operating Officer of AmeriSpec on January 1, 2005. Previously, he was Director of National Accounts for American Home Shield from January 2004 through December 31, 2004. Mr. Fairless began his career with American Home Shield in 1997 as an Acquisitions Manager.

DIRECTOR OF OPERATIONS: Jack A. Torregrossa

Mr. Torregrossa became Director of Operations on January 24, 2005. He joined AmeriSpec in May 2001 as Franchise Operations Manager. Previously, he was a Product Specialist with American Home Shield from February 1997 through May 2001.

CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE BOARD OF THE SERVICEMASTER COMPANY: Jonathan Ward

Mr. Ward has been Chairman of the Board of the ServiceMaster Company since April 2002, and Chief Executive Officer of The ServiceMaster Company since February 2001. Mr. Ward was President of The ServiceMaster Company from February 2001 to April 2002. Prior to joining ServiceMaster, Mr. Ward was President and Chief Operating Officer of R.R. Donnelley, a position he held since 1997. Before his appointment as their President and Chief Operating Officer, Mr. Ward served in a variety of positions with R.R. Donnelley during his 23 years with the company.

PRESIDENT AND CHIEF FINANCIAL OFFICER OF THE SERVICEMASTER COMPANY: Ernie Mrozek

Mr. Mrozek became the President of The ServiceMaster Company in April 2002 and Chief Financial Officer in January 2004. Previously Mr. Mrozek held various positions with The ServiceMaster Company or its affiliated entities since 1987, including that of President and Chief Operating Officer of The ServiceMaster Company from April 2002 to January 2004 and President and Chief Operating Officer of Consumer Services from January 1997 to March 2002.

### Item 3

#### LITIGATION

AmeriSpec currently is not the subject of any material pending cases. During the 10 years immediately preceding the date of this Offering Circular, we have been the subject of the following concluded material matters:

AmeriSpec, Inc. v. Gary and Taanya Stephens, Circuit Court of St. Louis County, Missouri, Case No. 99CC-001995 2 CV. On June 10, 1999, the Company filed a lawsuit for breach of the Franchise Agreement against Gary and Taanya Stephens, then-current AmeriSpec franchisees. The Company alleged that the Stephens' failed to report and pay fees and failed to cooperate with a request for an audit. On August 12, 1999, the Defendants filed an Answer and Counterclaim against the Company alleging breach of the Franchise Agreement and seeking approximately \$200,000 in damages. On September 13, 1999, the Company filed a Reply to the Defendants Counterclaim denying that it breached the Franchise Agreement between the parties and denying that the Defendants were entitled to any damages. The Defendants later amended their Counterclaim by eliminating some claims and reducing the amount of damages they sought from the Company.

On April 25, 2000, the Company gave Defendants Notice of Termination of their Franchise Agreement effective July 27, 2000. The Defendants took no action to prevent the termination. On August 1, 2000, the Company sought a Temporary Restraining Order enforcing the post-termination provisions of the Franchise Agreement. On August 18, 2000, the Court granted the Company's Motion and enforced all post-termination provisions of the Franchise Agreement, including the covenant-not-to-compete. On August 23, 2000, the parties settled the dispute on terms that included converting the Temporary Restraining Order into a Permanent Injunction and extending the term of the post-termination non-compete from one year to two years. The Company paid the Defendants \$25,000 to extend the non-compete term from one year to two years. The Permanent Injunction enforcing all post-termination provisions of the Franchise Agreement was entered on September 8, 2000 and the case was dismissed thereafter.

AmeriSpec, Inc. v. Michael and Carrie Schirmer, United States District Court for District of Vermont, Case No. 2:03-cv-15. The Company terminated Michael and Carrie Schirmers' ("the Schirmers") AmeriSpec Franchise Agreement for failure to pay fees. On January 14, 2003, the Company filed this action and sought a Preliminary Injunction to enforce the post-termination provisions of the Franchise Agreement between the Company and the Schirmers. On March 4, 2003, the Court granted the Company's Motion and enforced the post-termination provisions of the Franchise Agreement, including the covenant-not-to-compete. On March 10, 2003, the Schirmers filed a Counterclaim against the Company alleging that the Company had breached an implied covenant of good faith and fair dealing between the Company and the Schirmers. Specifically, the Schirmers alleged that the Company failed to send field service personnel to their Designated Territory to assist them in developing their business; that the Company switched franchise support personnel; that the Company failed to provide its business software system for a period of approximately six months; that the errors and omissions insurance offered by the Company was more expensive than insurance policies available from other providers; and that

