FRANCHISE DISCLOSURE DOCUMENT
Alterations Express Franchising, Inc.
An Ohio Corporation
850 McKay Ct.
Youngstown, OH 44512
Phone: (907) 302-3964
E-Mail: franchising@alterations-express.com
https://alterationsexpressfranchise.com

You will establish and operate an alterations business under the name "Alterations Express" specializing in fast, professional and affordable alterations, tailoring, together with ancillary dry-cleaning and related services and products (each a "Alterations Business").

The total investment necessary to begin operation of an Alterations Express franchised business ranges from $241,345 to $419,081 for one Alterations Business. This includes $45,000 that must be paid to the franchisor or an affiliate of franchisor at the signing of the Franchise Agreement. The total investment necessary to begin operation of an Alterations Express development business for three Alterations Businesses ranges from $301,345 to $479,081. This includes $105,000 that must be paid to the franchisor or an affiliate of franchisor prior to opening.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, 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 Jennifer Rondinelli, Marketing Manager, at franchising@alterations-express.com or 907-302-3964.

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.

Issuance Date: February 20, 2026

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A include financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Alterations Express business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Alterations Express franchisee?	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Ohio. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Ohio than in your own state.

2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Spousal Guaranty**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, "Alterations Express", "Alterations Business", "we", "our", and "us" means the franchisor, Alterations Express Franchising, Inc. "You" means the individual, corporation, partnership, limited liability company or other business entity which acquires the franchise from us and includes your Owners (as defined below).

The Franchisor.

We are an Ohio corporation formed on January 12, 2026 to own, operate and franchise the Alterations Express system in the United States. We do business under our company name and under the name "Alterations Express." Our principal business address is 850 McKay Ct., Youngstown, OH 44512. Our telephone number is (907) 302-3964 and our website is https://alterationsexpressfranchise.com (collectively, with all other all associated web addresses, URLs, websites and web pages, social internet domain names, social media accounts, media sites and pages, and all related content and data, the "Website(s)"). Our agents for service of process are listed on Exhibit H. We do not operate a business substantially similar to the franchise being offered here. We do not participate in any other business activities other than offering Alterations Express franchises for sale in the United States and conducting related business matters. We began offering franchises as of February 20, 2026.

Our Parents, Predecessors, and Affiliates.

Our first affiliate is Alterations Express IP Holdings, Inc., a corporation organized under the laws of Ohio on January 12, 2026 with a principal place of business of 850 McKay Ct., Youngstown, OH 44512 ("Alterations IP"). Alterations IP is the holder of the registered trademark "Alterations Express" and other trademarks, trade names, service marks, logos, designs, emblems and other marks and symbols designated by us from time to time in connection with the operation of an Alterations Express (the "Proprietary Marks") and the related copyrights, patents, technology, processes, techniques, data, concoctions, inventions, know-how and trade secrets, owned or developed by it as well as other intellectual property and proprietary information also used in the operation of an Alterations Express (collectively, with the Websites and the Proprietary Marks, the "Intellectual Property"). On January 12, 2026, Alterations IP granted us the worldwide, non-exclusive right to use and sublicense the Intellectual Property and the System (defined below) in connection with our operation of Alterations Express and our sale of Alterations Express franchises.

Our second affiliate is F.E.G. Corporation, a corporation organized under the laws of Ohio on February 16, 1994 with a principal place of business of 850 McKay Ct., Youngstown, OH 44512 ("Alterations FEG"). Alterations FEG also operates twelve Alterations Express Businesses located in (1) Austintown, Ohio since March 1994; (2) Youngstown, Ohio since March 1994; (3) Niles, Ohio since April 1994; (4) North Hills in Pittsburgh, Pennsylvania since March 2002; (5) Fairlawn, Ohio since January 2004; (6) Canton, Ohio since March 2004; (7) Strongsville, Ohio since October 2006; (8) Mayfield Heights, Ohio since November 2006; (9) North Olmsted, Ohio since February 2008; (10) East Liberty in Pittsburgh, Pennsylvania since July 2013; (11) Bridgeville, Pennsylvania since March 2014; and (12) Warrendale, Pennsylvania since July 2018.

None of our affiliates guarantee our obligations. None of our affiliates or parents offer franchises in this line or in any line of business. Our affiliates may provide certain training and support and may promote the Alterations Express name in non-franchise related endeavors.

We do not have any other parents, predecessors or other affiliates required to be disclosed in this Item.

The Franchise Program.

Alterations Express is an Alterations Business specializing in fast, professional and affordable alterations, tailoring, adjusting, hemming, fittings, mending, repairing, including our '*Pant Hems While You Wait'* services along with supplemental dry-cleaning, steaming and pressing, clothing preservation, professional shirt laundering, and related services (the "Services") and other items and products ("Products") we may develop and offer from time to time in our sole discretion.

We offer qualified purchasers the right to establish and operate one or more Alterations Express (a "Franchise(s)") using our comprehensive system for the operation of an Alterations Express which includes our Intellectual Property; method of operation; customer service and quality control; trade secrets; technical knowledge; business techniques and practices; standardized equipment; signage; distinctive product styles, designs and visual displays; layout of the Alterations Business; quality and consistency standards for Products and services offered; procedures for accounting, inventory control and management; advertising, marketing and promotional programs; as well as the provisions of the Alterations Express operations manuals, as amended from time to time; and other standards, specifications, know-how, information, training and business relationships, all of which we may revise, change, cancel, alter, amend, further improve, discontinue, develop or otherwise modify, from time to time (the "System").

We may periodically make changes to the System, including changes to the Services and Products offered by the Alterations Business and the System's methods, standards, signage, equipment, inventory, fittings, décor, and fixture requirements. You may have to make additional investments in the Alterations Business periodically during the term of the Franchise Agreement due to System changes or for any other reason. All Alterations Businesses must be developed and operated according to our System specifications and standards. Uniformity of Products offered and the quality, composition and source of the goods in our Products is critical to our brand quality and reputation and you must offer all Products in accordance with our System.

The Franchise Agreement gives you the right to operate the Alterations Business under the name and marks "Alterations Express". You will operate your Franchise from a single location (the "Location") within a specified geographic territory (the "Territory"). You must operate your Franchise only at the Location and in accordance with the System, standards and procedures designated by us.

We offer Franchises to qualified individuals, corporations, limited liability companies, partnerships or other legal entities. You must sign our form of franchise agreement, in the form attached to this Disclosure Document as Exhibit B, for your Franchise ("Franchise Agreement"). If you wish to purchase, and we agree to sell you, additional Franchises after you open your initial Franchise, you must sign our then-current form of franchise agreement for any additional Franchise that you wish to purchase. The terms of any then-current franchise agreement may differ from the Franchise offered under this Disclosure Document.

The Franchise Agreement requires you to designate an "Operating Principal." Your Operating Principal must own at least 51% of the voting and equity interest in the Franchise and must have authority to make all decisions on behalf of the Franchise. You must obtain our approval of your Operating Principal. You must also designate at least one (1) full-time manager to run the day-to-day operations of the Alterations Business (the "Manager"). Your Operating Principal may act as the Manager, or you may designate a Manager. Your Operating Principal and Manager must complete our initial training program to our satisfaction. You may also hire additional assistant managers for your Alterations Business as you deem appropriate.

We require your current and future owners, shareholders, members, partners, equity holders and principals ("Owners") and spouses of each of your Owners to sign a personal guaranty ("Guaranty"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. We require all Owners, your Manager and anyone who completes our initial training program to sign a Non-Compete, Confidentiality and Non-Solicitation Agreement (non-competition, non-solicitation, assignment of intellectual property and confidentiality agreement), where permitted by law, in the form attached to the Franchise Agreement as Exhibit C-1. We require you to ensure all personnel who have access to our Operations Manual or other confidential information to sign a Confidentiality and Non-Use Agreement in the form attached to the Franchise Agreement as Exhibit C-2.

Multi-Unit Area Development Rights.

In certain circumstances, we may offer to you the right to sign an area development agreement ("Development Agreement") in the form attached as Exhibit C to this Disclosure Document to develop multiple, franchised Alterations Express to be located in a specifically described geographic development area where you hold the right to identify, develop, own and operate Alterations Express franchise locations ("Development Area"). We determine the Development Area before you sign the Development Agreement. Under the Development Agreement, you must establish a minimum of three facilities in your Development Area according to a development schedule ("Development Schedule"), and you must sign a separate franchise agreement for each facility established under your Development Agreement. The franchise agreement for the first facility developed under the Development Agreement is in the form attached as Exhibit B to this Disclosure Document. You must sign this franchise agreement for your first facility at the same time you sign your Development Agreement. For each additional Alterations Business you develop under the Development Agreement, you must sign our then-current form of new franchise agreement, which may differ from the current franchise agreement included within this Disclosure Document. You must develop, open and begin operating that Alterations Business no later than the applicable date specified in your Development Schedule.

Competition.

The alterations, tailoring, hemming, clothing restoration, repairing, and dry-cleaning business is mature, highly competitive and fragmented with respect to price, services offered, and location, and are often affected by changes in economic conditions, population and traffic patterns. The industry is also affected by shifting consumer preferences, environmental regulations, advances in technology, and economic conditions that influence discretionary spending on garment care and professional clothing. If you open an Alterations Express Franchise, your competition will include a wide range of service providers, including national and regional alterations and tailoring business and shops, along with dry-cleaning chains, independent dry cleaners, and mail-in services who also offer alterations, tailoring, repairs, fittings and specialty services, You may also face competition from on-demand pick-up and delivery services and retail apparel stores that offer in-house alterations. In many markets, competition also includes non-traditional providers such as home-based tailors, mobile seamstresses, and online clothing repair services. Competition is based on factors such as price, convenience, service quality, turnaround time, customer service, and brand reputation. In addition, there is competition for management and employees. Your Alterations Business will provide products and services to the general public throughout the year. The business is not seasonal.

Industry Specific Laws.

Many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to alterations and dry cleaning establishments.

The Federal Government and state and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Alterations Business, including those which: (a) regulate matters affecting the health, safety and welfare of your customers, such as restrictions on smoking and availability of and requirements for public accommodations; (b) set standards pertaining to employee health and safety; (c) set standards and requirements for fire safety and general emergency preparedness; and (d) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Alterations Business and should consider both their effect and cost of compliance.

You must comply with the Payment Card Industry Data Security Standard ("PCI DSS") established by major credit card brands to ensure that merchants securely store, process, and transmit customer credit information.

You must comply with all laws and regulations pertaining to the operation of an Alterations Business as well as all those laws and regulations applicable to businesses in general, including those described above and labor laws, workers' compensation laws, business licensing laws and tax regulations. You are advised to examine all applicable laws and regulations carefully with a qualified advisor before purchasing a Franchise from us and should consider these laws and regulations when evaluating your purchase of a Franchise. You alone are responsible for investigating, understanding and complying with all applicable laws, regulations and requirements applicable to you and your Franchise, despite any advice or information that we may give you. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2

BUSINESS EXPERIENCE

Egidio (Gino) Rondinelli – Founder

Egidio (Gino) Rondinelli is our Founder overseeing all aspects of franchise development and operations and has held this position since our formation on January 12, 2026. Mr. Rondinelli fulfills his position from our headquarters in Youngstown, Ohio. Mr. Rondinelli is also the Co-Owner of Alterations IP since its formation on January 12, 2026 and the President and Co-Owner of Alterations FEG since February 1994 and has held these positions since the entities formation and fulfills these positions from Youngstown, Ohio.

Frank Rondinelli – President & Operations Manager

Frank Rondinelli is our President & Operations Manager overseeing all aspects of franchise development and operations and has held this position since our formation on January 12, 2026. Mr. Rondinelli fulfills his position from our headquarters in Youngstown, Ohio. Mr. Rondinelli is also the President of Alterations IP since its formation on January 12, 2026 and the Operations Manager and Co-Owner of Alterations FEG since May 2016 and fulfills these positions from Youngstown, Ohio.

Jennifer Rondinelli – Vice President & Marketing Manager

Jennifer Rondinelli is our Vice President and Marketing Manager, overseeing all aspects of franchise development and operations, and has held this position since our formation on January 12, 2026. Ms. Rondinelli fulfills her position from our headquarters in Youngstown, Ohio. Ms. Rondinelli is also the Marketing Manager of Alterations FEG since March 2021 and fulfills this position from Youngstown, Ohio. From October 2019 to March 2021, Ms. Rondinelli was a Digital Marketing Manager at National Strategic Group in Cleveland, Ohio.

Melanie Hiner – Office Manager

Melanie Hiner is our Office Manager overseeing all aspects of franchise development and operations and has held this position since our formation on January 12, 2026. Ms. Hiner fulfills her position from our headquarters in Youngstown, Ohio. Ms. Hiner is also the Office Manager of Alterations FEG since January 2006 and fulfills this position from Youngstown, Ohio.

ITEM 3

LITIGATION

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

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Initial Franchise Fee.

The initial franchise fee for the right to develop and operate one Alterations Business is $45,000 ("Initial Franchise Fee").

We may discount or reduce the Initial Franchise Fee for (1) friends, family, existing franchisees, and prospective franchisees seeking to operate a Alterations Business in unique, new, or developing markets that we seek to penetrate, (2) our employees, personnel or the personnel of our franchisees or affiliate licensees, and (3) prospective franchisees who in our opinion possess the knowledge and experience to conduct the Alterations Business with minimal assistance from us.

You will pay the Initial Franchise Fee in full at the time you sign your Franchise Agreement. Other than the discounts described above, the Initial Franchise Fee is uniform for all similarly situated franchisees, is deemed fully earned upon payment and is nonrefundable under any circumstances.

Development Fee.

Under the Development Agreement, you must pay a development fee equal to $45,000 for the first Alterations Business, $35,000 for the second Alterations Business, and $25,000 for the third Alterations

Business and every subsequent Alterations Business to be opened under the Development Agreement (collectively, the "Development Fee"). For example, if you commit to open 3 Alterations Businesses under a Development Agreement, then the Development Fee is $105,000 ($45,000 + $35,000 + $25,000). The Development Fee is due and payable in full upon the signing of the Development Agreement.

The Development Fee is not refundable under any circumstances even if you do not open the required number of Alterations Businesses. In order to take advantage of this discount, you must commit to purchase all Alterations Businesses at the same time and pay the Development Deposit above upon signing the Development Agreement. You will not be required to pay any additional "initial franchise fee" for Alterations Businesses opened pursuant to the Development Agreement outside of the Development Fee outlined above.

We may discount or reduce the Development Fee for (1) friends, family, existing franchisees, and prospective developers seeking to operate a Alterations Business in unique, new, or developing markets that we seek to penetrate, (2) our employees, personnel or the personnel of our franchisees or affiliate licensees, (3) prospective developers who in our opinion possess the knowledge and experience to conduct the Alterations Business with minimal assistance from us, and (4) prospective developers that commit to opening larger numbers of Alterations Businesses in a Development Area.

The Development Fee is uniform for all franchisees, is deemed fully earned upon payment and is nonrefundable under any circumstances.

Initial Training.

Prior to opening your Alterations Business, you must also complete our initial training program. Training for your Operating Principal and Manager is included in the Initial Franchise Fee (for a total of two (2) attendees). This training will occur in Pittsburgh, Pennsylvania or another location designated by us. You are solely responsible for all costs and expenses, including wages, travel and lodging of yourself and your attendees. We may provide initial training to additional personnel at any of our scheduled initial training courses at our then-current fee upon commencement of the training program at your request and subject to our availability. The current initial training fee for additional attendees is $500 per attendee.

There are no other payments to or purchases from us or our affiliates that you must make before your Alterations Business opens.

ITEM 6

OTHER FEES

Type of fee	Amount	Due date	Remarks
Royalty Fee	6% of Gross Revenue	Payable weekly on Tuesday of each week based on Gross Revenue for week ending the immediately preceding Sunday.	The royalty fee ("Royalty Fee") is payable to us by ACH electronic funds transfer (EFT) or other manner we designate.
Brand Fund Contribution	1% of Gross Revenue. We may increase the Brand Fund Contribution in the future in an amount	Payable at the same time and in the same manner as the Royalty Fee.	The brand fund contribution ("Brand Fund Contribution") is payable directly to the Brand Fund ("Brand Fund") by ACH electronic funds transfer or other manner we designate.

Type of fee	Amount	Due date	Remarks
	not to exceed 3% of Gross Revenue.		
Technology Fee	Currently $200 per month. We may increase this fee up to $500 in addition to any direct price increases from third party vendors.	Payable at the same time and in the same manner as the Royalty Fee.	We charge a technology fee to cover the cost of software related to the bookkeeping, accounting and record keeping. We may also use this fee for any technology related to the System including website development, reservation systems, loyalty and fan programs, customer or member portals, online platforms, mobile applications, software, phone systems, and maintenance, and support of our email system. We reserve the right to implement or increase this fee upon 30 days' notice to you if we develop or introduce new technology, improve, upgrade, modify or change existing technology or if our costs or supplier pricing increases. Paid by EFT or other manner we designate.
Local Advertising Requirement ("LAR")	Currently the greater of: 2% of Gross Revenue per month or $1,000 per month. We don't anticipate increasing the LAR in excess of the greater of: 5% of Gross Revenue per month or $2,500 per month.	As incurred, but the LAR is calculated on a monthly basis.	You will pay the LAR to third parties based on a pre-approved marketing plan in your Territory. We may require you to submit evidence of these expenditures on a monthly or other basis as we determine. See Item 11.
Advertising Cooperative ("Cooperative")	As established by cooperative members.	As established by cooperative members.	If a Cooperative is established which encompasses your Territory, you will automatically and immediately become a member of the Cooperative and you must agree to contribute to the Cooperative the amount agreed upon by a majority of the members of the Cooperative, to pay that amount to the Cooperative at the times agreed upon by a majority of the members, and to abide by the Cooperative's rules. Franchisor-owned outlets will have the same voting power as franchised outlets with respect to fees imposed by cooperatives. The payments you make to a Cooperative may be applied by you toward satisfaction of your LAR, but if the amount you contribute to a Cooperative is less than the amount you must spend on local advertising,

Type of fee	Amount	Due date	Remarks
			you must still spend the difference locally.
Additional Initial Training	Our current fee is $500 per attendee to attend our initial training program. You are responsible for both you and your trainees' expenses including travel, lodging, meals and applicable wages. We may increase this fee during the Term, but not exceed $5,000 per attendee in addition to any increase due to our trainer's wage increases.	Prior to commencement of additional training.	Additional training is training requested by you in addition to Initial Training (as defined in Item 11) or training we require (a) upon renewal or transfer of your Franchise Agreement or (b) upon a change in your Operating Principal or Manager. The fee for additional training is paid to us. Paid by EFT or other manner we designate.
Continuing Training	Our fee is $500 per attendee per day. You are responsible for both you and your trainees' expenses including travel, lodging, meals and applicable wages. We may increase this fee during the Term, but not by more than $1,000 per attendee per day in addition to any increase due to our trainer's wage increases.	Prior to continuing training.	Continuing training sessions are mandatory for your Operating Principal and Manager. Currently, we do not have any Continuing Training planned, but we reserve the right to do so in the future. You may request that additional personnel attend continuing training at our then current tuition fees. Paid by EFT or other manner we designate.
Mandatory Retraining or Remedial Training	Our current fee is $500 per attendee per day. You are responsible for both you and your trainees' expenses including travel, lodging, meals and applicable wages. We may increase this fee during the Term, but not by more than $1,000 per attendee per day in addition to any increase due to our trainer's wage increases.	Prior to commencement of additional training.	Mandatory remedial or retraining is training we require in addition to your Initial Training (as defined in Item 11) as a result of (a) upon your failure to comply with System Standards; (b) complaints by customers or negative online reviews or determined by us during operational support visits and audits, or (c) is necessary or appropriate in our sole discretion to protect the quality, integrity and reputation of the System, Proprietary Marks and IP. The fee for mandatory retraining or remedial training is paid to us. Paid by EFT or other manner we designate.
Franchise Meeting or Convention Fee	An amount not to exceed $1,500 per attendee.	Prior to attendance when invoiced.	Payment is required regardless of attendance and is mandatory for your Operating Principal and Manager.