the AmeriSpec System of Operation was not unique. The Company denied that it breached any covenant of good faith and fair dealing with the Schirmers or that it committed any of the acts alleged in the Schirmer's Counterclaim. On June 30, 2003, the parties settled the dispute on terms that included converting the Preliminary Injunction into a Permanent Injunction; the Schirmers dismissing their counterclaim and AmeriSpec dismissing its claim for damages against the Schirmers. The Permanent Injunction enforcing the post-termination obligations of the Franchise Agreement and dismissing the dispute was entered on August 29, 2003.

Other than these 2 actions, no litigation is required to be disclosed in this offering circular.

#### Item 4

### BANKRUPTCY

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

#### Item 5

### INITIAL FRANCHISE FEE

The initial franchise fee for a franchise in a Standard Territory in the United States is generally \$29,900. We discount this initial franchise fee by 10% if (1) you, or the majority of the shareholders, members, or partners if the franchisee is a legal entity, were honorably discharged from the U.S. Army, Navy, Air Force, Marines or Coast Guard within 5 years before signing the Franchise Agreement (this discount also is offered through the International Franchise Association's VetFran Program in which AmeriSpec participates), (2) you, or the majority of the shareholders, members, or partners if the franchisee is a legal entity, were an employee of the United States Government who retired with full retirement benefits within 5 years before signing the Franchise Agreement or (3) you (a) already own an existing AmeriSpec® franchise and are approved to purchase an additional franchise, (b) are not in default under any agreements with us, and (c) provide us with an acceptable business plan and financial statements to support the development of the additional territory. We will discount the franchise fee by 5% if the purchaser is an employee or franchisee in good standing of any of the ServiceMaster-affiliated companies. Purchasers of multiple franchises at the same time receive a 10% discount on all except the first territory. Existing owners who receive the 10% discount on the purchase of these additional territories do not receive a separate copy of AmeriSpec's "Proprietary Software" (see Item 11 below) or the contents of the starter kit that new franchise purchasers receive, but will receive the training described in Item 11.

The initial franchise fee for a franchise in an Alternate Territory is \$19,900. We discount this initial franchise fee in the same percentage, and using the same guidelines as noted above for purchasers of a Standard Territory. Although we are not obligated to offer a franchise in an Alternate Territory, an Alternate Territory is a designated area that has approximately 2,000 (but not less than approximately 1,000) residential real estate transactions per year.



If you are eligible for more than one discount for the reasons described above, only the largest discount will be applied to the initial franchise fee.

The initial franchise fee covers the cost of most aspects of our initial training program and the initial license fee for the AmeriSpec Home Inspector Software and Quick Pics, as well as limited software support (if you are acquiring your first AmeriSpec® franchise). The initial franchise fee does not cover the cost of the hardware needed to operate the software. See Item 11 for further discussion of the AmeriSpec Home Inspector Software, other software and accompanying computer hardware, our initial franchisee training program, and benefits provided to franchisees renewing their existing franchise or acquiring additional AmeriSpec® franchises.

**Conversion Franchise.** We currently offer business owners the opportunity to convert their existing inspection service business to an AmeriSpec franchised business. The minimum guidelines for a conversion are as follows:

Existing Revenue Level	Percent Off Initial Franchise Fee of \$29,900	Existing Revenue Level	Percent Off Initial Franchise Fee of \$29,900
\$51,000-\$100,000	10% off you pay \$26,910	\$301,000-\$350,000	60% off you pay \$11,960
\$101,000-\$150,000	20% off you pay \$23,920	\$351,000-\$400,000	70% off you pay \$8,970
\$151,000-\$200,000	30% off you pay \$20,930	\$401,000-\$450,000	80% off you pay \$5,980
\$201,000-\$250,000	40% off you pay \$17,940	\$451,000-\$500,000	90% off you pay \$2,990
\$251,000-\$300,000	50% off you pay \$14,950	Over \$500,000	100% off you pay \$0

The Conversion Franchise offer is limited to a Standard Territory only and the previously mentioned discounts do not apply. The Conversion Franchisee will receive the initial training program and the AmeriSpec Home Inspector Software and Quick Pics (first AmeriSpec® franchise only). Please see Item 11 for more detail.