Type of fee	Amount	Due date	Remarks
	We may increase this fee during the Term, but it will not exceed $2,500 per attendee. We will not charge this fee more than once per year.		When we hold a convention or conference, then you are also responsible for your attendees' associated expenses, including all travel, food and lodging expenses that you and your personnel incur in attending the annual meeting or conference. Paid by EFT or other manner we designate.
Fee for Failure to Submit Reports	$150 per occurrence.	As incurred.	If you do not submit a Royalty Report, Activity Report, financial statements, or any other reports required under the terms of the Franchise Agreement when due to us, you will pay us a fee for failure to submit such reports. Paid by EFT or other manner we designate.
Operations Non-Compliance Fee	$450 to $1,000 per occurrence.	Within 14 days of receipt of invoice.	If there is an instance of non-compliance for failure to comply with operational standards as required and specified under the Franchise Agreement, you will pay us an operations non-compliance fee, plus interest, costs and legal fees.
Payment Non-Compliance Fee	$150 per occurrence plus interest and any other costs incurred.	As incurred.	If you do not timely pay, when due, any fee or payment due to us under the terms of the Franchise Agreement, you will pay us a payment non-compliance fee plus an interest, other costs, or legal fees in connection therewith.
Interest on Overdue Amounts	The lower of 1.5% interest per month or the highest rate available by law on the past due amount.	First day of late period.	Interest is due on all overdue payments. Interest accrues from the original due date until payment is received in full.
Insufficient Funds or Failed EFT Fee	$50 per violation.	On demand.	If the bank account you designate for payment of the Royalty Fee, Brand Fund Contribution and Technology Fee and other fees and amounts due under the Franchise Agreement does not contain sufficient funds to make any payments, you must pay us a fee of $50 per incident.

Type of fee	Amount	Due date	Remarks
Renewal Fee	25% of the then current Initial Franchise Fee.	Payable prior to renewal.	Payable to us as a condition of the renewal of your Franchise along with other conditions for renewal.
Transfer Fee	50% of the then current Initial Franchise Fee.	Payable upon transfer.	Payable to us if you transfer your Franchise or any interest in your Franchise. We will also waive this fee if you execute the Franchise Agreement as an individual and transfer it to an entity wholly-owned by you prior to opening, but we may charge a document preparation and review fee not to exceed $2,500.
Relocation Fee	Our costs and expenses associated with the relocation.	As incurred.	Any relocation must be approved by us and the new premises must be occupied prior to vacating the previous location. If you relocate your Alterations Business you must pay us any costs we incur in assisting you with the relocation including salary and travel expenses, professional fees, demographic reports and other costs.
Accounting/Audit Fee (3)	Cost and expenses for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period.	When incurred.	Payable if audit shows an underpayment of 2% or more of Gross Revenue for any time period or audit is necessary for failure to submit reports. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Quality Assurance Audit Fee Mystery Shopper or Secret Customer Program Fee	Our costs and expenses.	When billed.	You must reimburse us for our out-of-pocket expenses which may include the personnel compensated to conduct a quality assurance audit, secret shopper, or mystery visit or expenses of a third-party firm hired to conduct the quality assurance audit. Paid by EFT or other manner we designate.
Operations Manual Replacement Fee	$500	When incurred.	Paid by EFT or other manner we designate.

Type of fee	Amount	Due date	Remarks
Management Fee	20% of monthly Gross Revenue, plus expenses.	Payable weekly with the Royalty payment.	The Management Fee is paid to us. In addition to our right to terminate the Franchise Agreement, we may manage and operate your Alterations Business if you fail to cure a default within the applicable cure period (if applicable). We also have the right to step in and operate your Alterations Business in certain circumstances, including your death, disability or prolonged absence where you are unable to provide oversight of the Franchise to prevent harmful interruption of your Alterations Business. The reimbursable expenses include our and our representatives' wages, travel, lodging and meals. During any management period, you will still be required to pay to us all recurring fees.
Testing or Supplier Approval Fee	Our costs and expenses.	Within 14 days of receipt of invoice.	You must reimburse us for our actual out-of-pocket expenses in order to approve alternative suppliers requested by you.
Indemnification	Amount will vary under the circumstances.	Date incurred.	You must reimburse us and/or our affiliate if we incur liability as a result of the operation of your Alterations Business.
Costs of Enforcement and Defense	Amount will vary under the circumstances.	Date incurred.	You must pay our costs and attorneys' fees if we must take action to enforce your obligations to us, collect any undue amounts
Post-Termination or Expiration Expenses	Amount will vary under the circumstances.	Date incurred.	If you fail to promptly undertake your post-termination or expiration obligations under the Franchise Agreement, then we have the right, but not the obligation to undertake those tasks and you must reimburse us all of our costs and expenses.

Type of fee	Amount	Due date	Remarks
Accounting Software License Fee	$125 per month	Monthly	You must pay our designated third-party provider directly a monthly fee associated with the use of the accounting program as required by the third-party, but we reserve the right to require you pay this fee to us to submit to the Approved Supplier. We have the right to increase this fee based on our costs to administer and third-party provider increases.
Insurance Administration Fee	The insurance premium plus 20% of the premium as an administration fee.	As incurred.	If you fail to secure the required insurance, then we may (but are not required to) purchase or secure insurance for you and you agree to pay us the cost of the premium plus an administration fee equal to 20% of the premium.

1. Unless otherwise indicated above, all fees and expenses are imposed and collected by and are paid to us. All fees and expenses are non-refundable and uniformly imposed for all franchisees. We will automatically draft Royalty Fees, Brand Fund Contributions, the Technology Fee, and any additional fees due to us from your bank account according to the terms of the Franchise Agreement. Franchisor-owned or affiliate owned outlets will have the same voting power as franchised outlets with respect to fees imposed by cooperatives. If we elect not to increase the Technology Fee, LAR, any of our training fees, or any other fees which we reserve the right to increase in any given year, such election shall not be deemed a waiver of our right to do so in subsequent years. Our right to increase each of these fees is cumulative, and we may, in any following year, increase the applicable fee by an amount reflecting both (a) the permissible increase for that year and (b) any unexercised increases from prior years. Any cumulative increase shall remain subject to any applicable maximum annual or aggregate increase limitations expressly stated in this Agreement.

2. "Gross Revenue" means the total selling price of all services and Products, other products and all revenue and income of any kind relating to your Alterations Business including, without limitation, from the sales of merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Alterations Business, proceeds as a result of any business interruption insurance policy you carry; all income from delivery services including delivery fees (regardless of whether it is approved by us); all proceeds from all coin and card operated devices, including but not limited to amusement devices and vending machines, all regardless of whether such sale is conducted in compliance with or in violation of the terms of the Franchise Agreement, or whether such sale is at the Alterations Business or off-site, but exclusive of (i) sales or use tax actually paid to the appropriate taxing authority; and (ii) gratuities and tips paid to employees. Gross Revenue also include the fair market value of any services or products received by you in barter or exchange for your services and Products, other products and payments on credit (whether or not you received payment). No deductions are taken for credit card collection fees or for uncollected or uncollectible credit accounts, employee discounts or in respect of any other matter except as specifically stated. The retail value of all Products and other products sold in connection with the redemption of coupons, gift certificates, gift cards or vouchers is included in Gross Revenue; provided, that at the time such coupons, gift certificates, gift cards or vouchers are purchased, the retail price thereof may be excluded from Gross Revenue for the purpose of determining the amount of Gross Revenue upon which fees are due.

3. We have the right to examine or audit your books, records, state sales tax returns and accounts. If an audit establishes that your Royalty Fee reports, Brand Fund Contribution reports or profit and loss

statements have understated Gross Revenue for any period of time by two percent (2%) or more or the audit is required because you failed to submit those reports, then you must pay the audit's cost and our expenses, including the travel, fees, wages, lodging and meal expenses of the persons who conduct the audit. Otherwise, we pay the cost of the audit. You must promptly pay us any Royalty Fee, Brand Fund Contribution or other deficiencies established by an audit, together with interest on all understated or past-due amounts. Interest is the lower of one and one-half percent (1.5%) per month or the highest rate allowed by law.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure (1)	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Initial Franchise Fee (2)	$45,000	$45,000	Lump Sum	At Signing of Franchise Agreement	Us
Rent Deposits (3)	$8,611	$20,936	As arranged	As arranged	Landlord
Utility Deposits (4)	$139	$516	As arranged	As arranged	Vendors
Construction, Leasehold Improvements (5)	$34,500	$68,000	As arranged	As arranged	Contractor and other Vendors
Furniture and Fixtures (6)	$8,101	$12,300	As arranged	As arranged	Contractor and other Vendors
Grand Opening Advertising (7)	$10,000	$20,000	As arranged	As arranged	Vendors
Equipment (8)	$22,484	$40,385	As arranged	As arranged	Vendors
Signage (9)	$15,049	$30,849	As arranged	As arranged	Vendors
Computer System (10)	$4,753	$13,822	As arranged	As arranged	Vendors
Insurance Deposits and Premiums (11)	$67	$383	As arranged	As arranged	Insurers & Brokers
Opening Inventory (12)	$6,475	$11,220	As arranged	As arranged	Us or Vendors and Suppliers
Licenses and Permits (13)	$150	$750	As arranged	As arranged	Licensing authorities

Type of expenditure (1)	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Professional Fees (14)	$14,900	$32,100	As arranged	As arranged	Attorneys, accountants and advisors
Pre-opening Travel Expenses (15)	$1,000	$3,100	As arranged	As arranged	Various (Airlines, Hotels, Restaurants)
Printing, Stationery and Office Supplies (16)	$2,434	$5,975	As arranged	As arranged	Vendors
Additional Funds (3 months) (17)	$67,682	$113,745	As needed	As needed	Various
TOTAL (18)	$241,345	$419,081	As needed	As needed	Various

Notes:

1. We do not make any representation regarding whether any amounts paid to third parties are refundable. All amounts paid to us are non-refundable unless otherwise noted. Neither we nor any of our affiliates finance any of the initial investment. Financing may be available through certain of our third-party suppliers. You must request financing information from each supplier in order to determine availability.

2. Initial Franchise Fee. The Initial Franchise Fee is the same for all similarly situated franchisees. See Item 5 for additional details.

3. Rent Deposits. Initially you will need approximately 1,800-2,400 square feet for the operation of the Alterations Business. The cost per square foot of commercial space varies considerably depending upon the location and the market conditions affecting commercial property including real estate values in your area, your real estate interest (leasehold or ownership), location, size of the site, code requirements and other factors, including labor. Factors that typically affect your real estate costs include your cost to negotiate your lease (or buy the property), fair market lease values and lease terms in your area, how the costs to renovate or develop the land, building and other site improvements are allocated between landlord and tenant and interest costs, among others. Lease terms are individually negotiated and may vary materially from one (1) location or transaction to another. The estimate is based on a typical landlord's requirement that a lessee pay a security deposit equal to the total of the first month's rent, the last month's rent, and one additional month's rent upon execution of the lease. The low estimate represents a lease of 1,800 square feet of commercial space at a rent equal to $19.14 per square foot and the high estimate represents a lease of 2,400 square feet with rent equal to $34.89 per square foot. Both estimates are based on a facility type site located in a suburban geography, not city. If you must pay rent during a build-out and construction phase before opening and/or a real estate agent/broker fee, your costs will be higher. These estimate assumes that you will lease and not own the Location of your Alterations Business.

4. Utility Deposit. We estimate that you will have to pay deposits on utilities and phones. Utility deposits will vary based on your creditworthiness, location, size of the Alterations Business, and other factors. Estimates are based on the historical experience of an affiliate and include electric, gas, and water. Your costs will vary based upon municipality and service provider.

5. Construction, Leasehold Improvements. The amounts include labor (including your general contractor fees) and construction, and costs and expenses for the improvement of a Location premises (including flooring, painting, electrical, plumbing, HVAC, and lighting) with the approximate amount of square footage described in Note 3 above. You will need to comply with all specifications we require for your Alterations Business. Your actual costs may vary considerably depending on the size of the Alterations Business, the cost of local financing and other local conditions, including labor, material costs and construction fees. Estimates are based on a site that is approximately 1,800-2,400 square feet with two restrooms including new toilets, sinks, tile, lights taps, and motion sensors as specified by us. The low estimate assume you have acquired a suitable space with plumbing and restrooms, fire suppression system, and adequate HVAC are already in place, with adequate electric and gas service for an Alterations Business. High estimates are based on a site obtained in a "vanilla box" condition. The cost of leasehold improvements can vary significantly, depending upon such factors as: (1) whether pre-construction demolition of existing walls and partitions is required, (2) whether the space was previously used as a similar establishment and already contains facilities required by code, such as a fire extinguisher system, (3) whether, and to what extent, your landlord will provide a finish-out allowance, and (4) regional differences in material and labor costs. We have not estimated the costs to purchase and renovate an existing building or the costs of new construction. We do not build free standing Alterations Businesses from the ground up. Should you desire to do so and we provide our consent to this, your costs will be higher. Site development costs include the costs to develop the land and other site improvements, including exterior landscaping, electrical and water hookup, paving, sidewalks, lighting, etc. Some local governments may charge an additional amount for utility connections to offset their costs for maintaining water and sewer plants and these amounts are not included in the above figure. Costs can be higher if soil problems or other environmental issues are encountered and the ranges do not include potential government imposed "impact fees." These estimates do not include extraordinary costs due to extensive redesign, permitting, variances, environmental issues, legal obstacles, etc. This estimate assumes the build-out is completed in six months. If your construction is delayed, then your costs may be higher.

6. Furniture and Fixtures. This estimate includes furniture and fixtures consisting of display shelving, chairs, tables, and rail outriggers which you must purchase from third parties. The low estimate assumes a smaller square footage and leasing of some or all of the furniture and fixtures. These estimates do not include transportation or shipping charges.

7. Grand Opening Advertising. You are required to spend at least $10,000, from the period beginning no earlier than thirty (30) days prior to the opening of the Alterations Business and ending no later than sixty (60) days after the opening of the Alterations Business for advertising to promote the opening of the Alterations Business. All grand opening advertising shall be subject to our approval in writing. Grand opening advertising expenditures may include digital advertising, print advertising, grand opening events, and giveaways, which we must pre-approve in writing.

8. Equipment. This estimate includes equipment consisting of alteration equipment and supplies, and conveyor, which you must purchase from third parties. This estimate assumes that you purchase all such equipment. Some of this equipment can be leased, and if you choose to do so, your costs may vary. This amount will vary based on the size of the Location and the amount of equipment you will need. The low estimate assumes a smaller square footage and leasing of some or all of the equipment. These estimates do not include transportation or shipping charges.

9. Signage. Signage will include an exterior sign, interior signage such as logo graphics for windows and interior brand identification. This estimate reflects the approximate cost of the signage required under the Franchise Agreement. The cost of the signs depends on the size and location of your Alterations Business, the particular requirements of the landlord and local and state ordinances and zoning requirements.

10. Computer System. This is the estimated cost to purchase the required computer system consisting of two general purpose computers, credit card readers, printers/scanners/copiers, garment tag printers, barcode scanners, and software that meets our System Standards.

11. Insurance. The insurance estimate is for the cost of deposit in order to obtain the minimum required liability insurance. The cost of coverage will vary based upon the geographic area in which your Alterations Business will be located, your risk management policies, the size and condition of your premises, anticipated revenue and customers and your and your personnel's years of experience in the industry, your deductible and limits, your creditworthiness, among other factors. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry. This estimate represents an estimate representing the first month of premiums and assumes you will not be required to prepay the annual premium. The policies include those described in Item 8. You must show proof of coverage, meeting the insurance requirements outlined in the Franchise Agreement and Operations Manuals (as defined in Item 8) and you must name us as additional insureds. We reserve the right to reject an insurance certificate and endorsements that you provide if it does not meet the required limits or standards of quality if, in our sole opinion, the insurance does not sufficiently protect us, you or your customers. If a lease, vendor agreement or any contract requires higher limits, you are required to maintain those higher limits.

12. Opening Inventory. You must stock the Alterations Business with an initial inventory of alterations supplies, printer paper and ink, Products accessories, and supplies. These figures reflect the basic cost of products required for the opening and initial operation of the Alterations Business. The initial inventory is estimated to be sufficient to cover initial supplies for the first thirty (30) days of operation. Ongoing inventory purchases are included in the Additional Funds category.

13. Licenses and Permits. You must obtain the operational licenses and permits required by applicable federal, state and local law. All required licenses and permits must be in place and in good standing at all times during the term of your Franchise Agreement. Building permits are not included in this item as they have been accounted for in the Leasehold Improvements line item.

14. Professional Fees. These fees are representative of the costs for engagement of an architect in connection with the build-out and leasehold improvements. The estimates also include cost to engage an accountant and an attorney for the initial review and advice consistent with the start-up of a franchised business including the formation of the entity that will own the Alterations Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Alterations Business.

15. Pre-Opening Travel Expenses. This estimate is representative of the travel and expense associated with attending pre-opening training. These numbers are based on one (1) to two (2) people traveling to and staying in Pittsburgh, Pennsylvania for a period of five (5) days. If we move our training to a different location, then your costs may be higher.

16. Printing, Stationary and Office Supplies. These figures reflect the basic cost of business cards, review cards, office supplies, flyers, gift cards, 'rip cards' and 10% off cards, and other related items bearing the Proprietary Marks associated with opening the Alterations Business.

17. Additional Funds. The estimate of additional funds is based on an approximation of expenses for the first three (3) months of operation based on the operation of our existing Alterations Business locations in Ohio and Pennsylvania. The additional funds required will vary by: (i) your area; (ii) how much you

follow our methods and procedures; (iii) your management skill, experience and business acumen; (iv) local economic conditions; (v) the local market for your Products; (vi) competition; (vii) sales levels; and (viii) the Gross Revenue and cash flow for the Alterations Business in the first three (3) months of operation. This estimate includes inventory purchases, insurance premiums, rent, utilities, waste collection, interest and cell phone services, payroll, Royalty Fees, Brand Fund Contributions, Technology Fees, local marketing, and other advertising expenses. This estimate does not include your living expenses. The majority of the estimate of additional funds consists of labor/payroll expenses incurred during our 3 busiest months of the year (April, May, and June). The labor/payroll expenses at our existing Alterations Business locations represents an average of 13 full and/or part-time employees working within a location, and applying overtime when applicable. You estimate that you will have an average of 3-4 employees working at your Location during your first three months of operation. Cash flow from your operations may not be adequate to cover operating and other costs during the initial phase of business and your costs may be higher.

18. TOTAL. You should not assume that you can open your Alterations Business for the lowest estimates in all categories. You should review these figures carefully with a business advisor before deciding to purchase the Franchise. We do not offer financing directly or indirectly for any part of the initial investment.

DEVELOPMENT AGREEMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure (1)	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Development Fee (2)	$105,000	$105,000	Lump Sum	At Signing of Development Agreement	Us
Costs to Open First Alterations Business (3)	$196,345	$374,081	As needed	As arranged	Lessor, Vendors, Approved Suppliers, etc.
TOTAL (4)	$301,345	$479,081			

Notes:

1. We do not make any representation regarding whether any amounts paid to third parties are refundable. All amounts paid to us are non-refundable unless otherwise noted. Neither we nor any of our affiliates finance any of the initial investment.

2. Development Deposit. The Development Fee is discussed in Item 5. The Development Fee listed in the low and high estimate is for the right to open and operate 3 Alterations Businesses. You will not be required to pay any additional "initial franchise fee" for Alterations Businesses opened pursuant to the Development Agreement outside the Development Fee.

3. Costs to Open First Alterations Business. This figure represents the total estimated initial investment required to open the first Alterations Business under your first Franchise Agreement, minus the

Initial Franchise Fee applicable to the first Alterations Business since that amount is included in the Development Fee (see the Item 7 chart above for additional details).

4. Total. This figure represents the total estimated initial investment to purchase a Development Area for 3 Alterations Businesses, including the estimated initial investment to open your first Alterations Business under the Development Agreement. This figure does not include the cost to develop the second and subsequent Alterations Businesses under the Development Agreement. These figures are estimates. We relied on the estimates of our existing Alterations Business locations in Ohio and Pennsylvania in compiling these numbers.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We and our owners and affiliates have spent considerable time, effort and money to develop the System. You must conform to our high and uniform standards of Product quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adhere to these changes. To ensure that you maintain the highest degree of consistency, quality and service, you must operate and develop your Alterations Business in strict conformance with our methods, standards and specifications and obtain certain inventory, services, supplies, materials, equipment, furnishings, fixtures and other products, including your uniforms, advertising materials, computer hardware, and software, in strict compliance with our specifications and only from us, our affiliate or the authorized manufacturers, distributors, suppliers, vendors, merchants or providers designated or approved by us. Our methods, standards and specifications (the "System Standards") are prescribed in our operations manuals and other written manuals, guides, instructions and communications whether on paper, Internet or in other electronic format (together, the "Operations Manuals").

We reserve the right to implement quality assurance audit or otherwise establish a "mystery shopper" or "secret customer" program to anonymously evaluate your operations and if we do, you must participate in the program. A significant level of negative feedback from your customers or an unsatisfactory result of a mystery shopper or customer program or quality assurance audit will be a default under your Franchise Agreement, and we may require you to participate in remedial training.

Required Purchases from Us.

You are not currently required to purchase any goods, supplies, equipment, inventory or comparable items from us or from any affiliate.

We reserve the right to require you at any time in the future to purchase any items for your Alterations Business only from us or from any affiliate. We reserve the right to earn a profit on any items sold to you. We are not obligated to provide you with any warranty for any item. Neither we nor our affiliate derived any revenue from the sale of required products and services to franchisees or received payments from any designated suppliers because of transactions with franchisees during the 2025 fiscal year.

None of our officers has an ownership interest in any Approved Supplier (as defined below) for the System.

Purchases from Approved Suppliers.

You may be required to purchase certain products and services only from suppliers that we approve including manufacturers, distributors, suppliers, vendors, merchants or providers of goods and services (including any professional services like accounting and bookkeeping) ("Approved Suppliers"). We have the right to require you at any time to purchase other products and/or services only from Approved

Suppliers. Currently, you must purchase (1) your inventory of tailoring supplies, (2) POS and Computer System (3) marketing materials (4) equipment, (5) operating supplies, (6) furniture and fixtures, (7) signage and (8) accounting software through our Approved Suppliers. We reserve the right to designate additional products, services and inventory that must be purchased only from our Approved Suppliers at any time upon notice.

Our Approved Suppliers also include our designated architect. You must engage our designated architect to draw the initial design and plans for your Franchised Business ("Designated Architect").

We currently maintain a list of Approved Suppliers and criteria for approving suppliers in our Operations Manuals. We may modify this list on reasonable written notice to you.

You may request in writing our approval of alternative suppliers that are not currently approved by us. With the request, we may require that you submit a sample of the proposed product at your cost. We will grant or revoke approvals of suppliers based on the criteria for approving suppliers in our Operations Manuals and based on inspections and performance reviews. We must consent to your use of any supplier you propose and will make reasonable efforts to provide you with written notification of the approval or disapproval of any supplier you propose within thirty (30) days after written receipt of all the information necessary for us to evaluate your proposed supplier. We have the right to require, as a condition of the approval, that our representatives be permitted to inspect the supplier's facilities and that the information, specifications and samples as we reasonably designate be delivered to us and/or to an independent certified laboratory designated by us for testing before granting approval. If you do not receive our response within the thirty (30) day-time period, the request is deemed disapproved. For this approval or disapproval, you must reimburse us for our out-of-pocket expenses. We reserve the right to re-inspect the facilities and products of any Approved Supplier and to revoke our approval upon the supplier's failure to continue to meet any of our criteria.

Purchases According to our Specifications.

All alterations, tailoring and dry-cleaning products, supplies, equipment, uniforms (including branded shirts, sweatshirts and hats), Computer System, furnishings and other décor, signs and any items bearing the Proprietary Marks that are used in the operation of your Alterations Business must be purchased according to our specifications and meet System Standards. Our list of Approved Suppliers and specifications for required purchases including brand, model and type are in our Operations Manuals or other instructional materials we may provide to you prior to opening.

Location Selection and Lease: You must find a site for the Location of the Alterations Business that meets our site selection criteria within sixty (60) days of signing your Franchise Agreement unless a different time period is specified in the Development Agreement. You must execute a lease for an approved Location within ninety (90) days of signing the Franchise Agreement. You must obtain our consent in writing to any lease (including any sublease) for the Location before you enter into such lease. You must deliver a copy of the signed lease to us within five (5) days of your signing. See Item 11 for additional information on site selection.

General Contractor and Architect: We currently required that you use our approved vendor as your Designated Architect. We do not currently, but may require in the future, for you to use our designated contractor, subcontractors, or engineer. Your general contractor must meet our minimum specifications and standards. The specifications for each position will be listed in the Operations Manual. We may recommend engineers and other contractors to use, upon your written request.

Standard Building Plans and Specifications: You must construct and develop the Alterations Business in accordance with the drawings and design plans prepared by the Designated Architect. You must then work with your Designated Architect, contractor and other vendors to prepare a complete set of construction and design documents for the Alterations Business including mechanical, electrical and plumbing specifications ("Design and Construction Plan"). You must obtain our approval of your Design and Construction Plan before commencing construction within and afford yourself enough time to open within the time period required under the Franchise Agreement. Our review and approval of your Design and Construction Plan is solely to ensure it meets System Standards. You are solely responsible for ensuring your Alterations Business meets the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities.

We may inspect the Alterations Business during its development. You must affix a decal or placard to an exterior window or display containing the following statement "An Independently Owned and Operated Franchise." If we request, you will display prominently a "franchise opportunity" display to promote awareness of the availability of Alterations Express Franchises.

Maintenance and Repairs: You must maintain your Alterations Business in a high degree of sanitation, repair, appearance, condition and security and in the manner required by the Franchise Agreement and the Operations Manual. You must make additions, alterations, repairs and replacements to your Alterations Business (but no others without our written consent) as reasonably required for that purpose, including periodic repainting, changes in appearance, repairs to impaired or outdated equipment, and replacement of obsolete signs as we reasonably direct. You must meet and maintain the safety, sanitation and health standards and ratings applicable to the operation of your Alterations Business as we reasonably require.

Renovation and Upgrading: You must abide by our requirements for alterations, remodeling, upgrading or other improvements to your Alterations Business. This includes technological improvements as well as décor improvements including changes to the displays, signage or other branded materials. We have the right to modify the System for any reason, including, without limitation, responding to consumer expectations and buying habits, increasing efficiency, co-branding with other companies and adapting to competition. Generally, the standards for alterations, remodeling, upgrading and other improvements will not exceed the requirements applicable to new Franchises or company-owned Alterations Businesses. Renovation or upgrading may also be required if we add new services that require the installation of new fixtures, apparatus, or equipment.

Vehicles: If you utilize a business vehicle in connection with the operation and marketing of the Alterations Business, then we have the right to require you to have approved graphics and signage placed on each vehicle, including your employees personal vehicles that provide these services from your Alterations Business. We expect that all vehicles will be kept clean, in good working order and be properly insured. You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles.

Insurance: You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, the following insurance policies described in the Franchise Agreement and in our Operations Manual protecting you, us, our affiliate, and our respective officers, directors, managers, partners, members, affiliates, subsidiaries and employees:

Commercial General Liability insurance, including products liability coverage, personal and advertising liability, damage to rented premises,	Not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit

medical expenses and broad form commercial liability coverage, including employee theft crime coverage, written on an "occurrence" policy form	
Property insurance including coverage for fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Alterations Business for full repair and replacement value (subject to a reasonable deductible) and including damage to rented premises in an amount not less than $300,000	100% Full Replacement Value
Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage	Not less than $1,000,000
Workers Compensation coverage	Statutory limits
Grantor of Franchise Endorsement on your insurance policies as per CG2029 (or an endorsement form with comparable wording	

The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Alterations Business. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us as additional insured under an endorsement we approve, must name us and our affiliates, and our respective officers, directors, managers, partners, members, affiliates, subsidiaries and employees as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement and the Operations Manuals. The types and limits of insurance required may be changed from time to time in the Operations Manuals and you must comply with any new insurance requirements. Additionally, we may designate one (1) or more insurance companies as the insurance carrier(s) for all Alterations Express Businesses. If we do so, we may require that you obtain your insurance through the designated carrier(s). We may also designate an insurance agency or broker as an Approved Supplier where you must procure your insurance from the designated agency/broker.

The cost will vary from state to state. These policies must be written by responsible insurance carriers rated "A" or better by the A.M. Best Company, Inc. and that are acceptable to us. We may periodically change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability and/or umbrella insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes apply to your Alterations Business. Each certificate of insurance must include a statement by the insurer that the policy will not be canceled, subject to nonrenewal or materially altered without at least thirty (30) days' written notice to us. You must provide us with certificates of insurance, endorsements and declaration pages to each policy evidencing that we are named as an additional insured under any policy we require you to name us an additional insured and on an annual basis. On our request, you must promptly provide us with copies of all insurance policies together with proof of payment for insurance. The insurance policies must provide for a waiver of subrogation.

POS and Computer Systems: See <u>Item 11</u> for specifications on computer systems.

Advertising: Any and all advertising, marketing and promotional materials you wish to use must conform to System Standards. See Item 11 for specifications on advertising. The specifications that we have formulated are in our Operations Manuals. We may modify these specifications on written notice to you. We will consider your written request for a modification of a specification if you explain the reason for the requested modification and provide us with sufficient technical data to enable us to evaluate your request. We must approve any modification of a specification you propose and will make our reasonable efforts to provide you with notification of approval or disapproval within fifteen (15) days after receipt of your request which will be at our sole discretion. If you do not receive our response within the fifteen (15) day period, the advertising material is deemed disapproved.

Rebates, Material Benefits, Cooperatives; Revenues from Restricted Purchases.

We may negotiate purchasing terms for franchisees from Approved Suppliers. We cannot guaranty, promise, represent, state or warrant that any Approved Supplier will offer or continue any particular pricing, warranty or other terms of sale. We may negotiate a continued supply of products from our Approved Suppliers, but cannot guaranty, promise, represent, state or warrant a continuing supply from any particular supplier. We are not under any obligation to you with respect to the terms negotiated or any supplier's terms. The arrangements we negotiate may include that Approved Suppliers pay us a sponsorship fee to help pay for the costs of an annual meeting or conference.

We do not discriminate against you or provide you with material benefits, such as renewal of your Franchise or grant you additional Franchises, based on your use of any particular Approved Supplier. We have no purchasing or distribution cooperatives in existence at this time. We may in the future form a purchasing or distribution cooperative and require you to become a member. Membership in a purchasing or distribution cooperative may require the payment of a fee in addition to other terms and conditions. We do not make any express or implied warranties with respect to any products or goods we recommend or require for your use.

The supplies or services that you are required to purchase according to our specifications or from Approved Suppliers are considered "required purchases." We and our affiliates reserve the right to earn revenue from Approved Suppliers, such as rebates or commissions, on account of their sales of any goods or services to our franchisees, including required purchases.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement or Development Agreement	Disclosure Document Item
a. Site Selection & Acquisition / Lease	F.A. Sections 4.1, 4.2 & 4.3 D.A. Sections 2 & 4	Items 7, 8 & 11
b. Pre-opening Purchases / Leases	F.A. Sections 4.1, 4.2 & 11.4 D.A. Section 4	Items 7, 8 & 11

Obligation	Section in Franchise Agreement or Development Agreement	Disclosure Document Item
c. Site Development and other pre-opening requirements	F.A. Sections 4.3 & 12.3 D.A. Sections 2 & 4	Items 5, 6, 7, 8 & 11
d. Initial & On-going Training	F.A. Sections 5.4, 6 & 8.2 D.A. Section 6	Items 5, 6, 7 & 11
e. Opening	F.A. Section 4.4 D.A. Section 4	Items 6, 7, 8 & 11
f. Fees	F.A. Section 5 D.A. Section 3	Items 5, 6, 7 & 11
g. Compliance with standards and policies operating manual	F.A. Sections 8, 9, 11.1, 11.3, 11.4, 11.5, 11.6 & 11.15 D.A. Sections 9 & 21	Items 8 & 11
h. Trademarks and proprietary information	F.A. Sections 1.2, 9 & 10 D.A. Section 9	Items 13 & 14
i. Restrictions on products / services offered	F.A. Sections 2.2, 8.3 & 11.4 D.A. Section 9	Item 8 & 16
j. Warranty and customer service requirements	F.A. Section 11.1	Item 8
k. Territorial development and sales quotas	F.A. Not applicable D.A. Sections 1 & 2	Item 12
l. Ongoing product / service purchases	F.A. Sections 8.3, 11.1 & 11.4	Item 6, 7 & 8
m. Maintenance, appearance, and remodeling requirements	F.A. Sections 4.5, 4.6, 11.1, 11.3, 11.5, 11.6, 11.10 & 11.15	Items 8 & 11
n. Insurance	F.A. Section 11.2 D.A. Section 5	Items 6, 7 & 8
o. Advertising	F.A. Section 12	Items 6, 7, 8 & 11
p. Indemnification	F.A. Sections 7.4 & 14 D.A. Section 13	Item 6
q. Owner’s participation / management / staffing	F.A. Sections 3, 7.1, 7.2 & 11.1 D.A. Section 6	Items 15
r. Records and reports	F.A. Sections 11.1 & 15	Item 6 & 17
s. Inspections and audits	F.A. Sections 8.2, 11.1, 11.8 & 15	Items 6 & 11
t. Transfer of Interest	F.A. Section 16 D.A. Sections 7 & 8	Items 6 & 17

Obligation	Section in Franchise Agreement or Development Agreement	Disclosure Document Item
u. Renewal	F.A. Sections 2.6, 2.7, 2.8, 2.9 & 2.10	Items 6 & 17
v. Post-termination obligations	F.A. Section 17.4, 17.6 & 18.6 D.A. Section 11	Item 17
w. Non-competition covenants	F.A. Sections 7.2 & 17.5 D.A. Section 9	Item 17
x. Dispute Resolution	F.A. Section 21 D.A. Section 19	Item 17
y. Jury Waiver provision and Arbitration provision	F.A. Sections 21.5, 21.10, 21.12, 21.13 & 21.14 D.A. Section 19	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

ITEM 11

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

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

Franchisor's Pre-Opening Obligations.

Before you open the Alterations Business, we will assist you in the following:

1. Designating your Territory (Franchise Agreement, Section 2.3).

2. Consenting to your Location and lease and providing you with a copy of any Collateral Assignment of Lease attached to the Franchise Agreement as Exhibit G. (Franchise Agreement, Section 4).

3. During Initial Training, granting you electronic (or other access) to our Operations Manuals, which contain the information, methods, techniques and specifications for the operation of your Alterations Business. (Franchise Agreement, Sections 6.1 & 8.1).

4. Providing you with a list of approved items of alteration and tailoring supplies, equipment, décor, fixtures, inventory and supplies (by brand name and/or by standards and specifications) and lists of Approved Suppliers for certain items and services. (Franchise Agreement, Section 8.3).

5. Providing you with an email address. (Franchise Agreement, Section 8.2(h)).

6. Placing your Location on our Website. (Franchise Agreement, Section 8.2(h)).

7. Review and approve or disapprove of your Design and Construction Plan. (Franchise Agreement, Section 4.3(a)).

8. Providing the Initial Training program for your Operating Principal and Manager. (Franchise Agreement, Section 5.4).

9. Approving or disapproving any initial advertising or marketing materials, business forms, stationery, business cards or other forms you intend to utilize in connection with your grand opening or otherwise. (Franchise Agreement, Section 12.1).