Except as described below, the initial franchise fee is payable in one lump sum at the signing of the franchise agreement. Our affiliate, SMAC, offers financing for up to 80% of the initial franchise fee as disclosed in Item 10 below. Initial franchise fees are not refundable.

Item 6

OTHER FEES

Name of Fee (Note 1)	Amount	Due Date	Remarks
Earned Service Fee	7% of Gross Receipts, with a minimum of \$250 per month (Notes 2, 3 and 4)	By Friday of each week, based on Gross Receipts for the prior week, and on the last day of each calendar month for the balance of the amount due that month	
Advertising Contribution	3% of Gross Receipts with a minimum of \$125 per month (Notes 2 and 4)	By Friday of each week, based on Gross Receipts for the prior week, and on the last day of each calendar month for the balance of the amount due for that month	We will separately account for these amounts in an advertising fund managed by us.
Audit Expenses	Cost of Audit (up to approximately \$2,000)	10 days after receipt of audit report	Up to \$2,000; unless you understate your Gross Receipts by 3% or more – then entire cost of audit.
Late Charges	1 1/2% per month on unpaid balances	Immediately after notice from us	You must pay this fee only when you do not pay other fees to us.
Assignment Fee	\$6,000 (Note 5)	Before completing an assignment of the franchise	You must pay this fee when you assign control of the franchise agreement, the franchise, or the Franchised Business.
Additional Training	\$800-\$1,000 per person (Note 6)	At time of training	(Note 6)
Errors & Omissions Insurance	From \$2,800 (Approximate base premium cost of \$2,800 plus incremental cost calculated at 0.0089 times gross revenue from previous year) (Note 7)	Before opening	Payment options dependent on provider.

Name of Fee (Note 1)	Amount	Due Date	Remarks
AmeriSpec Convention Assessment fee	\$700 (Note 8)	Before attendance at convention	
Initial Software License Fee	Will vary under the circumstances – currently the fee is \$300, but is included in the cost of the franchise for franchisees acquiring their first franchise	Payable upon execution of the Software License Agreement	We will not charge this initial license fee to franchisees acquiring their first franchise but will charge a renewal fee of \$50 per license starting on January 1 of the next calendar year.

- 1 Unless otherwise stated, all fees are due and payable to AmeriSpec without set off, and are nonrefundable.
- 2 Gross Receipts include all revenues you receive for services offered by you or from the premises of your business, and all services or products sold under the Names and Marks, or otherwise related to your Franchised Business, but do not include sales or use taxes. With regard to the Conversion Franchise, the Earned Service Fee on the existing revenue brought into the AmeriSpec system will be waived for a period of time (up to one year) based upon the level of revenue at the time of purchase.
- 3 If your state, or any governmental body in your state, charges us a tax on the Earned Service Fee we receive from you, you must pay an additional Earned Service Fee equal to the amount of this tax. This does not apply to any federal income taxes we have to pay.
- 4 The minimum Earned Service Fee and Advertising Contribution for a franchise in an Alternate Territory is \$125 and \$55, respectively, per month.
- 5 You are not required to pay an assignment fee if the assignee is your spouse, or your adult child. Otherwise, the assignment fee is \$6,000. If you assign more than one franchise to the same person at one time, you will only pay one assignment fee, and the amount will be the highest fee under your agreements. In addition, assignees who purchase a franchise business from a franchisee are not entitled to the same benefits as a new franchisee who purchases the Franchised Business from us. For example, assignees must pay for the cost of the initial training if the franchisee from whom they purchase the Franchised Business does not have sufficient training credits to cover both weeks of initial training, as well as costs incurred during and related to the training.
- 6 These are our current charges for training, and we may change these amounts. (See “Training” under Item 11 for further information.)
- 7 You pay this fee to the provider of the insurance or the insurance brokerage firm. You may obtain insurance from another insurer at a rate determined by the insurer. This insurance covers you from certain claims of your customers.
- 8 This was the assessment fee for 2 people from a franchise attending the convention in February 2005. We may increase this fee. Attendance is expected; the assessment fee is

mandatory. The only exception to the assessment fee is for new franchisees that complete the management institute within 90 days before the start of the annual convention.