It is estimated that it will take approximately 6 to 9 months following your signing of the Franchise Agreement to open an Alterations Business, but may occur earlier or later depending on the actual time required for you to accomplish items including, but not limited to: securing a Location, obtaining financing, obtaining zoning and other permits, securing the necessary inventory, supplies and products, installing signs, fixtures, and equipment, and hiring and training personnel.

You must obtain our prior written consent before the opening of your Franchise as outlined in the Operations Manual. You may not open your Alterations Business until: (1) you secure the minimum required insurance; (2) your Operating Principal and Manager complete initial training to our satisfaction and you have signed our Franchisee On-Site Training Agreement, a copy of which is attached as Exhibit H to the Franchise Agreement; (3) all amounts owed to us have been paid; (4) you have acquired all required permits, licenses, or third-party consents; (5) you have obtained the required opening inventory of products, supplies and materials; and (6) you receive notice from us in writing that you satisfied all pre-opening obligations. You must be prepared to open once we confirm in writing that you met each of these requirements and are permitted to commence opening.

We do not provide you with any assistance with respect to hiring or training your personnel, except that we will provide the Initial Training.

Franchisor's Post-Opening Obligations.

During the operation of the Alterations Business, we will:

1. Provide off-site supervision and assistance for you during the grand opening of your Alterations Business to ensure that you are operating in compliance with the Operations Manuals and System Standards that we deem necessary and appropriate in our discretion. (Franchise Agreement, Section 8.2).

2. Provide such continuing advisory assistance to you in the advertising and promotion of your Alterations Business as we deem necessary and appropriate in our discretion. (Franchise Agreement, Section 12).

3. Provide you with any updates to the Operations Manuals and any other instruction, operations criteria or manuals prepared by us for use by our franchisees in operating their Alterations Businesses. (Franchise Agreement, Section 8.1).

4. From time to time and in our sole discretion, provide you with new Alterations Express designs and supplies. (Franchise Agreement, Section 8.2).

5. From time to time and in our sole discretion, provide you advice and written materials concerning techniques of managing and operating the Alterations Business, including new developments in the System,

equipment, services, pricing of Products (as allowed by applicable law), and preparation and mandating the use of such new techniques and developments as applicable. (Franchise Agreement, Section 8.2).

6. From time to time and in our sole discretion, provide you with access to additional or continuing courses of training at times and locations designated by us. (Franchise Agreement, Section 6.2).

7. From time to time and in our sole discretion, conduct inspections of your Alterations Business, evaluate supplies used and Products sold at your Alterations Business and recommend changes to enhance your Alterations Business to ensure that it fully complies with the System and the Operations Manuals as we deem necessary and appropriate in our discretion. (Franchise Agreement, Section 15.1).

8. From time to time and in our sole discretion, maintain updated lists and provide updated lists to you of approved items of equipment, fixtures, inventory, and supplies and updated list of Approved Suppliers for those items. (Franchise Agreement, Section 8.3).

9. From time to time and in our sole discretion, provide other resources and assistance as we may in the future develop and offer to all franchisees. (Franchise Agreement, Section 6.2).

10. Once and if formed, maintain the Brand Fund in accordance with the Franchise Agreement. (Franchise Agreement, Sections 5.3 & 12).

11. Design, update and host the Website. (Franchise Agreement, Section 8.2).

12. From time to time and in our sole discretion, invite you to franchisee-oriented functions, seminars and annual meetings and conferences that we plan and sponsor. (Franchise Agreement, Section 6.3).

13. Periodically and in our sole discretion, specify minimum policy limits for certain types of insurance coverage and review, verify and/or approve proof of insurance and forms of additional insured endorsements. (Franchise Agreement, Section 11.2).

14. Provide you with access to any proprietary software programs as may be developed by us or on our behalf for use in the System in the future. (Franchise Agreement, Section 8.2).

Our individualized assistance to any franchisee (whether in person or by telephone, fax, or mail), is subject at all times to availability of our personnel. All of our obligations under the Franchise Agreement are to you only.

We do not provide assistance with respect to: (i) establishing and using administrative, bookkeeping, accounting and inventory control procedures, or (ii) hiring or training your personnel, except that we will provide Continuing Training and Additional Training, as scheduled.

Location Selection/Lease Consent.

If we have not agreed on a Location for your Alterations Business at the signing of the Franchise Agreement, then within 30 days of your signing your Franchise Agreement, you must submit to us a site proposal package for a Location for your Alterations Business, as detailed in the Operations Manuals meeting the site criteria we provide to you. We have fifteen (15) days from the submission of your site proposal package to accept or reject the Location. The criteria used by us reviewing your site includes: traffic flow and patterns, traffic count, competition, ingress and egress, population, demographics (including income), visibility, and the initial cost of remodeling, characteristics of the building, and on-going occupancy overhead expenses, and lease terms. Other factors may also be considered in evaluating your proposed location. You must obtain our approval of a Location within 60 days of signing the Franchise Agreement. Within 90 days of your signing your Franchise Agreement, you must execute a lease for a Location for your Alterations Business. We assume all franchisees will lease real estate for the Location. If you wish to purchase the real estate for the Alterations Business, then you must purchase the Location within 90 days of signing your Franchise Agreement. Our acceptance of the Location does not mean we believe your Alterations Business will be successful at that location, and we do not guarantee the success of your Alterations Business at the Location for which we provide our consent.

We will not assist you in negotiating your lease or purchase agreement. We do not typically own the premises for the Alterations Business which we would then lease to you, but we reserve the right to do so in the future. However, you are required to obtain our written consent of the lease (including any sublease) or purchase agreement before entering into such lease or purchase agreement for your Location. Our consent of any lease shall be conditioned upon the lease containing lease terms acceptable to us including, without limitation, you and your landlord signing a Collateral Assignment of Lease in the form attached to the Franchise Agreement as Exhibit G. You must deliver a copy of the signed lease to us within 5 days of its completion. Our consent to your lease is merely to state that lease conforms to the System Standards but we do not provide any analysis as to the terms and conditions of the lease.

If you do not obtain our approval of a Location within 60 days of the signing the Franchise Agreement, then we have the right to terminate the Franchise Agreement. If you do not sign a lease for the Location within 90 days of signing the Franchise Agreement, then we have the right to terminate the Franchise Agreement. If you do not open your Alterations Business within 9 months following the signing of the Franchise Agreement, then we have the right to terminate the Franchise Agreement. Your Initial Franchise Fee will not be refunded.

Advertising.

Except for our obligations related to the maintenance and expenditure of monies in the Brand Fund, we are not required or obligated to conduct any advertising. We have the right to modify the source of advertising at any time. We and our affiliates reserve the right to be the exclusive suppliers of the advertising materials used in the System. We are not required to spend any amount for advertising in your Territory. (Franchise Agreement, Section 12).

We have the right to direct all advertising and promotional programs and activities, and the right to control and approve all the concepts, materials and media used in such programs and activities. Materials that may be provided to all franchisees in the future may include posters, banners and miscellaneous point-of-sale items. We may periodically provide you, at your expense, with consumer marketing plans and related materials for use at the local or regional level. We may periodically furnish you with samples of advertising, marketing and promotional formats and materials templates which you will then have the right to copy at your expense. (Franchise Agreement, Section 12).

Grand Opening Advertising.

You are required to spend at least $10,000, from the period beginning no earlier than 30 days prior to the opening of the Alterations Business and ending no later than 60 days after opening for advertising to promote the opening of the Alterations Business. All grand opening advertising shall be subject to our approval in writing. Grand opening advertising expenditures may include digital advertising, print advertising, grand opening events, and giveaways, which we pre-approve in writing. You must execute on your grand open advertising strictly in accordance with the grand opening advertising plan we approve in writing. (Franchise Agreement, Section 12.3).

Local Advertising.

We currently require that you spend the greater of 2% of monthly Gross Revenue or $1,000 per month on local marketing and advertising (in addition to the grand opening expenditures), commencing upon the opening of your Alterations Business (the "Local Advertising Requirement") each month. You must submit your annual spending plan for the Local Advertising Requirement for approval no later than 30 days prior to your fiscal year end date and you must submit evidence of your expenditures, upon our request, to us on a monthly basis as outlined in the Operations Manual. We may increase the Local Advertising Requirement in our sole discretion. We will provide you 30 days' advance written notice before increasing the Local Advertising Requirement. (Franchise Agreement, Sections 12.2 & 12.4).

You may develop advertising materials for your own use at your own expense, but you may not use any advertising materials unless they are approved in advance in writing by us. (Franchise Agreement, Section 12.1). All advertising, promotion and marketing must be completely clear, factual and not misleading, conform to the highest standards of ethical marketing, and comply with the promotional policies we establish. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you may use them. If you do not receive written approval from us within 15 days after we receive the materials, the materials are deemed not approved. You may not use any advertising or promotional materials that we have not approved or disapproved. (Franchise Agreement Section, Section 12.1).

You must promptly discontinue use of any advertising, marketing or promotional plans or materials, whether or not previously approved, on notice from us. We may require you to place advertising in specific media, such as print, social media and direct mail, and determine what percentages of your advertising spend should be allocated to each medium. All use of any of the Proprietary Marks must meet all System Standards. (Franchise Agreement, Section 12.1 & 12.2).

We reserve the right to require you to include certain language in your local advertising materials, such as "Franchises Available" and the addresses of our Website and phone number.

In addition to your Local Advertising Requirement, you may wish to use web based platforms such as Facebook, X (f/k/a Twitter), LinkedIn, TikTok, Pinterest, Instagram, YouTube, Snapchat, Yelp, Google+, blogs and other networking and sharing sites ("Social Media Platforms") or use any material on any Social Media Platform that makes use of our IP, Proprietary Marks, name, brand, products or your franchise whether created by us, you or a third-party ("Social Media Materials"). You may not use a Social Media Platform or Social Media Materials without our prior written approval and such platform or materials must comply with the restrictions and requirements described below in this Item 11 under "Websites." Your expenditures toward Social Media Platforms and Social Media Materials will count towards your required Local Advertising Requirement or Grand Opening Advertising. (Franchise Agreement, Section 12.2). You must sign the Internet Website, Digital Social Media and Listing Agreement attached to the Franchise Agreement as Exhibit E assigning us all rights to any website or other web based platforms utilizing the Proprietary Marks on termination or expiration of the Franchise Agreement. If we allow you to operate Social Media Platforms, we may require that you utilize a reputation management service or our PR Approved Supplier.

Advertising Cooperatives.

We have not formed and presently do not require any participation in advertising councils or regional advertising cooperatives, but we may form and/or require one or more to be formed in the future. We have the right to designate any geographical area in which 2 or more Alterations Businesses (whether franchised or owned by us or our affiliates) are located as a region for purposes of establishing a Cooperative, or we may consent to the formation of an advertising Cooperative by our franchisees. If a Cooperative is established which encompasses your Territory, you will automatically and immediately become a member of the Cooperative and you must agree to contribute to the Cooperative the amount agreed upon by a majority of the members of the Cooperative, to pay that amount to the Cooperative at the times agreed upon by a majority of the members, and to abide by the Cooperative's rules. The payments you make to a Cooperative may be applied by you toward satisfaction of your LAR, but if the amount you contribute to a Cooperative is less than the LAR, you must still spend the difference locally. Each company or affiliate owned Alterations Business located within the geographic area covering the Cooperative, if any, is not required to contribute to the Cooperative on the same basis as you.

Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing promotional materials for use by the members in local advertising; however, no advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. We may direct the marketing efforts of the Cooperative and/or engage an outside marketing firm which we may require the Cooperative to retain. We may permit, in our sole discretion, members of Cooperatives to determine the use of Cooperative funds. We may prepare governing documents, policies and guidelines for any Cooperative that is formed. If we do, you must comply with the documents for the Cooperative, which will be available for your review. Any deviation from such governing documents, policies and guidelines requires our prior written approval. A violation of any Cooperative agreement will be a default under the Franchise Agreement. We are not required to prepare annual or periodic financial statements for the Cooperative. If we do prepare financial statements for the Cooperative they will be available for your review. We will have the power to require cooperatives to be formed, changed, dissolved or merged. (Franchise Agreement, Section 12.8).

Brand Fund.

When formed, you are required to contribute up to 1% of your Gross Revenue to the Brand Fund as your Brand Fund Contribution. We may increase the Brand Fund Contribution in our sole discretion but it will not exceed 3% of Gross Revenue during the initial term of your Franchise Agreement. We will provide you 30 days' advance written notice before increasing the Brand Fund Contribution. Amounts paid into the Brand Fund are expended for purposes relating to advertising, promotions and marketing of goods and services provided by us related to the System. (Franchise Agreement, Section 12.4).

We or our designee will direct all advertising and promotional programs and activities and the concept, materials and media used in such programs and activities. The Brand Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks and the System. We cannot ensure, and have no obligation to ensure, that expenditures by the Brand Fund in or affecting any geographic area will be proportionate or equivalent to the contributions to the Brand Fund by Alterations Express franchisees operating in that geographic area or that any Alterations Business will benefit directly or in proportion to its contribution to the Brand Fund from the development of advertising and marketing materials or the placement of advertising. We have no other direct or indirect liability or obligation to you regarding the collection of amounts due to, or maintaining, directing or administering, the Brand Fund. (Franchise Agreement, Section 12.6). Each company or affiliate owned Alterations Business will contribute to the Brand Fund on the same basis as you.

We determine, in our discretion, the manner in which the Brand Fund is spent. The Brand Fund will be used to meet any and all costs of maintaining, administering, directing and preparing advertising and promotional activities (including without limitation, the cost of preparing and conducting television, radio, magazine, and newspaper advertising campaign; direct mail and outdoor billboard advertising; Internet advertising including via the Website; marketing surveys and other public relations activities; advertising agencies; and promotional brochures and other marketing materials for Alterations Businesses operated under the System). We have the right to reimburse ourselves out of the Brand Fund for the total costs (including labor and indirect costs) of developing, producing and distributing any advertising materials and administering the Brand Fund Contribution (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Fund Contribution). (Franchise Agreement, Section 12.5.) We are not required to audit the Brand Fund. (Franchise Agreement, Section 12.6). We are not required to keep Brand Fund Contribution segregated in a separate account and they may be commingled with general operating funds, however, we will account for it separately.

Any unspent accrued Brand Fund Contribution for any calendar year will be used in a subsequent calendar years. We are not required to provide franchisees with periodic accounting of the Brand Fund, including the fees paid into the by franchisees, but if we do prepare an accounting of the Brand Fund we will make it available to you upon your written request that must be submitted to us. If we advance any amount to the Brand Fund, we will be entitled to be reimbursed for any such advances. Although the Brand Fund is intended to be perpetual, we may terminate the Brand Fund at any time and we have no obligation to maintain the Brand Fund in perpetuity. If the Brand Fund is terminated, we will spend down all amounts on advertising as described above. (Franchise Agreement, Sections 12.4 & 12.6).

We will not use any monies from the Brand Fund for the preparation of franchise sales solicitation materials although we reserve the right to include "*Franchises Available*" or similar language with our contact information on any advertising purchased or created by the Brand Fund. (Franchise Agreement, Section 12.5).

Computers.

You are required to purchase at least two computer systems that are approved by us which meets System Standards and as outlined in the Operations Manual (the "POS System"). The POS System is currently comprised of a general purpose computer, credit card reader, printer/scanner/copier, garment tag printer, barcode scanners, accounting software with payroll utilizing Global Integrations. You must use a system capable of generating sufficient accounting reports and information that we require from time to time. We may require you to obtain additional software, hardware components and peripherals in connection with the operation of your POS System. The POS System collects and manages information about the various sales transactions at your Alterations Business, including detailed sales data, inventory, cost of goods, prices, coupons, taxes, customer data and other sales information. You must also maintain Internet service that allows you an unlimited Internet connection, email and online communication abilities as we require. (Franchise Agreement, Section 9.1). We estimate that the computer hardware, a printer/scanner, and general accounting and/or bookkeeping software and word processing software and POS System (the "Computer System") will have an initial cost between $4,753 and $13,822.

We have no obligation to provide any maintenance, repairs, upgrades or updates to you and there are no contractual limits on the frequency and costs of your obligation to maintain, upgrade or update the Computer System to conform to our specifications. We do not currently require you to purchase and maintain software maintenance and support for your Computer System, but you may choose to do so. There may be additional fees associated with upgrades to the Computer System. You are contractually required at your expense to upgrade and update the Computer System to remain in compliance with our standards and specifications as well as purchase any additional software we may require. There are no contractual limitations on the frequency and cost of this requirement. We estimate that the current monthly cost of maintenance or support service contract for the Computer System may be $325, which includes the $125 per month accounting software fee described in Item 6, and the $200 per month Technology Fee.

We and our Approved Suppliers have the right to electronically and manually access the information that the Computer System generates. You must cooperate with us in helping us access this information. We have access to all of your electronic information through this system at all times. (Franchise Agreement, Section 9.1). We will have independent access to your sales information and other data produced by your Computer System. There are no contractual limitations on our right to access this information and data. You will be responsible for all costs associated with any computer systems including accessing the Internet. (Franchise Agreement, Sections 9.1 & 15.1).

In the future we may require different systems or permit the use of different systems depending on the size of your Alterations Business. We reserve the right to discontinue any service or support we may offer for any system at any time for any reason or change any required vendors for the products or services at any time for any reason. You must replace, upgrade and maintain these systems at your sole expense. (Franchise Agreement, Section 11.6).

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, data related problems and attacks by hackers and other unauthorized intruders ("E-Problems"). We do not guarantee that information or communication systems we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-Problems. This may include trying to secure your Computer Systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

We are not obligated to provide or assist you in obtaining any of the above items or services.

Websites.

You will not have any right to host the Website, however, you will be provided a listing on our Website designated for your Alterations Business that you must prepare in accordance with our System Standards. All content is subject to our prior written approval. The Website will contain information on the Products offered by Alterations Express. The Website may also contain information on the awards and achievements of us, our franchisees and our affiliates. The Website and its content is updated based upon our judgment of what is appropriate and all changes, deletions and additions are at our sole discretion. We may restrict, limit, control or designate nearly every aspect of your use of websites, the Internet, intranets, worldwide web home pages or e-mail, and require you to participate in a centralized website. Neither you, nor any of your Owners or employees, are permitted to use an e-mail address that is not associated with our https://alterationsexpressfranchise.com URL for your Alterations Express Franchise. (Franchise Agreement, Section 9.2). You may not establish any website, blog, Facebook page, Twitter account, email distribution list, YouTube account, Instagram account, Snapchat account, or other Social Media Platform, World Wide Web or Internet-based presence which uses or displays any of our IP (whether Social Media Materials or otherwise) without our prior written consent, and, at our sole option, you will take such action necessary to cause certain websites or other Social Media Platforms, including, but not limited to, Facebook, Twitter, Instagram, YouTube, Snapchat, and other such mediums, currently in existence or developed in the future, to assign primary administrative rights to us for your Alterations Business. We will then, in our sole discretion, provide you with subordinate administrative access to, and guidelines for your use of, such mediums, so that you may promote your business locally. We also have the right to request that you turn over all passwords to any Social Media Platforms or similar internet-based mediums immediately upon creation. Upon termination or expiration of the Franchise Agreement, we will remove your administrative access, and we retain ownership and control of all content created during the term of the Franchise Agreement. (Franchise Agreement, Section 9.2).

Advisory Council.

We reserve the right to form an advisory council to assist us with various components of our System, including Products offered by Alterations Businesses, marketing and promotion, training, and other aspects of the System. If we create an advisory council, it will act in an advisory capacity only and will not have decision-making authority. We will have the right to form, change, merge and dissolve any advisory council at any time. (Franchise Agreement, Section 12.10).

Members of an advisory council will include our representatives and franchisee representatives. The franchisee representatives may be chosen by us or may be elected by other franchisees in the System. If you are chosen and agree to participate on an advisory council, you will pay all costs and expenses you incur related to your participation, including travel, lodging and meals expenses for attending council meetings. (Franchise Agreement, Section 12.10).

Gift Card, Loyalty Programs, Surveys and Marketing Tests.

You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty, VIP, or retention, or special promotional program that we implement for all or part of the System and sign the forms and take the other action we require for you to participate in these programs. You are obligated to offer all customers participation in our loyalty program and register all participants as described in the Operations Manual. (Franchise Agreement, Section 12.11).

You may be asked to participate in marketing tests and surveys. In the event that you are approved to participate, you may be required to enter into an agreement that outlines all the requirements for marketing tests and surveys. All test and survey requirements, processes and procedures must be adhered to and any applicable costs will be our responsibility. You must provide complete data statistics on the tests or surveys for our review and evaluation.

Credit Cards.

It is your responsibility to maintain and report your PCI (Payment Card Industry) compliance, which encompasses operational policies and practices as well as networks and Computer System, and other hardware/software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards ("PCI DSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify both your credit card transaction acquirer and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of your Alterations Business. If we determine, in our sole discretion, that any breach or compromise may impact multiple franchisees or our System or brand, then we have the right to control the data breach response. You remain financially responsible for the breach.

We reserve the right to terminate your Franchise Agreement and/or suspend credit card processing at any Location which does not comply with the current PCI compliance requirements. We recommend consulting a local information technology professional with a full understanding of the PCI DSS and Networking configuration to advise you on specific setup and maintenance requirements. (Franchise Agreement, Section 9.1).

Operations Manuals.

For the duration of the Franchise Agreement, we will grant you electronic access to the Operations Manuals or make them available to you by paper, Internet or electronic format. The Operations Manuals contain mandatory and suggested specifications, standards and operating procedures. The Operations Manuals are highly confidential, are on loan to you and remain our property. We may revise the Operations Manuals from time to time by posting the revisions electronically or by letter, memorandum, bulletin, videotape, audiotape, diskette, CD ROM, electronic mail or by other written or electronic communication, including the Internet. You must abide by all revisions. The total number of pages of our Operations Manuals and Table of Contents are listed on Exhibit F and is currently 180 pages. You are prohibited from copying or distributing the Operations Manuals in any manner whatsoever. You must only use the information contained in the Operations Manuals to manage and operate the Alterations Business and may not use such information for any other purpose. (Franchise Agreement, Sections 8.1 & 10.1(b)).

Training Program.

Our Initial Training is available to 2 people (the "Initial Training") at no additional fee. Subject to availability, you may send additional attendees to Initial Training with your Operating Principal and Manager during the same training sessions at a current cost of $500 per attendee. The Initial Training is mandatory for your Operating Principal and Manager. We reserve the right to modify any aspect of our training program to accommodate the needs or experience of any individual trainee. Initial Training will occur in Pittsburgh, Pennsylvania or another location designated by us. You must complete the Initial Training to our satisfaction at least 4 to 6 weeks prior to the opening of the Alterations Business. The failure of your Operating Principal and Manager to complete the Initial Training to our satisfaction will give us the right to terminate your Franchise Agreement. (Franchise Agreement, Section 6.1).

Although we do not charge a fee for the Initial Training for 2 people, which must include your Operating Principal and Manager, you will be responsible for all expenses, including costs and expenses of transportation, lodging, meals, and wages and employee benefits for your trainees. All trainees must be at least 18 years of age. (Franchise Agreement, Section 6).

Our Initial Training program lasts approximately 5 days for a total of 40 hours, with training of between 7 to 9 hours per day. Initial Training is offered every 8 to 12 weeks and is typically scheduled 4 to 6 times a year, depending on the number of new franchisees entering the System, the number of other personnel needing training, and the scheduled opening of new Alterations Businesses. The subjects covered and other information relevant to the Initial Training are described as follows:

TRAINING PROGRAM

Training Topic	Hours of Classroom Training	Hours of On the Job Training	Location
Introduction: Welcome, Brand Culture, History, Mission and Vision	2	0	Pittsburgh, Pennsylvania or other Designated Location
Personnel: Training, Establishing Brand Standards, Staffing Best Practices	2	2	Pittsburgh, Pennsylvania or other Designated Location

Marketing: Advertising, Promotions, Creating Brand Awareness, Marketing Tactics Networking, Approved Services, Building the Customer Relationship	2	2	Pittsburgh, Pennsylvania or other Designated Location
Operations: Approved Offerings, Minimum Hours of Operation, Sales Techniques, Providing Services, Daily Operations, Cleaning and Maintenance, Equipment Maintenance, Safety and Security	5	20	Pittsburgh, Pennsylvania or other Designated Location
Financial Management: Administrative Duties, Fiscal Responsibility, KPIs and Reporting, Royalties and Franchise Obligations	2	0	Pittsburgh, Pennsylvania or other Designated Location
Review: Assessment, Grand Opening Plan	2	1	Pittsburgh, Pennsylvania or other Designated Location
SUBTOTAL HOURS	**15**	**25**	
TOTAL HOURS	**40**		

We reserve the right to amend, modify, supplement, vary and/or delete any portion of the contents of the Initial Training. It is the nature of Alterations Express that all aspects of training are integrated, meaning there are no definitive starting and stopping times. We tailor our training to the needs of the participants to maximize the value of time. Training is overseen by Frank Rondinelli. Item 2 describes his background and experience. The materials used in the Initial Training include the Operations Manual, PowerPoint presentation, handout and other various written materials. We will provide 1 to 2 days of in-market support training at your Alterations Business following the conclusion of your pre-opening process.

Any replacement Operating Principal or Manager must be approved by us and must successfully complete Initial Training, for which you must pay us our then-current fee, which is currently $500. In addition, you are responsible for any travel and other expenses or costs. (Franchise Agreement, Section 6.2).

Continuing, Supplemental, Retraining & Refresher Training.

We reserve the right to impose reasonable charges for training materials in connection with continuing, supplemental, additional or required training courses. We will notify you of any additional charges before you or your employees enroll in a course. (Franchise Agreement, Section 6.2).

You will be responsible for all of our expenses and costs including transportation and meals of our personnel if we determine, in our sole discretion, that we need to provide required training to your Owners, your Operating Principal or Managers (1) because we determine it is necessary or appropriate, in our sole discretion, to protect the quality, integrity and/or reputation of the System, Proprietary Marks and/or IP, including, without limitation, because you are in default of the Franchise Agreement or otherwise in violation of our System Standards; (2) upon your failure to comply with System Standards as determined during our first 6 months operational support visits and audits; or (3) upon a change in your Operating Principal or Managers. You will also pay us our then-current fee, which is currently $500, per person, per day. (Franchise Agreement, Section 6.2). Failure to attend any required continuing or required training is a default under the Franchise Agreement. (Franchise Agreement, Section 18.2).

Meetings, Conventions & Conferences.

We may in our discretion also conduct seminars or hold annual meetings or conferences from time-to-time for the benefit of all franchisees. The registration fee is $1,500, per attendee, plus all of your associated expenses, including the expense of salaries, travel, meals, lodging, and miscellaneous expenses of your personnel attending such seminars, meetings or conferences. Your failure to attend mandatory seminars, meetings or conferences will be treated as a default under the Franchise Agreement. (Franchise Agreement, Section 6.3).

ITEM 12

TERRITORY

Location and Territory.

Your Franchise Agreement will grant you the right to operate an Alterations Business at a specified Location within a designated Territory, which is the area within which we agree not to locate another franchised company, or affiliate-owned Alterations Express so long as you are in compliance with the terms of your Franchise Agreement. Your Territory will be identified on Schedule I to the Franchise Agreement. You are not granted any other rights. The Territory is not an "exclusive territory" because we reserve the right to locate an Alterations Express in a Reserved Venue, as defined below, in your Territory.

If your Location is not determined before the signing of your Franchise Agreement, then you must obtain our approval of a Location within your Territory within 60 days of signing the Franchise Agreement.

If you receive our consent for a Location before or at the signing of the Franchise Agreement, it will be identified on Schedule I to the Franchise Agreement at signing. Otherwise, we will update Schedule I upon the approval of your Location.

We and our affiliates reserve the right to sell another Franchise, open another Alterations Business or open another business anywhere outside of your Territory, regardless of proximity to your Location, and authorize these other franchisees and businesses to provide the same Products that you provide outside your Territory.

Generally, each Territory is determined by radius or population demographics, taking into account daytime population and activity, traffic patterns, demographics, competition in the marketplace, and other applicable analytics. The size of your Territory may be impacted by natural boundaries (rivers, lakes, mountain ranges etc.). The typical Territory in a non-urban setting will be based on the smaller of (1) a 5-mile radius around your Location or (2) a population of approximately 300,000 people delineated by zip codes.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Performance Standards.

Continuation of your Territory does not depend on the achievement of a certain sales volume, market penetration or other contingency but we may modify your Territory upon renewal of your franchise agreement due to shifts in population. We can also modify your Territory or remove the rights to the Territory if you do not meet System Standards.

You may not market your Alterations Business or solicit customers outside of your Territory without our prior written approval.

Right of First Refusal.

The Franchise Agreement does not grant you the right to acquire additional Franchises within or outside of your Territory.

Reservation of Rights.

We and our affiliates reserve all rights not expressly granted to you in the Franchise Agreement, and which you have no right to conduct, including, without limitation:

1. The exclusive right to own and operate Alterations Businesses at any location(s) outside of your Territory under the Proprietary Marks or using the IP, or to license others the right to own and operate an Alterations Business at any location(s) outside of your Territory under the Proprietary Marks and System or using the IP. The Franchise Agreement does not provide you with competitive protection, at all, outside the boundary of the Territory.

2. The exclusive right to own and operate different businesses other than an Alterations Business under the Proprietary Marks inside or outside your Territory.

3. The exclusive right to sell Products and other products, goods and merchandise, bearing the Proprietary Marks through the Internet, catalog sales, telemarketing, or other direct marketing channels without compensation to you. These products and merchandise may be similar or identical to Products sold within your Alterations Business, and customers who purchase our Products through such channels may be located within your Territory.

4. The exclusive right to distribute our Products through the Internet, catalog sales, telemarketing, or other direct marketing ("Alternative Distributors") without compensation to you. Alternative Distributors may operate inside the Territory; there are no geographic limitations on the territory in which we or our affiliates may distribute Products to Alternative Distributors. Further, Alternative Distributors may engage in direct competition with your Alterations Business and there are no restrictions on the type of products or merchandise an Alternative Distributor may offer. We or our affiliates may fulfill all orders placed through the retail portion of our Website and you will not be entitled to any portion of the profits received from this, even if the customer's order is generated from or delivered to an address in your Territory.

5. The right to establish, within the Territory, another Alterations Business on the premises of any "Reserved Venue" provided, however, that we establish a physical retail Location on the Reserved Venue and all Products and Services are sold within the Reserved Venue. Reserved Venues include any self-contained facility (such as a shopping mall, hospital, military base, state or national park, stadium, airport, public transportation facility, toll booth and travel plazas, corporate facility, convention centers, health club, hotel, casinos, fair ground, school or university campus or sports arena) business settings or any similar captive market location as well as special events like street fairs, parades, sporting events and similar occasions. We or our affiliates may operate at any Reserved Venue on a temporary, seasonal or permanent basis. We or our affiliates reserve the right to utilize for vehicles with our Marks for promotional and advertising purposes for special events and within your Territory.

6. The right to authorize another franchisee, licensee (or designate or authorize a corporate employee or other third party) to perform Services or sell Products to any Customer in your Territory that orally, or in writing, requests Services or Products from a different franchisee or authorized third party;

7. The exclusive right to own and operate businesses under different marks inside or outside your Territory, or license others the right to own and operate businesses under different marks inside your Territory even if such businesses sell Products or Services competitive to your Alterations Business; and

8. The right to use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in the Franchise Agreement.

Despite clauses (1) through (8) above, we may acquire or merge with any existing business located inside or outside your Territory and operate that business using the IP, Proprietary Marks and System. There are no restrictions on our right to solicit or accept business from consumers inside the Territory without paying any compensation to you.

We reserve the right to advertise, solicit, enter into contracts with, and offer products or services to regional and national accounts that have locations in two (2) or more territories, including but not limited to, hotels and resorts, event planners, social clubs, retail stores, fitness centers, real estate agencies, banks and credit unions, entertainment attractions, or any similar business. If we negotiate a national or regional account arrangement that would require the provision of Products or Services to locations within your Territory (the "National Accounts"), then so long as (1) you are in compliance with the terms of this Agreement, and (2) you are qualified, interested and available to perform services, then we will offer to you the opportunity to provide the services on the price and terms (including any warranties) we have negotiated. If you refuse to provide Services to National Accounts in your Territory more than three (3) times during the Term, then we may terminate this Agreement after five (5) business days' notice and failure to commence the provision of Services in accordance with the terms of the order.

We make no guarantees, promises, representations, statements or warranties that other franchisees will not advertise or market to customers within your Territory. We, in our sole discretion, may enforce the advertising and marketing restrictions indicated in this Item, but we are under no obligation to do so. Under no circumstances will we be liable to you if other franchisees market or advertise to customers within your Territory. Other franchisees may advertise and market within your Territory if the advertising or marketing is not specific to your Territory (for example, advertising in a newspaper with general circulation). Neither we nor our affiliates have a plan to operate a franchise under a different trademark that offers services and products similar to the Products, but we reserve the right to do so in the future.

Relocation.

You may only operate one Alterations Business in the Territory at the Location and you may relocate that Alterations Business, in or outside of the Territory, only with our prior written approval. We may consent to the re-location of your Alterations Business based on your Alterations Business's existing financial performance, the quality of the proposed availability of a site for relocation and other criteria used to consent to an Alterations Business location, however, we do not have to accommodate any relocation. You must reimburse us for our costs and expenses included in connection with any relocation request. Aside from cases of force majeure, the new Alterations Business location must be open and operating prior to the closure of your current Location.

Development Agreement

We grant you an exclusive territory in which to develop and operate the number of Alterations Express in your Development Area that is specified in your Development Schedule, which is an attachment to your Development Agreement, if you comply with the terms of your Development Agreement.

The Development Area is typically described in terms of zip codes, metropolitan statistical areas, geographic boundaries, political boundaries, a map depicting the development area or another well-defined means of designation. The Development Area may be all or a portion of a town, a contiguous number of zip codes, a single or multi-county area, or some other geographically identifiable area, which will be described in the Development Agreement. The actual size of your Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions and the number of Alterations Businesses to be developed. We determine the Development Area before you sign the Development Agreement based on various market and economic factors like market demographics, the penetration of similar businesses in the market, expansion potential, the availability of appropriate sites and growth trends in the market. Our designation of a particular Development Area is not an assurance or warranty that there is a sufficient number of suitable sites for Alterations Businesses in the Development Area for you to meet your Development Schedule.

It is your responsibility to locate and prepare a sufficient number of suitable sites, and we have no obligation to approve sites that do not meet our then-current site criteria at the time you present a proposed site so you can meet your Development Schedule.

We have the right to designate the "Territory" for each Franchise Agreement you sign under your Development Agreement.

We have the right to approve the site and the proposed lease for each of your facilities, but it is your responsibility to find sites that you and we mutually agree on.

Our then-current standards for site location and territories will apply at the time you sign a franchise agreement for each new franchised Alterations Business, which standards may differ from our now-current standards.

Except as described below, during the term of your Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of Alterations Express in your Development Area. However, we have the right to terminate or modify your Development Agreement if you are not in full compliance with all of the terms and conditions of your Development Agreement and with all of the franchise agreements you sign under it.

If you comply with your obligations under your Development Agreement, your Development Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that you must meet to keep the exclusivity of your Development Area, except that you must meet your Development Schedule.

To maintain your rights under your Development Agreement, you must have open and in operation the cumulative number of Alterations Businesses stated in your Development Schedule by the dates you agreed to in your Development Schedule. If you do not meet your Development Schedule, then, at our option, we may terminate your Development Agreement and your right to develop additional Alterations Businesses in your Development Area.

The termination of your Development Agreement does not automatically terminate the franchise agreements you have signed up to that date or the operation of any facilities you are then operating under your franchise agreements.

The termination of any franchise agreement you have signed will be a breach of your Development Agreement and may result in the termination of your Development Agreement.

If you fail to comply with the Development Schedule, or otherwise materially default under the Development Agreement, then we may (in addition to our other remedies) terminate the Development Agreement. When the Development Agreement expires or is terminated, you cannot develop additional Alterations Businesses in the Development Area (but may complete development of and/or operate Alterations Businesses under the existing Franchise Agreements) and we may develop or authorize others to develop Alterations Businesses in the Development Area and exercise all rights not expressly granted to you under your franchise agreements.

When your Development Agreement expires or terminates, your exclusive rights for your Development Area terminate. If you and we do not enter into another Development Agreement, then we and our affiliates have the right to operate and to grant to others development rights and franchises to develop and operate Alterations Businesses in your Development Area, subject to your rights to any "Territory" specified in each of your franchise agreements then in effect. If you do not sign another Development Agreement and if you are in good standing, your rights under any of your currently effective franchise agreements will not be changed, and you can still renew any of your franchise agreements. Any new Development Agreement that you sign may contain very different terms than your current Development Agreement.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to operate an Alterations Business under the "Alterations Express" mark and to use any future Proprietary Marks we authorize so long as you are in compliance with the terms of the Franchise Agreement.

Alterations IP has the following registered Marks with the U.S. Patent and Trademark Office ("USPTO") for the following Marks. Following registration and at the appropriate times, Alterations IP intends to renew the registration and to file all appropriate affidavits.