Item 7

INITIAL INVESTMENT

<b>Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>Whether Refundable</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee	\$17,910-\$29,900 (Note 1)	Lump Sum	Upon signing the Agreement	No	AmeriSpec
Computer System and Equipment	\$200-\$4,000 (Note 2)	Lump Sum/ Monthly Installments	First payment within one month before commencement of business	(Note 2)	Third party suppliers
Real Property	\$0 (Notes 3 & 4)	Monthly Installments	Monthly	(Note 3)	Landlord
Equipment and Furniture	\$500-\$2,500 (Note 4)	Lump Sum/Monthly Installments	As incurred	(Note 3)	Third party suppliers
Opening Promotional Expenses	\$1,500-\$2,500 (Note 5)	As incurred	As incurred	(Note 3)	Third party suppliers
Travel and Living Expenses While Training	\$750-\$1,250 (Note 3)	As incurred	Before and during training	(Note 3)	Airlines and Restaurants
Marketing Materials	\$500-\$1,700 (Note 5)	As incurred	At time of ordering	No	Third party suppliers or AmeriSpec
AmeriSpec Report (includes binder, inspection agreements, report tabs, seasonal maintenance checklist, Home Repair Manual and ServiceMaster coupons)	\$450.00 (Minimum order of 50 binders)	As incurred	At time of ordering	No	AmeriSpec
Miscellaneous Opening Costs	\$4,000-\$8,500 (Note 6)	As incurred	Before Opening	(Note 3)	Third party suppliers
Field Inspection Hardware/Accessories (Note 7)	\$250-\$2,000	Lump Sum/Monthly Installments	Monthly	No	Third party
Additional Funds - three months	\$500-\$12,000 (Note 8)	As incurred	As incurred	(Note 3)	Various parties

<b>Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>Whether Refundable</b>	<b>To Whom Payment Is To Be Made</b>
Total	\$26,560 - \$64,800 (Note 9)				

- 1 The initial franchise fee will vary depending on whether the area we grant to you is for a Standard Territory or an Alternate Territory. In addition, the initial franchise fee may vary depending on whether a discount applies. For example, the Initial Franchise Fee for the Conversion Franchise will range from \$0 to \$26,910, depending on the discount. (See Item 5 for more details.) Our affiliate, SMAC, offers financing for up to 80% of the initial franchise fee for those who qualify as disclosed in Item 10 of this offering circular. The initial franchise fee is not refundable.
- 2 The minimum investment for computer systems and equipment assumes you lease the computers and non-proprietary software or will be using some computer already in your possession. The maximum investment assumes you purchase the computer systems with cash. Whether or not any of these fees will be refunded to you depends on arrangements between you and the third party suppliers.
- 3 Amount, method of payment and whether or not any of these fees will be refunded to you depends upon arrangements between you and third party suppliers.
- 4 You are not obligated to set up an external office after you sign your franchise agreement and may operate your AmeriSpec franchised business from your home. You are required, however, to establish a functional office with a desk, computer stand, chairs, etc., even if you operate out of your home. (Your home office must be within your Designated Territory and your office phone number must have the area code and a telephone prefix associated with your Designated Territory.) If you own multiple franchises, the Designated Territories of which are contiguous, you only need to establish one full-time office.
- 5 Typically, our franchisees buy between \$500 and \$1,700 of marketing supplies once they attend the initial management institute training. With the exception of the AmeriSpec Report binder and its contents, which are required to be used in the franchised business, you are not required to buy these materials. Examples: specialty items, giveaways, apparel, flyers and other printed pieces.
- 6 Includes security deposits, utility costs, and incorporation fee.
- 7 In addition to the other computer software outlined above, we recommend that you use in-field software and hardware. The in-field software and hardware simplifies the capture of data and generation of reports. It allows each franchisee a degree of control over his/her inspection templates (the format followed for conducting the inspection) and also

may permit an inspector to print an entire report or a summary report in the field or take the electronic report back to the office for final editing and printing. Franchisees acquiring their first Franchised Business will receive the AmeriSpec Home Inspector Software from us as part of the initial franchise fee. (See "Computer System" under Item 11 below.) For those who qualify, you may finance the hardware needed to operate the various software programs through ServiceMaster Acceptance (SMAC). Depending on the configuration and financing option selected, the hardware can require an initial outlay of anywhere from \$250 to \$2,000 per system/inspector.