MARK	REGISTER	APPLICATION DATE	U.S. TRADEMARK SERIAL NUMBER
ALTERATIONS EXPRESS	Principal	July 15, 2004	76602484
ALTERATIONS EXPRESS	Principal	May 11, 1992	74273719
AMERICA'S TAILOR SHOP	Principal	July 15, 2004	76602485

There are no determinations of the USPTO or any Trademark Administrator or court, nor any pending interference, opposition or cancellation proceeding or any pending material litigation involving such Proprietary Marks.

Alterations IP has licensed to us the non-exclusive right to use, and sublicense the use of, the Proprietary Marks, IP and System in connection with the offer, sale and operation of Alterations Express. The License Agreement is for a term of 99 years unless we terminate the license. However, termination of the license agreement will not affect existing franchise agreements. No other agreement limits our right to use or license the Proprietary Marks.

With the exception of the license described above, there are no agreements currently in effect that significantly limit our rights to use or license the use of such Proprietary Marks in a manner material to the Franchise. There are no infringing uses actually known to us which could materially affect your use of the Proprietary Marks.

Use of the Proprietary Marks.

We grant to you the right to operate an Alterations Business under the name "Alterations Express" and to use the Proprietary Marks so long as you are in compliance with the terms of the Franchise Agreement. We will enter into a License Agreement to grant you the use the Proprietary Marks for the operation of your Alterations Business. You have no other rights in the Proprietary Marks. You must use the Proprietary Marks in the manner we direct. You cannot use the Proprietary Marks for any other purpose.

You must follow our rules when you use the Proprietary Marks. You may not use the mark "Alterations Express" or any other Proprietary Marks or IP in your own corporate or other legal name. We must consent to your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Alterations Express" or "Alterations Express of _________" (insert location name). You must promptly register at the office as provided for by the laws of the state in which your Alterations Business is located and/or if required at the office of the county in which your Alterations Business is located, as doing business under such assumed business name.

We or our affiliates are the lawful and sole owner of the domain name: http://alterationsexpressfranchise.com. You cannot register any of the Proprietary Marks now or in the future owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue use of a website, including the Website, using the Proprietary Marks. Except as we may authorize in writing in advance, you cannot: (i) link or frame our Website, (ii) conduct any business or offer to sell or advertise any Products on the worldwide web, or (iii) create or register any Internet domain name in connection with your Alterations Business.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with the Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit remains our property. You may use the Proprietary Marks only for the operation of an Alterations Express Franchise or in advertising for the Alterations Business. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "S," "®," or "™" as instructed by us. You may not use the Proprietary Marks in connection with the offer or sale of any services or Products which we have not authorized for use in connection with the System.

Infringements.

You will be obligated to notify us of any unauthorized use, suspected use or claim to use the Proprietary Marks, the use, suspected use or claims of rights to the Proprietary Marks by third parties or the use or suspected use by any third party of confusingly similar Proprietary Marks. You do not have the right to take any action to enforce or defend any rights associated with the Proprietary Marks. Upon such notification, we have the right to decide whether or not to take affirmative action. We reserve the right, but are not required, to protect your right to use the Proprietary Marks. We have the right to control any administrative proceedings or litigation arising from any affirmative action that we may choose to commence. In the event that we engage in any litigation in the defense or prosecution of the Proprietary Marks, we will bear all costs and expenses incident to such litigation, unless the litigation involves your violation of the Franchise Agreement's provisions relating to the Proprietary Marks. You agree to execute any and all documents and do such acts and things as may be necessary or desirable, in the sole opinion of our legal counsel, to carry out such defense or prosecution. If requested, you must participate in the litigation matter involving the defense of the Proprietary Marks. You are not entitled to any compensation as a result of the discontinuation or modification of any of the Proprietary Marks as a result of any proceeding or settlement. If you elect to be represented by personal legal counsel in connection with any proceeding involving the Proprietary Marks, you will bear the fees, expenses, and other costs associated with such personal legal counsel.

You must also agree not to contest our interest in the Proprietary Marks and other trade secrets.

You acknowledge that the Proprietary Marks are valid and are our sole property. You cannot, either during or after the term of the Franchise Agreement, do anything, or aid or assist any person to do anything, which would infringe upon, harm, or contest our rights in any of the Proprietary Marks. You further must agree not to hinder or prevent us from using or franchising the Proprietary Marks in any jurisdiction.

Changes to the Proprietary Marks.

If we determine that it becomes advisable for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one (1) or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. You will pay the expense of changing your Alterations Business signage. Further, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Proprietary Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Copyrights.

We or our affiliates claim copyrights in the Operations Manuals, service brochures, the Website, Product and service materials, advertising materials and related items used in operating the Franchise (the "Copyrighted Materials"). We may further register, develop, change, cancel, enhance or modify Copyrighted Materials at any time. We have not registered any Copyrighted Materials with the United States Registrar of Copyrights.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the Copyrighted Materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the Copyrighted Materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the Copyrighted Materials in any state. We are not required by any agreement to protect or defend Copyrighted Materials or confidential information, although we intend to do so if this action is in the best interests of the System.

If we decide to add, modify or discontinue the use of a Copyrighted Material, you must also do so. We are not obligated to reimburse you for any costs of complying with this obligation. You do not have the right to take any action to enforce or defend any rights associated with the Copyrighted Materials. However, you must promptly notify us in writing if you become aware of any infringement of our copyrights, or if any infringement claims are made against you in connection with your use of the Copyrighted Materials or for expenses, costs and damages in actions involving Copyrighted Materials. We will then decide, in our sole discretion, what action, if any, will be taken. In the event that we engage in any litigation in the defense or prosecution of the Copyrighted Materials, we will bear all costs and expenses incident to such litigation, unless the litigation involves your violation of the Franchise Agreement's restrictions on the use of the Copyrighted Materials. Except for the costs and expenses incident to litigation just described, we have no obligation under the Franchise Agreement to protect you against, participate in your defense of, or reimburse you for, any damages for which you are held liable in any proceeding arising out of your use of the Copyrighted Materials. You agree to execute any and all documents and do such acts and things as may be necessary or desirable, in the sole opinion of our legal counsel, to carry out such defense or prosecution. You are not entitled to any compensation as a result of the discontinuation or modification of any of the Copyrighted Materials as a result of any proceeding or settlement. If you elect to be represented by personal legal counsel in connection with any proceeding involving the Copyrighted Materials, you will bear the fees, expenses, and other costs associated with such personal legal counsel.

Patents.

We do not own any rights in, or licenses to, any patents.

Confidential Information.

Our confidential information will include all non-public information about us, or affiliate, our franchisees, our suppliers and the System, including but not limited to, the Operations Manuals; System Standards; services; methods for operating, managing, developing or coordinating services, marketing, distribution, performance, provision or rendering of methods, techniques, equipment or supplies; recruitment, training, marketing or compensation methods; Alterations design strategies and techniques including the method of selling our Products; advertising, marketing, promotion, recruitment, human resourcing, training, sales and merchandising strategies, techniques and initiatives; formula on seamstress and alteration professional compensation structures; any related underlying materials, analyses, compilation, forecasts, research or market studies; our prototype and layout of an Alterations Business; proprietary software (if applicable); customer lists and Customer Data (as defined in the Franchise Agreement); referral sources; training materials and class instruction, including, without limitation, additional training provided through webinars or online training videos; billing and collection methods; financial information; and other information about us and information about our Approved Suppliers; and strategic partners, business plans, employees and independent contractors (collectively, the "Confidential Information").

You may never – during the initial term, any renewal term, or after the Franchise Agreement expires or is terminated – reveal any of our Confidential Information to another person or use it for any purpose other than to operate your Alterations Business. You may not copy any of our Confidential Information or give it to a third party except as we authorize. All persons affiliated with or employed by you and to whom you grant access to Confidential Information or who attend training must sign a confidentiality agreement as well as all officers, directors and equity holders.

All ideas, concepts, designs, plans, proposals, techniques and other newly developed information or materials relating to an Alterations Business, whether or not constituting protectable IP, and whether created by or on behalf of you or your Owners, Operating Principal, Managers or employees, must be promptly disclosed to us, will be considered our property and part of the System and will be considered to be works made-for-hire for us. You, your Owners, and your employees must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in these ideas, concepts, techniques or materials. You will not receive any form of compensation or consideration in exchange for ideas, concepts, techniques, designs, creations, and other newly developed information or materials relating to an Alterations Business which you develop.

<u>Customer Data</u>.

All information, mailing lists and databases of Customer Data (as defined in the Franchise Agreement) from whatever source derived, will, at our request, and in any event when provided by you to us, be our property. You agree not to use such information, except in connection with your Alterations Business in accordance with the Franchise Agreement. You agree not to use, process, copy, display, publish, store or transfer the Customer Data without our approval. You agree to comply with all applicable laws with respect to Customer Data; in addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert commercially reasonable efforts to prevent the unauthorized use, dissemination, or publication of Customer Data, subject in all instances to applicable laws. You will promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices of Customer Data. You agree to indemnify us for all third party claims related to your use of Customer Data.

<u>ITEM 15</u>

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Operating Principal or Manager who is approved by us and who has successfully completed all initial training must devote full time to the operation of your Alterations Business and must be onsite, in charge of the operation of the Alterations Business on a day-to-day basis. The Operating Principal must own at least 51% of any franchisee entity. The Manager does not need to own any interest in any franchisee entity. In the event you operate more than one Franchise, then each Alterations Business must have at least one individual approved by us and who successfully completes Initial Training as a Manager.

We advise you to form a corporation, limited liability company, limited partnership or limited liability partnership to own your Franchise and each of your Owners and Owners respective spouses must personally guarantee your obligations under the Franchise Agreement, and that they also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

All Owners and their spouses, Managers, and any Alterations Business personnel completing our Initial Training, subject to applicable law, must sign our form Confidentiality, Non-Use and Non-Competition Agreement which is attached as <u>Exhibit C</u> to the Franchise Agreement. These requirements apply whether or not an equity owner is involved in the Alterations Businesses operation or management.

We restrict all employees and Alterations Business personnel from disclosing Confidential Information, and you must have all staff of the Alterations Business sign a confidentiality and non-use agreement to protect the Proprietary Marks, the Operations Manuals and other information concerning the System.

<u>ITEM 16</u>

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your Alterations Business in strict conformity with the System, as explained in the Operations Manuals, and in other writings by us from time to time. You must use the Location only for the operation of the Alterations Business and may not operate any other business at or from the Location without our express prior written consent. You must keep the premises open and in operation for such hours and days as we may, from time to time, specify in the Operations Manuals or as we may otherwise approve in writing. You must operate as an Alterations Business, including, implementing policies for your employees that ensure adherence to this requirement. We do not impose any restriction on the customers you may serve at your Alterations Business.

We require you to offer and sell only those Products and services that we approve and in the manner and with the specifications we approve including supplies, weight, size, form, packaging, quality and quantity. We maintain a written list of approved goods and services in our Operations Manuals. You must refrain from deviating from our standards and specifications without our prior written consent and must discontinue selling and offering for sale any items, Products, or services which we may disapprove at any time. We reserve the right to designate additional required or optional services or Products in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. You must not (a) sell any items which are not set forth in the Operations Manual or otherwise authorized and approved by us in writing; or (b) sell any of our products separately from the finished Products to customers.

We have the right to determine the maximum prices for the goods, products and services offered from your Alterations Business, as permitted by applicable law. You must comply with the prices required by us, but we make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits. You are not permitted to offer customer discounts for cash payments, and you are not permitted to issue surcharges to customers for payments made by credit card, unless we provide our prior written permission.

We may require you to introduce test items or products for sale in the Alterations Business. You must discontinue offering any test item or product that we do not adopt for permanent sale.

ITEM 17

RENEWAL TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and Development Agreement. You should read these provisions in the Franchise Agreement and Development Agreement attached to this Disclosure Document.

Provision	Section in franchise or other agreement	Summary
a. Term of Franchise	F.A. Section 2.5	10 years from the effective date of the Franchise Agreement.
b. Renewal or extension of the term	F.A. Section 2.6	If you are in good standing and comply with all of the renewal conditions, upon expiration of your original Franchise Agreement, you will have the right to renew your franchise for one additional 10 year term.

Provision	Section in franchise or other agreement	Summary
c. Requirements for you to renew or extend	F.A. Section 2.6	Requirements include: (i) you provide us at least 180 days (but no more than 270 days) prior notice; (ii) you complete, to our satisfaction, all refurbishment, maintenance and upgrading necessary; (iii) you are in good standing; (iv) you satisfy all monetary obligations you owe us, our affiliates, the Brand Fund, any cooperative and our Approved Suppliers and vendors; (v) you execute our then-current form of Franchise Agreement; (vi) you satisfy our then-current training requirements; (vii) you and your Owners sign a general release; (viii) you obtain an extension or renewal of your lease (as applicable); (ix) you agree to our reasonable proposed modification of your Territory, if any, due to shifts in population; and (x) you pay us a fee equal to 25% of the then current Initial Franchise Fee. The then-current standard franchise agreement may contain materially different terms and conditions than your original Franchise Agreement.
d. Termination by you	F.A. Section 18.1	Upon our material breach which we do not cure or attempt to cure within 90 days of your written notice. You may not otherwise terminate the Franchise Agreement.
e. Termination by Us without cause	None	We may not terminate the Franchise Agreement without cause.
f. Termination by us with cause	F.A. Section 18	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. "Cause" defined-defaults which can be cured	F.A. Section 18.3	Curable defaults include any of the following events if not cured within the time period specified in the Franchise Agreement: (i) you submit understated Gross Revenue or other income reports; (ii) you fail to maintain and operate the Alterations Business in a good, clean, and wholesome manner; (iii) you deny our right to inspect the Alterations Business; (iv) you use supplies or sell products that fail to conform to the specifications; (v) you fail to maintain and operate the Alterations Business consistently with the Operations Manual or our standards; (vi) you fail to remit any payments immediately when due to us; (vii) you fail to remit any payments immediately when due to a supplier, vendor, broker, landlord, the Brand Fund, the Cooperative, or other third party owed by the Alterations Business; (viii) you fail to submit to us any financial reports or other information required under the Franchise Agreement; (ix) you fail to maintain proper insurance; (x) you interfere with our ability to access the Computer System or our ability to access the account used to transfer certain fees; (xi) you operate the Alterations Business in an unhealthy or unsafe manner; (xii) you fail to obtain and maintain any required license or fail to comply with applicable laws and regulations; or (xiii) you breach any other obligation, covenant or representation under the Franchise Agreement.

Provision	Section in franchise or other agreement	Summary
h. "Cause" defined-defaults which cannot be cured	F.A. Section 18.2	Non-curable defaults include: (i) making any unauthorized transfer of the Alterations Business or Franchise Agreement; (ii) failing to commence business within the time prescribed in the Franchise Agreement; (iii) failing to purchase or lease a suitable Location within [60 days] after execution of the Franchise Agreement; (iv) abandoning or failing to operate the Alterations Business for 3 consecutive business days; (v) violating or breaching any of the Franchise Agreement's restrictive covenants or intellectual property provisions; (vi) bankruptcy or insolvency; (vii) failing to successfully complete Initial Training; (viii) the entering of certain judgments or liens against you or your property; (ix) termination of your right of possession to the Alterations Businesses Location; (x) knowingly selling products or using supplies that fail to conform to the specifications or failing to sell products designated by us; (xi) knowingly failing to report accurately the Gross Revenue of the Franchise or committing fraud, misrepresentation or a similar act or omission against us, related entities or a third party; (xii) defaulting, on 2 or more separate occasions within any period of 12 consecutive months, whether or not cured, on any of your material obligations to us or an affiliate; (xiii) engaging in any misconduct which hurts the goodwill of the System; (xiv) conviction of or plea of no contest to a violation of certain laws or regulations; or (xv) failing to pay any taxes when due.
i. Your obligations on termination/non-renewal	F.A. Section 18.6	You must: (i) immediately cease to use any of the Confidential Information, the IP and the Proprietary Marks; (ii) immediately return to us (or destroy upon our request) all of your copies of any materials containing any of the Confidential Information or any materials bearing the Intellectual Property or the Proprietary Marks and all copies and records of any customer or other similar lists; (iii) upon our request, cooperate in assigning to us or to a person or entity designated by us any and all vendor agreements or sales or service contracts; (iv) immediately cease all use of our IP and stop holding yourself out to the public as associated with us in any way including removing all trade dress; (v) immediately cease using all Social Media Platforms and do all things necessary to remove your administrative access to these platforms; (vi) terminate your access to the e-commerce activities we designate and assign to us all telephone numbers, e-name and directory listings associated in any way with Alterations Express and the Proprietary Marks, and direct the telephone company to transfer all such numbers and listings to us or our designee; (vii) immediately pay us all unpaid fees and pay us, our affiliates, and our approved and designated suppliers and vendors, all other monies owed; (viii) comply with the post-termination covenants; and (ix) cease any and all contact with suppliers, vendors, employees or our agents without our prior written consent.

Provision	Section in franchise or other agreement	Summary
j. Assignment of contract by us	F.A. Section 16.1	No restrictions on our right to assign.
k. "Transfer" by you - definition	F.A. Section 16.3	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement or the assets of or ownership interest in the Alterations Business.
l. Our approval of transfer by franchisee	F.A. Section 16.5	We have the right to approve but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	F.A. Section 16.6	Conditions include: (i) the transferee and its owners meet or exceed the approval criteria including passing a background check all at our sole discretion; (ii) you pay all amounts owed to us or to third-party creditors and have submitted all required reports and statements; (iii) if applicable, the new Operating Principal of transferee completes our required training program; (iv) transferee enters into our then-current form of franchise agreement and any required related agreements; (v) the transferee agrees to upgrade the Alterations Business to conform to our then-current System Standards; (vi) the transfer fee is paid; (vii) you and all transferring Owners have signed a general release; (viii) we approve the material terms and conditions of such transfer and if the transferee is financing the purchase, the transferee must be able to comply with the debt terms of the arrangement based on past operating history; (ix) if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners subordinate transferee's obligation to pay you to our right to Royalty Fees, Brand Fund Contributions and other amounts due to us and otherwise to comply with the Franchise Agreement; and (x) upon our request, you have agreed that you will provide guidance and support for a period of no less than 30 days from the day the transferee satisfactorily completes all training.
n. Our right of first refusal to acquire your business	F.A. Section 16.10	Within thirty (30) days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third party provided that we may substitute cash in place of any finance terms.
o. Our option to purchase your business	F.A. Section 18.7	If the Franchise Agreement is terminated by either party or you cease to do business for any reason, we have the right to purchase your assets at book value (cost less depreciation).
p. Your death or disability	F.A. Sections 16.7 & 16.8	Your Alterations Business or an ownership interest in you must be assigned to an approved buyer in the time we designate and must be run by a trained operator during the period before the assignment. Assignment is subject to our right of first refusal. We have the right to manage the Alterations Business and charge a management fee if we feel, in our sole discretion, that the Alterations Business is not being operated properly.

Provision	Section in franchise or other agreement	Summary
q. Non-competition covenants during the term of the franchise	F.A. Sections 7.2 & 17.5	The Owners, spouses of Owners, Operating Principals and Managers are prohibited from operating or having an interest in any type of business that offers alterations and/or dry-cleaning services.
r. Non-competition covenants after the franchise is terminated or expires	F.A. Section 17.6	Your Owners are prohibited from (i) operating or having an interest in any retail establishment that derives more than 20% of its revenue from alterations, tailoring or dry-cleaning services or any business that markets itself as an alterations, tailoring, or dry-cleaning establishment within a 25-mile radius of the Territory of any franchise or company owned outlet for a period of 24 months; (ii) soliciting our strategic partners or other independent contractors with whom we do business to accept employment or affiliation with you; (iii) soliciting our customers; or (iv) disparaging us or the System in any way.
s. Modification of the agreement	F.A. Sections 8.1 & 23.3	You must comply with the Operations Manuals as periodically amended. The Franchise Agreement may only be modified or amended in writing signed by all parties.
t. Integration/merger clause	F.A. Section 23.3	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document may not be enforceable.
u. Dispute resolution by arbitration or mediation	F.A. Sections 21.4 & 21.5	Disputes between you and us may be settled by non-binding mediation or by binding arbitration in Ohio at our sole discretion.
v. Choice of forum	F.A. Section 21.2	Ohio (subject to applicable state law).
w. Choice of law	F.A. Section 21.1	Ohio (subject to applicable state law).
x. Waiver of jury clause	F.A. Section 21.12	Both parties agree to waive the right to a jury trial for all disputes (subject to applicable state law).

This table lists certain important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this Disclosure Document.

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 1	The Development Term begins on the date the Development Agreement is signed and terminates on the date that the last Alterations Business is required to be opened pursuant to the Development Schedule.
b. Renewal or extension of the term	None	There is no renewal or extension of the term.

Provision	Section in Development Agreement	Summary
c. Requirements for franchisee to renew or extend	None	There is no renewal or extension option.
d. Termination by franchisee	None	You may not terminate.
e. Termination by franchisor without cause	None	We may not terminate the Development Agreement without cause.
f. Termination by franchisor with cause	Section 10	We may terminate the Development Agreement upon written notice of termination.
g. "Cause" defined - curable defaults	None	There are no curable defaults in the Development Agreement.
h. "Cause" defined - non-curable defaults	Section 10	We may terminate the Development Agreement (a) if you fail to obtain Franchisor's written acceptance of an applicable site; (b) you fail to open and operate the number of Alterations Businesses required under the Development Schedule; (c) you begin construction before you receive a fully executed Franchise Agreement; (d) you are insolvent; (e) your business or property is levied; (f) you breach any obligations in the Development Agreement; (g) you fail to receive prior written consent of a transfer; (h) you made a material misrepresentation or omitted a material fact; (i) you knowingly falsify any report required by us; (j) you are convicted of a felony charge or crime; (k) you remain in default beyond the applicable cure period under any agreement with us or our affiliates; or (l) you fail or refuse to comply with any provision in the Development Agreement.
i. Franchisee's obligations on termination/non-renewal	Section 11	Upon termination or expiration (a) you will have no further right to develop or open Franchised Alterations Businesses; (b) the limited exclusive rights granted to you in the Development Area will terminate; (c) you must return all materials and information furnished by us; (d) you must continue to abide by those covenants in Section 10 of the Development Agreement; (e) you will immediately pay us all sums due and owing to us; (f) we will retain the Development Fee; (g) within 30 days after the termination or expiration of the Development Agreement, you must provide us with evidence of your compliance under Section 11 of the Development Agreement; and (h) you will not operate or do business under any name that would give the public the impression that you are connected with us.
j. Assignment of contract by franchisor	None	An assignment of contract is not in the Development Agreement.

Provision	Section in Development Agreement	Summary
k. "Transfer" by franchisee – definition	Section 8	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Development Agreement or the assets of or ownership interest in the Alterations Business.
l. Franchisor approval of Transfer by franchisee	Section 8	We have the right to approve any transfer.
m. Conditions for franchisor approval of transfer	Section 8	Conditions include: (a) you must be in compliance with all obligations with us under the Development Agreement; (b) the transfer fee is paid; (c) make the transfer only in conjunction with a simultaneous transfer of the same interest with respect to all agreements with us in the Development Agreement; (d) advise us in writing of the proposed transfer; (e) the transferee and its owners meet or exceed the approval criteria including passing a background check all at our sole discretion; (f) an assignment agreement and any amendments to the Development Agreement must be signed; and (g) a general release must be signed.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8	Within 30 days after notice, we have the option to purchase the Alterations Businesses, at the same financial terms and conditions offered by third party.
o. Franchisor's option to purchase franchisee's business	None	There are no options to purchase franchisee's business under the Development Agreement.
p. Death or disability of franchisee	Section 8	Within 3 months after death or disability, that person's executor, administrator or personal representative must apply to us in writing, for our consent to transfer and will be subject to the transfer provisions in the Development Agreement.
q. Non-competition covenants during the term of the franchise	Section 9	You and your Owners, spouses of Owners, Operating Principals and Managers are prohibited from operating or having an interest in any type of business that offers alterations and/or dry-cleaning services.
r. Non-competition covenants after the franchise is terminated or expires	Section 9	For the 24 months following the expiration or earlier termination, you are prohibited from (i) operating or having an interest in any retail establishment that derives more than 20% of its revenue from the sale of alterations, tailoring, and/or dry-cleaning services or any business that markets itself as an alterations or dry-cleaning establishment within a 25-mile radius of the Development Area and 25-mile radius of the Territory of any franchise or company owned outlet; (ii) soliciting our strategic partners or other independent contractors with whom we do business to accept employment or affiliation with you;

Provision	Section in Development Agreement	Summary
		(iii) soliciting our customers; or (iv) disparaging us or the System in any way.
s. Modification of the agreement	Section 9	Except as provided in the Development Agreement, the Franchise Agreement remains in full force and effect.
t. Integration/merger clause	Section 17	Only the terms of the Development Agreement and other related written agreements are binding (subject to applicable state law).
u. Dispute resolution by arbitration or mediation	Section 19	Disputes between you and us may be settled by non-binding mediation or by binding arbitration in Ohio at our sole discretion.
v. Choice of forum	Section 19	Ohio (subject to applicable state law).
w. Choice of law	Section 19	Ohio (subject to applicable state law).

ITEM 18

PUBLIC FIGURES

We do not employ any public figure or celebrity in our management, nor do we use a public figure or celebrity to promote our franchises.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned businesses, 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 franchise you are considering buying or (2) a franchisor supplements the information provided in Item 19 for example, by providing information about possible performance at a particular location or under particular circumstances.

As of December 31, 2025, there were twelve (12) Alterations Businesses open and operating that are each owned by one of our affiliates as further detailed in Item 1.

We have excluded four locations because those Alterations Businesses are not representative of the Franchise being offered under this Disclosure Document. The first three locations operate in conjunction with another business line and the fourth excluded location serves as a bridal hub, which is not representative of the Franchise being offered under this Disclosure Document.

The remaining eight (8) affiliate owned Alterations Businesses are included in these Financial Performance Representations (each, a "Representative Business" and collectively, the "Representative Businesses"). The reasonable basis for inclusion of this Financial Performance Representation is the Representative Businesses are similar to the Franchise being offered under this Disclosure Document in terms of square footage, operations, System practices, service offering, and hours of operation. The operational characteristics that make the Representative Businesses different are that none of them pay any Royalty Fees or Brand Fund Contributions to us, expend any minimum amount on local advertising, are subject to territorial advertising restrictions nor use the POS System required for Franchises.

The first Representative Business opened in March 2002 and operates out of a space that is approximately 2,401 square feet ("Location 1"). The second Representative Business opened in January 2004 and operates out of a space that is approximately 1,932 square feet ("Location 2"). The third Representative Business opened in March 2004 and operates out of a space that is approximately 2,000 square feet ("Location 3"). The fourth Representative Business opened in October 2006 and operates out of a space that is approximately 1,647 square feet ("Location 4"). The fifth Representative Business opened in November 2006 and operates out of a space that is approximately 3,125 square feet ("Location 5"). The sixth Representative Business opened in February 2008 and operates out of a space that is approximately 3,429 square feet ("Location 6"). The seventh Representative Business opened in July 2013 and operates out of a space that is approximately 3,600 square feet ("Location 7"). The eighth Representative Business opened in March 2014 and operates out of a space that is approximately 1,855 square feet ("Location 8"). Each of the Representative Businesses operates Monday to Thursday, 9 am to 7 pm; Friday, 9 am to 6 pm; Saturday, 9 am to 5 pm; and closed on Sunday.

This Item 19 sets forth historical gross sales, expense, and profit information for the Representative Businesses for the calendar year 2025. The measurement period for the calendar year is January 1 to December 31 (the "Measurement Period"). The gross sales information set forth in this Item 19 is derived from the Representative Businesses accounting records.

Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.

Location 1	**2025 Measurement Period**	
	Amount	**Percentage of Gross Sales**
Gross Sales[1]	$872,374	100.00%
Direct Labor	$380,424	43.61%
Commissions Expense[2]	$180,237	20.66%
Cost of Goods Sold[3]	$11,842	1.36%
Total Cost of Services Provided	$572,503	65.63%
Gross Profit[4]	$299,871	34.37%
Less Disclosed Expenses:		
Managerial Salaries[5]	$70,000	8.02%
Advertising and Marketing	$9,504	1.09%
Insurance Expense	$41,220	4.73%
Merchant Processing Fee	$18,567	2.13%
Occupancy Expense	$69,907	8.01%
Utilities Expense	$17,116	1.96%
Repairs and Maintenance	$2,297	0.26%
Office Supplies	$110	0.01%
All Other Expenses[6]	$1,647	0.19%
Gross Profit Less Disclosed Expenses	$69,503	7.97%

Franchise Related Costs not Incurred by Affiliate		
Royalty[7]	$52,342	6.00%
Brand Fund[8]	$8,724	1.00%
Local Advertising[9]	$7,943	0.91%
Technology Fee[10]	$2,400	0.28%
Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	$(1,906)	-0.45%

Location 2	2025 Measurement Period	
	Amount	**Percentage of Gross Sales**
Gross Sales[1]	$721,310	100.00%
Direct Labor	$277,114	38.42%
Commissions Expense[2]	$128,571	17.82%
Cost of Goods Sold[3]	$10,559	1.46%
Total Cost of Services Provided	$416,244	57.71%
Gross Profit[4]	$305,066	42.29%
Less Disclosed Expenses:		
Managerial Salaries[5]	$55,000	7.63%
Advertising and Marketing	$9,058	1.26%
Insurance Expense	$22,769	3.16%
Merchant Processing Fee	$16,229	2.25%
Occupancy Expense	$40,587	5.63%
Utilities Expense	$7,225	1.00%
Repairs and Maintenance	$2,525	0.35%
Office Supplies	$291	0.04%
All Other Expenses[6]	$1,608	0.22%
Gross Profit Less Disclosed Expenses	$149,774	20.76%
Franchise Related Costs not Incurred by Affiliate		
Royalty[7]	$43,279	6.00%
Brand Fund[8]	$7,213	1.00%
Local Advertising[9]	$5,368	0.74%
Technology Fee[10]	$2,400	0.33%
Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	$91,514	12.69%

Location 3	2025 Measurement Period	
	Amount	**Percentage of Gross Sales**
Gross Sales[1]	$533,217	100.00%
Direct Labor	$246,549	46.24%

Commissions Expense[2]	$44,349	8.32%
Cost of Goods Sold[3]	$8,043	1.51%
Total Cost of Services Provided	$298,941	56.06%
Gross Profit[4]	$234,276	43.94%
Less Disclosed Expenses:		
Managerial Salaries[5]	$45,000	8.44%
Advertising and Marketing	$9,362	1.76%
Insurance Expense	$2,875	0.54%
Merchant Processing Fee	$11,484	2.15%
Occupancy Expense	$36,712	6.89%
Utilities Expense	$7,947	1.49%
Repairs and Maintenance	$1,078	0.20%
Office Supplies	$370	0.07%
All Other Expenses[6]	$550	0.10%
Gross Profit Less Disclosed Expenses	$118,898	22.30%
Franchise Related Costs not Incurred by Affiliate		
Royalty[7]	$31,993	6.00%
Brand Fund[8]	$5,332	1.00%
Local Advertising[9]	$2,638	0.49%
Technology Fee[10]	$2,400	0.45%
Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	$76,535	14.35%

Location 4	**2025 Measurement Period**	
	Amount	**Percentage of Gross Sales**
Gross Sales[1]	$452,233	100.00%
Direct Labor	$203,698	45.04%
Commissions Expense[2]	$87,879	19.43%
Cost of Goods Sold[3]	$5,974	1.32%
Total Cost of Services Provided	$297,551	65.80%
Gross Profit[4]	$154,682	34.20%
Less Disclosed Expenses:		
Managerial Salaries[5]	$50,000	11.06%
Advertising and Marketing	$9,083	2.01%
Insurance Expense	$11,631	2.57%
Merchant Processing Fee	$10,852	2.40%
Occupancy Expense	$41,616	9.20%
Utilities Expense	$10,945	2.42%
Repairs and Maintenance	$1,022	0.23%
Office Supplies	$158	0.03%

All Other Expenses[6]	$1,439	0.32%
Gross Profit Less Disclosed Expenses	$17,936	3.97%
Franchise Related Costs not Incurred by Affiliate		
Royalty[7]	$27,134	6.00%
Brand Fund[8]	$4,522	1.00%
Local Advertising[9]	$2,917	0.65%
Technology Fee[10]	$2,400	0.53%
Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	$(19,037)	-4.47%

Location 5	**2025 Measurement Period**	
	Amount	**Percentage of Gross Sales**
Gross Sales[1]	$1,061,278	100.00%
Direct Labor	$417,306	39.32%
Commissions Expense[2]	$167,253	15.76%
Cost of Goods Sold[3]	$9,005	0.85%
Total Cost of Services Provided	$593,564	55.93%
Gross Profit[4]	$467,714	44.07%
Less Disclosed Expenses:		
Managerial Salaries[5]	$82,000	7.73%
Advertising and Marketing	$9,224	0.87%
Insurance Expense	$26,734	2.52%
Merchant Processing Fee	$23,092	2.18%
Occupancy Expense	$67,309	6.34%
Utilities Expense	$12,414	1.17%
Repairs and Maintenance	$874	0.08%
Office Supplies	$272	0.03%
All Other Expenses[6]	$840	0.08%
Gross Profit Less Disclosed Expenses	$244,955	23.08%
Franchise Related Costs not Incurred by Affiliate		
Royalty[7]	$63,677	6.00%
Brand Fund[8]	$10,613	1.00%
Local Advertising[9]	$12,002	1.13%
Technology Fee[10]	$2,400	0.23%
Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	$156,264	14.72%

Location 6	2025 Measurement Period	
	Amount	**Percentage of Gross Sales**
Gross Sales[1]	$892,263	100.00%
Direct Labor	$430,233	48.22%
Commissions Expense[2]	$116,234	13.03%
Cost of Goods Sold[3]	$11,939	1.34%
Total Cost of Services Provided	$558,406	62.58%
Gross Profit[4]	$333,857	37.42%
Less Disclosed Expenses:		
Managerial Salaries[5]	$60,000	6.72%
Advertising and Marketing	$8,987	1.01%
Insurance Expense	$12,784	1.43%
Merchant Processing Fee	$19,183	2.15%
Occupancy Expense	$102,297	11.46%
Utilities Expense	$13,888	1.56%
Repairs and Maintenance	$1,888	0.21%
Office Supplies	$152	0.02%
All Other Expenses[6]	$1,684	0.19%
Gross Profit Less Disclosed Expenses	$112,994	12.66%
Franchise Related Costs not Incurred by Affiliate		
Royalty[7]	$53,536	6.00%
Brand Fund[8]	$8,923	1.00%
Local Advertising[9]	$8,858	0.99%
Technology Fee[10]	$2,400	0.27%
Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	$39,278	9.21%

Location 7	2025 Measurement Period	
	Amount	**Percentage of Gross Sales**
Gross Sales[1]	$1,014,376	100.00%
Direct Labor	$442,711	43.64%
Commissions Expense[2]	$252,595	24.90%
Cost of Goods Sold[3]	$19,481	1.92%
Total Cost of Services Provided	$714,787	70.47%
Gross Profit[4]	$299,589	29.53%
Less Disclosed Expenses:		
Managerial Salaries[5]	$65,000	6.41%
Advertising and Marketing	$12,458	1.23%
Insurance Expense	$23,789	2.35%
Merchant Processing Fee	$-	0.00%

Occupancy Expense	$88,127	8.69%
Utilities Expense	$13,405	1.32%
Repairs and Maintenance	$411	0.04%
Office Supplies	$22,096	2.18%
All Other Expenses[6]	$1,956	0.19%
Gross Profit Less Disclosed Expenses	$72,347	7.13%
Franchise Related Costs not Incurred by Affiliate		
Royalty[7]	$60,863	6.00%
Brand Fund[8]	$10,144	1.00%
Local Advertising[9]	$7,830	0.77%
Technology Fee[10]	$2,400	0.24%
Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	$(8,890)	-2.09%

Location 8	**2025 Measurement Period**	
	Amount	**Percentage of Gross Sales**
Gross Sales[1]	$728,101	100.00%
Direct Labor	$317,161	43.56%
Commissions Expense[2]	$111,543	15.32%
Cost of Goods Sold[3]	$11,359	1.56%
Total Cost of Services Provided	$288,038	39.56%
Gross Profit[4]	$299,589	29.53%
Less Disclosed Expenses:		
Managerial Salaries[5]	$57,500	7.90%
Advertising and Marketing	$9,980	1.37%
Insurance Expense	$15,295	2.10%
Merchant Processing Fee	$15,713	2.16%
Occupancy Expense	$57,960	7.96%
Utilities Expense	$10,470	1.44%
Repairs and Maintenance	$5,338	0.73%
Office Supplies	$148	0.02%
All Other Expenses[6]	$1,527	0.21%
Gross Profit Less Disclosed Expenses	$114,107	15.67%
Franchise Related Costs not Incurred by Affiliate		
Royalty[7]	$43,686	6.00%
Brand Fund[8]	$7,281	1.00%
Local Advertising[9]	$4,582	0.63%
Technology Fee[10]	$2,400	0.33%

Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	$56,158	7.71%

Table Notes:

1. "Gross Sales" means the total selling price of all services and Products, other products and all revenue and income of any kind relating to Representative Businesses including, without limitation, from the sales of merchandise, gift cards, products and tangible personal property of every kind sold by it, proceeds as a result of any business interruption insurance policy; but exclusive of sales or use tax actually paid to the appropriate taxing authority. Gross Sales also include the fair market value of any services or products received by you in barter or exchange for your services and Products, other products and payments on credit (whether or not you received payment). No deductions are taken for credit card collection fees or for uncollected or uncollectible credit accounts, employee discounts, delivery service fees or in respect of any other matter except as specifically stated. The retail value of all Products and other products sold in connection with the redemption of coupons, gift certificates, gift cards or vouchers is included in Gross Sales.