- 8 This amount is an estimate of the initial start up expenses you will incur during the first three months of operating the business (other than for replacement of initial marketing material inventory) and includes errors and omissions insurance, initial bank deposits, attorneys' fees and prepaid expenses. It does not include any salary or living expenses for you. These figures are estimates and we cannot guarantee you will not have additional expenses either in starting the business or during the first three months. Your costs will depend on factors like: how closely you follow our methods and procedures; your management skill; your experience and business acumen; local economic conditions; the local market for your product and services; the prevailing wage rate; competition; and the sales level reached during the initial period. These figures do not apply to existing franchisees as (depending on individual circumstances) they likely will not incur many of the costs identified above.
- 9 In putting together these estimates, we have relied on our and the Predecessor's combined 18 years of experience in the business and the experience of our franchisees in starting AmeriSpec® Franchised Businesses during the last several years. Your actual investment could be different than our experience, depending on whether you open an office outside your home in the first year, spend more in advertising, or charge additional expenses through your company.

#### Item 8

#### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All equipment, fixtures, supplies, insurance, inventories, computer hardware and software, and supplies you purchase for use or sale of your business must meet our specifications. Those specifications may include minimum standards for delivery, performance, design, appearance, and quality. The specifications will be issued to you before you start your business. You must insure your franchise with coverage, types, and amounts that we specify in the Business Management Manual or otherwise in writing. You cannot open your location to the public unless it is adequately insured. We reserve the right to modify these insurance requirements periodically and you must meet these new requirements. You must list AmeriSpec as an additional insured. Our present insurance requirements are:

- (a) We currently require employers liability with a limit of \$100,000 in workers' compensation as required by law; however, we reserve the right, in the future, to

require it in all franchise operations staffed by more than the owner(s) of that business; and

- (b) Comprehensive general liability insurance covering the operation of your business with a limit of at least \$1,000,000; and
- (c) Business automobile insurance for both owned and non-owned vehicles with a minimum limit of liability of \$500,000 for both bodily injury and property damage; and
- (d) Errors and omissions with a minimum limit of liability of \$1,000,000.

If you purchase your computer systems and equipment, the cost of the items you must purchase that must comply with our specifications represent between 2% - 14% of the total purchases you will make in establishing your business. This includes items you will purchase from third party suppliers as well as items you will purchase from us. The only items we currently sell to our franchisees are the brochures, the AmeriSpec Home Inspector Software, marketing materials, and materials for the AmeriSpec Inspection Report. On an ongoing basis, the items you purchase must comply with our specifications and will represent approximately 10-15% of the total purchases you will make in operating your Franchised Business. This again includes items you will purchase from us, as well as other expenses you will incur in operating your Franchised Business.

We also suggest approved suppliers for many of the items you will need to purchase. We will give you a list of approved suppliers before you start your business. If you want to purchase products from suppliers other than those we have approved, you must request our approval before doing so. Before giving our approval, we may ask the supplier to provide samples of materials they wish to provide to you, and we may investigate the ability of the supplier to provide materials that meet our specifications. We do not impose any fee either to you or the supplier for conducting this investigation. We will usually be able to tell you within 10 days whether or not the supplier is approved, but the time period will depend upon the cooperation we receive from the supplier in responding to our questions.

We also qualify certain vendors for "approved vendor" status for specialty items, field inspection hardware/accessories, specialty printers, insurance services, inspection tools, office equipment, career apparel, customized newsletters, laboratory services, testing supplies, computer systems and accounting systems who offer better-than-market prices, terms, and/or higher quality service. We do not provide any special benefits to franchisees based on their use of any approved supplier or approved vendor. Some suppliers designated by us provide us rebates based on sales made to you. This rebate ranges from 5% to 10% of the revenue they receive from you. We use these funds to defray our cost of interfacing with these vendors on behalf of our franchisees.

We also offer to sell to you various brochures and marketing materials. With the exception of the AmeriSpec Report binder and its contents, you do not have to buy this material from us. For fiscal year end December 31, 2005, our total revenue resulting from franchisee

purchases of goods, products and services described in this Item 8 was \$1,128,000 or 17% of our total revenues of \$6,765,000.

## Item 9

### FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

	Obligation	Section in Agreement	Item in Offering Circular
a.	Site selection and acquisition/lease	Sections 3 and 7 and Exhibit "A" of Franchise Agreement	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 9 and 11 of Franchise Agreement	Items 7 and 8
c.	Site development and other pre-opening requirements	Sections 3, 7 and 8 of Franchise Agreement	Items 6, 7 and 11
d.	Initial and ongoing training	Section 8 of Franchise Agreement	Item 11
e.	Opening	Section 8 of Franchise Agreement	Items 7 and 11
f.	Fees	Sections 4, 5, 6 and 9(12) of Franchise Agreement, and Paragraphs 2(01)-(03) of Alternate Territory Addendum	Items 5 and 6
g.	Compliance with standards and policies	Section 9 of Franchise Agreement	Items 8 and 11
h.	Trademarks and proprietary information	Sections 2, 10 and 14 of Franchise Agreement	Items 13 and 14
i.	Restrictions on products/services offered	Section 11 of Franchise Agreement	Items 8, 11 and 16
j.	Warranty and customer service requirements	Section 9 of Franchise Agreement	Items 11 and 16
k.	Territorial development and sales quotas	Section 19 of Franchise Agreement, and Paragraph 2(04) of Alternate Territory Addendum	Items 12 and 17
l.	Ongoing product/service purchases	Section 11 of Franchise Agreement	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 7 and 9 of Franchise Agreement	Items 8 and 11
n.	Insurance	Section 13 of Franchise Agreement	Items 6 and 7
o.	Advertising	Section 6 of Franchise Agreement	Items 6, 7 and 11
p.	Indemnification	Section 21 of Franchise Agreement	Item 6
q.	Owner's participation/management/staffing	Sections 8 and 9 of Franchise Agreement	Item 15



	Obligation	Section in Agreement	Item in Offering Circular
r.	Records/reports	Section 12 of Franchise Agreement	Item 6
s.	Inspections/audits	Section 12 of Franchise Agreement	Items 6 and 11
t.	Assignment	Sections 16, 17 and 19 of Franchise Agreement	Item 17
u.	Renewal	Section 3 of Franchise Agreement	Item 17
v.	Post-termination obligations	Sections 15 and 16 of Franchise Agreement	Item 17
w.	Non-competition covenants	Section 15 of Franchise Agreement	Item 17
x.	Dispute resolution	Sections 20 and 22 of Franchise Agreement	Item 17

### Item 10

### FINANCING

We do not offer direct financing. Our affiliate, The ServiceMaster Acceptance Company Limited Partnership (“SMAC”) (see Item 1 disclosure), does offer financing for the Initial Franchise Fee and certain computer equipment as described in the charts below.

#### SUMMARY OF SMAC FINANCING FOR INITIAL FRANCHISE FEE

	STANDARD TERRITORY	ALTERNATE TERRITORY
Amount Financed <sup>1</sup>	Up to \$23,920	Up to \$15,920
Down Payment <sup>1</sup>	Min. of \$5,980	Min. of \$3,980
Term <sup>1</sup>	7 years	7 years
Interest Rate <sup>1</sup> (APR) <sup>2</sup>	10.25%	10.25%
Initial Monthly Payment <sup>3</sup>	\$215.00	\$146.00
Prepay Penalty	None	None
Security Required <sup>4</sup>	Franchise Business Assets/Personal Guaranty/UCC-1 Financing Statement/ Business Owner(s) Guaranty/ Other Collateral Upon Request	Franchise Business Assets/Personal Guaranty/UCC-1 Financing Statement/ Business Owner(s) Guaranty/Other Collateral Upon Request

	STANDARD TERRITORY	ALTERNATE TERRITORY
Liability Upon Default <sup>5</sup>	Loss of Franchise and Other Franchises/Acceleration of Loan Balance(s)/Attorney Fees/ Max. Lawful Rate of Interest (Business Note)/ Court Costs/Any Other Related Expenses	Loss of Franchise and Other Franchises/ Acceleration of Loan Balance(s)/Attorney Fees/ Max. Lawful Rate of Interest (Business Note)/ Court Costs/Any Other Related Expenses
Loss of Legal Right on Default	Waive Notice/ Loss of Defenses	Waive Notice/ Loss of Defenses

<sup>1</sup>With your approved credit, SMAC will finance up to 80% of the initial franchise fee up to a seven-year period. An application for financing must be completed and signed by all applicants. Upon approval, a Business Note and Security Agreement ("Note") (Exhibit B) with personal guaranties must be signed along with a pledge of the assets of the Franchise (UCC-1 Financing Statement). Copies of drivers' licenses of all signatories must be provided to SMAC.

SMAC charges floating annual interest on the outstanding principal balance at the then current prime interest rate as reported in *The Wall Street Journal*, plus 3% (subject to a floor of 8%). SMAC retains the right to change the rate of interest charged and, at any given time, may offer financing arrangements that differ from those disclosed here for the purchase of the franchise, subject to restrictions. SMAC may sell the Note to a third party.

AmeriSpec does not receive payment for the placement of your financing with SMAC. Neither AmeriSpec nor any employee, salesperson, or agent of AmeriSpec has any express or implied authority to act as an agent of The ServiceMaster Acceptance Company Limited Partnership. The rates and terms offered are authorized solely by The ServiceMaster Acceptance Company Limited Partnership. AmeriSpec does not arrange financing from sources other than SMAC.

With approved credit, you may be eligible to receive 100% financing by securing your license purchase with stock that you own in either The ServiceMaster Company or any publicly traded stock on the New York Stock Exchange or NASDAQ. SMAC will allow you 1.5 times the value of your ServiceMaster Company stock or 2 times the value of your publicly traded stock to cover your 20% down payment. For example, for a \$20,000 loan, to cover the 20% down payment, you must have \$6,000 in ServiceMaster stock ( $\$20,000 \times 20\% \times 1.5 = \$6,000$ ) or \$8,000 in other publicly traded stock ( $\$20,000 \times 20\% \times 2 = \$8,000$ ). In order to use stock as collateral, SMAC must hold the stock certificates and a signed Irrevocable Stock Power in its possession. The Stock Power authorizes SMAC to sell the shares upon default.

With approved credit, SMAC is also willing to provide 100% financing if you wish to provide SMAC with the equivalent amount of equity in residential real estate to satisfy your 20% down payment. Financing is subject to any applicable state Homestead Exemption statutes. You must pay all costs and fees related to this transaction, including, but not limited to, appraisal, closing, legal, and filing.

<sup>2</sup>The Interest Rate (APR) is stated as of December 31, 2005.

<sup>3</sup>Your first payment is due three months after the date of the franchise sale. Interest begins to accrue in the second month and your first payment is due in the third month. Your first twelve equal payments will be an amount slightly above the accrued interest. These payment amounts are estimated in the charts above. Beginning with your thirteenth payment, your payment amount will increase and will represent payment of both principal and interest. Monthly payments will be automatically transferred from your bank account (Exhibit B, Form A). Should SMAC agree to accept payments in any form other than by automatic transfer, a fee may be charged to the borrower. If any payment is returned for any reason, a fee of \$25 will be charged. Any payment not received by the tenth day after its due date is subject to a late charge in the amount of 5% of the payment or \$25 (whichever is greater).

<sup>4</sup>SMAC requires a personal guaranty of the Note by all applicants, by all outstanding owners of the business, and may request additional guaranties as deemed appropriate. SMAC requires a pledge of the assets of the Franchise (UCC-1 Financing Statement) and any and all other collateral required by SMAC. You may prepay the Note at any time without penalty.

<sup>5</sup>If you do not make payments when due, SMAC may demand immediate payment of the full outstanding balance of this loan and any other outstanding loans you may have with SMAC. We also have the right to terminate your franchise and any other AS FTC – \_\_\_\_\_

franchise you may have with AmeriSpec if you do not make your Note payments on time. In the case of default, interest will accrue at the fixed rate of eighteen percent (18%).

**SUMMARY OF SMAC FINANCING FOR CONVERSION FRANCHISE FEE**

	<b>STANDARD TERRITORY</b>
Amount Financed <sup>1</sup>	Up to \$21,528
Down Payment <sup>1</sup>	Min. of \$5,382
Term <sup>1</sup>	7 years
Interest Rate <sup>1</sup> (APR) <sup>2</sup>	10.25%
Initial Monthly Payment <sup>3</sup>	\$194.00
Prepay Penalty	None
Security Required <sup>4</sup>	Franchise Business Assets/Personal Guaranty/UCC-1 Financing Statement/ Business Owner(s) Guaranty/ Other Collateral Upon Request
Liability Upon Default <sup>5</sup>	Loss of Franchise and Other Franchises/Acceleration of Loan Balance(s)/Attorney Fees/ Max. Lawful Rate of Interest (Business Note)/ Court Costs/Any Other Related Expenses
Loss of Legal Right on Default	Waive Notice/ Loss of Defenses

<sup>1</sup>With your approved credit, SMAC will finance up to 80% of the initial franchise fee up to a seven-year period. An application for financing must be completed and signed by all applicants. Upon approval, a Business Note and Security Agreement ("Note") (Exhibit B) with personal guaranties must be signed along with a pledge of the assets of the Franchise (UCC-1 Financing Statement). Copies of drivers' licenses of all signatories must be provided to SMAC.

SMAC charges floating annual interest on the outstanding principal balance at the then current prime interest rate as reported in *The Wall Street Journal*, plus 3% (subject to a floor of 8%). SMAC retains the right to change the rate of interest charged and, at any given time, may offer financing arrangements that differ from those disclosed here for the purchase of the franchise, subject to restrictions. SMAC may sell the Note to a third party.

AmeriSpec does not receive payment for the placement of your financing with SMAC. Neither AmeriSpec nor any employee, salesperson, or agent of AmeriSpec has any express or implied authority to act as an agent of The ServiceMaster Acceptance Company Limited Partnership. The rates and terms offered are authorized solely by The ServiceMaster Acceptance Company Limited Partnership. AmeriSpec does not arrange financing from sources other than SMAC.

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With approved credit, you may be eligible to receive 100% financing by securing your license purchase with stock that you own in either The ServiceMaster Company or any publicly traded stock on the New York Stock Exchange or NASDAQ. SMAC will allow you 1.5 times the value of your ServiceMaster Company stock or 2 times the value of your publicly traded stock to cover your 20% down payment. For example, for a \$20,000 loan, to cover the 20% down payment, you must have \$6,000 in ServiceMaster stock ( $\$20,000 \times 20\% \times 1.5 = \$6,000$ ) or \$8,000 in other publicly traded stock ( $\$20,000 \times 20\% \times 2 = \$8,000$ ). In order to use stock as collateral, SMAC must hold the stock certificates and a signed Irrevocable Stock Power in its possession. The Stock Power authorizes SMAC to sell the shares upon default.

With approved credit, SMAC is also willing to provide 100% financing if you wish to provide SMAC with the equivalent amount of equity in residential real estate to satisfy your 20% down payment. Financing is subject to any applicable state Homestead Exemption statutes. You must pay all costs and fees related to this transaction, including, but not limited to, appraisal, closing, legal, and filing.

<sup>2</sup>The Interest Rate (APR) is stated as of December 31, 2005.

<sup>3</sup>Your first payment is due three months after the date of the franchise sale. Interest begins to accrue in the second month and your first payment is due in the third month. Your first twelve equal payments will be an amount slightly above the accrued interest. These payment amounts are estimated in the charts above. Beginning with your thirteenth payment, your payment amount will increase and will represent payment of both principal and interest. Monthly payments will be automatically transferred from your bank account (Exhibit B, Form A). Should SMAC agree to accept payments in any form other than by automatic transfer, a fee may be charged to the borrower. If any payment is returned for any reason, a fee of \$25 will be charged. Any payment not received by the tenth day after its due date is subject to a late charge in the amount of 5% of the payment or \$25 (whichever is greater).

<sup>4</sup>SMAC requires a personal guaranty of the Note by all applicants, by all outstanding owners of the business, and may request additional guarantees as deemed appropriate. SMAC requires a pledge of the assets of the Franchise (UCC-1 Financing Statement) and any and all other collateral required by SMAC. You may prepay the Note at any time without penalty.

<sup>5</sup>If you do not make payments when due, SMAC may demand immediate payment of the full outstanding balance of this loan and any other outstanding loans you may have with SMAC. We also have the right to terminate your franchise and any other franchise you may have with AmeriSpec if you do not make your Note payments on time. In the case of default, interest will accrue at the fixed rate of eighteen percent (18%).

**SUMMARY OF SMAC FINANCING FOR COMPUTER EQUIPMENT  
AND FIELD INSPECTION HARDWARE/ACCESSORIES**

Amount Financed <sup>1</sup>	Usually \$250-3,000
Term <sup>1</sup>	2 years
Interest Rate <sup>1</sup> (APR) <sup>2</sup>	12%
Monthly Payment <sup>3</sup>	\$142.00
Security Required <sup>4</sup>	Personal Guaranty Field Inspection Hardware/Accessories
Liability Upon Default <sup>5</sup>	Acceleration of Loan Balance(s) Loss of Equipment/Software Attorney Fees Maximum Lawful Rate of Interest Loss of Franchise and Other Franchises Court Costs/ Any Other Related Expenses
Loss of Legal Right on Default	Waive Notice Loss of Defenses

<sup>1</sup>With your approved credit, SMAC will finance computer equipment and field inspection hardware/accessories offered to AmeriSpec franchisees by an AmeriSpec-approved vendor for a term up to 2 years. An application for financing must be completed and signed by

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