2. "Commissions Expense" reflect commission income as recorded by the Representative Businesses.

3. "Cost of Goods Sold" means the direct cost of products and related materials associated with the services included in Gross Sales during the Measurement Period that are sold from the Representative Businesses.

4. "Gross Profit" means Gross Sales less direct labor, Commission Expense, and Cost of Goods Sold. Gross Profit does not include any other operating expenses (occupancy, advertising, insurance, technology, general and administrative) unless expressly stated.

5. "Managerial Salaries" represents the salary paid towards the Manager and/or key employee in each Location. The key employee serves in a leadership role at each Location.

6. "All Other Expenses" includes local licenses and permits and other overhead expenses.

7. "Royalty" means the fee calculated at 6% of Gross Sales. Amounts shown reflect illustrative amounts for the Representative Business.

8. "Brand Fund" means the fee calculated at 1% of Gross Sales. Amounts shown reflect illustrative amounts for the Representative Business.

9. "Local Advertising" The sum of the advertising and marketing expenses and the local advertising under the franchise related costs not incurred by affiliate for each of the Representative Businesses totals the re-occurring fees described in Item 6 for the LAR. Amounts shown reflect illustrative amounts for the Representative Business.

10. "Technology Fee" is the re-occurring fees described in Item 6 for technology and required software. Amounts shown reflect illustrative amounts for the Representative Business.

General Notes to Item 19:

1. Operating costs and expenses may vary substantially from Alterations Business to Alterations Business. The income and expenses of your Alterations Business will be directly affected by many factors, such as: (a) geographic location; (b) competition from other similar businesses in your area; (c) advertising effectiveness; (d) your product and service pricing; (e) labor costs; (f) ability to generate customers; (g) customer loyalty; (h) customer referrals and other lead sources; and (i) competition from businesses offering similar services and products outside your area.

2. We recommend that you make your own independent investigation to determine whether or not the Franchise may be profitable to you. You should use the above information as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating an Alterations Business.

3. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has not been audited.

4. Other than the above, we do not make any representations about franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do no authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jennifer Rondinelli, Marketing Manager, Alterations Express Franchising, Inc., 850 McKay Ct., Youngstown, OH 44512, at franchising@alterations-express.com or 907-302-3964, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	12	12	0
	2024	12	12	0
	2025	12	12	0
Total Outlets	2023	12	12	0
	2024	12	12	0
	2025	12	12	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023 to 2025

State	Year	Number of Transfers
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchised Outlets for years 2023 to 2025

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
Total	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For years 2023 to 2025

State	Year	Outlets Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at End of the Year
Ohio	2023	8	0	0	0	0	8
	2024	8	0	0	0	0	8
	2025	8	0	0	0	0	8
Pennsylvania	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
	2025	4	0	0	0	0	4
Total	2023	12	0	0	0	0	12
	2024	12	0	0	0	0	12
	2025	12	0	0	0	0	12

Table No. 5
Projected Openings as of Issue Date

State	Franchise Agreements Signed but Not Opened	Projected New Franchised Outlets In Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Ohio	0	2	0
Pennsylvania	0	2	0
Total	0	4	0

A list of our current franchisees as of the issue date of this Disclosure Document is attached as Exhibit D.

There are no franchisees that have had their outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent fiscal year or who has not communicated with us within the past 10 weeks of the issuance date. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document is our unaudited open balance sheet dated February 18, 2026. We have not been open for 3 years so we are unable to provide you with 3 full years of audited financial statements. Our fiscal year end is December 31 of each year.

ITEM 22

CONTRACTS

Attached are copies of the following agreements relating to the offer of the Franchise:

Exhibit B:	Franchise Agreement
	-*Schedule I*: Franchisee Information, Location of Alterations Business and Territory
	- *Schedule II*: List of Minimum Insurance
	-Exhibit A: General Release
	-Exhibit B: Personal Guaranty
	-Exhibit C-1: Non-Compete, Confidentiality and Non-Solicitation Agreement
	-Exhibit C-2: Confidentiality and Non-Use Agreement
	-Exhibit D: Electronic Funds Transfer (EFT) Authorization
	-Exhibit E: Internet Websites, Digital, Social Media and Listing Agreement
	-Exhibit F: Telephone Listing Agreement
	-Exhibit G: Collateral Assignment of Lease
	-Exhibit H: On-Site Training Agreement
	-Exhibit I: Multi-State Franchise Agreement Amendments
Exhibit C:	Area Development Agreement

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

ITEM 23

RECEIPTS

Please sign and return 1 copy of the receipt attached to this Disclosure Document as Exhibit K.

Exhibit A

Financial Statements

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Alterations Express Franchising, Inc.				
As of February 18, 2026				
Amounts in USD				
Balance Sheet				
	February 2026			
Assets				
Current Assets				
Cash & Cash Equivalents	100,000.00			
Total Current Assets	100,000.00			
Total Assets	100,000.00			
Equity				
Common Stock	100.00			
Additional Paid-In Capital	99,900.00			
Total Equity	100,000.00			
Total Liabilities & Owner's Equity	100,000.00			

Exhibit B
Franchise Agreement

ALTERATIONS EXPRESS FRANCHISE AGREEMENT

NAME: ______________________________

DATE: ______________________________

FRANCHISE NO.: ____________________

DESCRIPTION: _____________________

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (together with all appendices, schedules, exhibits, and ancillary agreements signed in connection with the grant of the Franchise defined below and described herein, collectively referred to as the "Agreement") is effective as of the date set forth on Schedule I (the "Effective Date") for the operation of an Alterations Business (the "Alterations Business") between Alterations Express Franchising, Inc., an Ohio corporation ("we," "us" or "our"), and the business entity and Owners (as defined in Section 3.1) set forth on the signature page to this Agreement and Schedule I ("you" or "your") (collectively, you and we are referred to as the "parties" and individually sometimes referred to as a "party") for the purpose of granting you the rights necessary to operate the Alterations Business (the "Franchise").

1. PREAMBLE AND STATEMENTS OF UNDERLYING FACTS.

The Alterations Express System. As a result of the expenditure of time, effort, and money, we and our affiliates have developed a unique system licensing to franchisees a business model for establishing and operating an Alterations Business specializing in fast, professional and affordable alterations, tailoring, adjusting, hemming, fittings, mending, repairing, including our 'Pant Hems While You Wait' services along with supplemental dry-cleaning, steaming and pressing, clothing preservation, professional shirt laundering, and related services (the "Services") and other items and products ("Products") we may develop and offer from time to time in our sole discretion, all provided using certain methods of operation, customer service and quality control and marketed using certain valuable trade names in conjunction with certain color schemes, signs, equipment, layouts, and Alterations Business designs. Alterations Business franchises sell our Services and Products and provide ancillary services using our distinctive formats, methods, policies, procedures, standards, specifications, information, training and business relationships, all of which we, in our sole judgment, may change, alter, amend, further improve, discontinue, develop or otherwise modify from time to time (collectively, the "System").

The Intellectual Property. The distinguishing characteristics of the System include, but are not limited to, the name "Alterations Express" together with such other trade names, service marks, logos, slogans, taglines, product names, trademarks and other brand identifiers (collectively, the "Marks") and all other intellectual property, including, without limitation, all inventions, patents, patent applications, concoctions, formulas, preparation methods and procedures, copyrights, titles, symbols, logotypes, trade dresses, emblems, slogans, insignias, terms, know-how, methods, specifications, designations, designs, illustrations, animations, diagrams, anecdotes, artworks, worksheets, techniques, rules, ideas, course materials (including instructional guides and tutorials), advertising and promotional materials, and other audio, video and written materials developed and designated for use in connection with the System, including the URL website https://alterationsexpressfranchise.com, social media handles, other domain names, and any custom design software or mobile applications, or as we may hereafter acquire, develop or designate for use in connection with the System, in each case whether registered or unregistered and including and all similar or equivalent rights relating to the Alterations Business and System (together with the Marks, the "Intellectual Property").

The License. Alterations Express IP Holdings, Inc., an Ohio corporation ("Alterations IP"), our affiliate, granted us a license to use the Marks and certain other Intellectual Property to operate the System with the right to sublicense such Marks and Intellectual Property to qualified franchisees to own and operate a Franchise. We grant to persons who meet our qualifications and are willing to undertake the investment and effort, the right to own and operate a Franchise using the System, the Intellectual Property and the Marks.

The Franchise. You desire to acquire the right to operate a Franchise, using the System, the Intellectual Property and the Marks.

Franchisee's Application. You submitted an application to us representing and warranting that all information, including financial information, provided to us is true, complete, correct and not misleading in any material respects ("Franchise Application"). We approved the Franchise Application in reliance upon your representations and warranties set forth therein.

Acknowledgments. You understand and acknowledge that the terms of this Agreement are reasonably necessary to maintain our high standards of quality, appearance, and service and the uniformity of those standards among all Franchises ("System Standards"), and to protect and preserve the goodwill of the Marks, the Intellectual Property and the System.

2. GRANT OF FRANCHISE

Franchise Grant. The grant of the Franchise hereunder is for the purpose of operating an Alterations Business with the geographic territory described on Schedule I (the "Territory"). This Franchise does not, in any way, either directly or by implication, grant any other area, market or territorial rights to you, except that we will not operate or license or grant franchises to third parties for the right to operate an Alterations Business location under the "Alterations Express" brand within the Territory. Another Alterations Business may be located on the border of your Territory. If you fail to satisfy our System Standards, as determined in our sole discretion, we reserve the right to modify or remove the exclusivity from all or a portion of your Territory (allowing us or our affiliates to then operate, license or grant franchises to operate an Alterations Business within such area) or modify the geographic boundaries comprising your Territory. Subject to the terms and conditions of this Agreement, we grant, and you accept, the right and obligation for the Term (as defined in Section 2.5):

(a) to faithfully, honestly, and diligently develop, open and operate the Alterations Business from an approved Location (as defined in Section 4) within your Territory using the System and in compliance with this Agreement and our standards and requirements;

(b) to advertise to the public that you are an Alterations Express franchisee; and

(c) to use the Intellectual Property, but only in connection with the sale of Products and Services which have been designated and approved by us to Customers (as defined below) throughout the Territory.

Restriction on Franchise Grant. You may not sub-franchise, sublicense, assign or transfer your rights under this Agreement, except as specifically provided in this Agreement. For purposes of this Agreement, "Customer(s)" shall mean any individual or entity (and the owners or authorized representatives of such entity) who purchased or purchase Products and Services from you during the Term (even if you have solicited the person or established a business relationship independent of us and without our assistance) or whom you have solicited to purchase Products or Services.

Reservation of Rights. The rights and privileges granted to you under this Agreement are applicable only in the Territory and may not be used elsewhere by you without our prior written permission. The rights granted under this Franchise shall only include the right to provide alterations and dry cleaning services within the Territory under the Marks. We reserve and retain all rights that this Agreement does not expressly grant to you, including but not limited to:

(a) the exclusive right to own and operate an Alterations Business at any location(s) outside of your Territory under the Marks or using the Intellectual Property, or to license others the right to own and operate an Alterations Business at any location(s) outside of your Territory under the Marks and System or using the Intellectual Property;

(b) develop and establish other business systems using the Marks, or similar or other business systems using other names or marks, and grant licenses to use those systems without providing any rights to you and locate such businesses in your Territory;

(c) the exclusive right to sell Products and other products, goods and merchandise, bearing the Marks through the Internet, catalog sales, telemarketing, mail order sales or other direct marketing channels or alternative channels of distribution. These products and merchandise may be similar or identical to Products sold within your Alterations Business, and customers who purchase our Products through such channels may be located within your Territory, and you will receive no compensation for sales to these customers;

(d) the exclusive right to distribute our Products through the Internet, catalog sales, telemarketing, or other direct marketing ("Alternative Distributors") without compensation to you. Alternative Distributors may operate inside the Territory; there are no geographic limitations on the territory in which we or our affiliates may distribute Products to Alternative Distributors. Further, Alternative Distributors may engage in direct competition with your Alterations Business and there are no restrictions on the type of Products or merchandise Alternative Distributors may offer;

(e) the right to establish within the Territory, without your consent, and without compensation to you, another Alterations Business on the premises of any facility, venue, location or institution with a captive audience of consumers, clients, members, personnel or participants (each a "Reserved Venue"), provided, however, that we establish a physical retail Location on the Reserved Venue and all Products and Services are sold within the Reserved Venue. Reserved Venues include, without limitation: (i) any self-contained facility (such as a shopping mall, military base, state or national park, stadium, airport, convention center, medical center, casino, YMCA, zoo, Native American reservation, public transportation facility, toll booth plaza and travel centers, corporate facility, hotels, amusement or theme park, fairground, school, university campus or other academic facilities, sports arena, or other entertainment facility); (ii) or any similar captive market locations within and outside your Territory; as well as (iii) special events like street fairs, parades, sporting events, trade shows, and similar occasions. You understand and acknowledge that if a Reserved Venue is located within the physical boundaries of your Territory, the premises of this will not be included in your Territory and you will have no rights to this Reserved Venue. Notwithstanding the foregoing, so long as we do not operate an Alterations Business in a Reserved Venue in your Territory or license to others the right to operate at a Reserved Venue in your Territory, then you may provide Products and Services to or at the Reserved Venue, but you must cease immediately upon notice from us. We, our affiliates or a licensee or franchisee of ours, may operate in any Reserved Venue on a temporary, seasonal or permanent basis; and

(f) the exclusive right to own and operate businesses under different marks inside or outside your Territory, or license or grant to others the right to own and operate businesses under different marks inside your Territory even if such businesses offer Products and Services that may be competitive to your Alterations Business; and

(g) the right to use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in this Agreement; and

(h) the right to authorize another franchisee, licensee (or designate or authorize a corporate employee or other third party) to perform Services or sell Products to any Customer in your Territory that orally, or in writing, requests Services or Products from a different franchisee or authorized third party;

(i) the right to establish policies and procedures regarding protected leads and prospective Customer accounts or clients pursuant to which we may allow other franchisees to identify and protect a certain number of leads they are actively working or clients or customers with whom they are actively engaged in your Territory ("Protected Accounts"). We will notify you in writing if we establish such policies and procedures and if a customer or client lead or account is designated as a Protected Account in your Territory; and

(j) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at your Alterations Business, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of such businesses) are located or operating (including in the Territory); and

(k) the right to be acquired (in whole or in part and regardless of the form of transaction), by a business providing products and services similar to those provided at your Alterations Business, or by another business, even if such business operates, franchises or licenses a business that competes with you in your Territory. For the avoidance of doubt, in addition to the rights reserved in Sections 2.3(a) through (j) above, we may acquire or merge with any existing business located inside or outside your Territory and operate that business using the Intellectual Property, Marks and System.

2.4 **Scope of Alterations Business Operations**.

(a) *Alternative Concepts.* You acknowledge and understand that we or our affiliates may develop, create, offer or launch new concepts or brands, directly or indirectly through distribution, licensing, franchising or other business models, which may be competitive or complementary to the Products and Services offered by your Alterations Business. You understand this Agreement does not grant you any rights to offer the new products, services, or service lines described in this Section 2.4 or share in any of the revenue or proceeds generated from such sales.

(b) *Qualification Program Requirements.* We and our affiliates reserve the right to establish or launch one or more certification or qualification requirements through which our franchisees may be authorized to provide additional items, services or products, including dual-branded concepts, which we may designate in connection with the System ("Qualification Program(s)"). We may condition a franchisee's participation in any Qualification Program on meeting certain standards, terms and requirements. Participation in a Qualification Program may require (1) additional purchase of equipment, inventory or supplies; (2) training for your Manager (as defined in Section 3.3) and Operating Principal (as defined in Section 3.2); (3) additional marketing requirements; and (4) other conditions, all of which you must meet at your own expense. This Section does not constitute a right of first refusal for any additional franchise programs, which we or our affiliates may now or in the future create.

(c) *National or Regional Accounts*. We reserve the right to advertise, solicit, enter into contracts with, and offer Products or Services to regional and national accounts that have locations in two (2) or more Territories, including but not limited to, hotels and resorts, event planners, social clubs, retail stores, fitness centers, real estate agencies, banks and credit unions, entertainment attractions, automotive dealerships, or any similar business. If we negotiate a national or regional account arrangement that would require the provision of Products or Services to locations within your Territory (the "National Accounts"), then the following terms will govern such arrangements:

(i) So long as (1) you are in compliance with the terms of this Agreement, and (2) you are qualified, interested and available to perform services, then we will offer to you the opportunity to provide the Services on the price and terms (including any warranties) we have negotiated.

(ii) If, for any reason or no reason, you do not begin providing or continue providing the Services for any National Accounts at the time, in the manner, and under the terms we require, we may provide or allow others (including other franchisees) to provide the Services to such accounts within the Territory, and you will not be entitled to any compensation in connection therewith.

(iii) If you refuse to provide Services to National Accounts in your Territory more than three (3) times during the Term, then we may terminate this Agreement after five (5) business days' notice and failure to commence the provision of Services in accordance with the terms of the order.

(iv) You must comply with all Protected Account standards and procedures as set forth in the Operations Manual or as otherwise communicated to you, as well as the specific terms of our arrangement with the Protected Account, which may include special pricing, payment terms, conditions of service, insurance requirements, and the inclusion of a provision providing immediate assignment to us, our affiliates or another franchisee, of any accounts upon termination, expiration, or uncured default.

Term. Your grant to own and operate a Franchise begins on the Effective Date and ends on the tenth anniversary of the Effective Date (the "Initial Term"), unless sooner terminated pursuant to this Agreement. The word "Term" means this Initial Term and any Renewal Term (as defined below) or extension of that time period. This Agreement will not be enforceable until it has been countersigned by us and delivered to you.

Renewal. If we are still offering and selling Alterations Express franchises and operating the System at the expiration of your Initial Term in the state in which you are operating your Franchise, then we will renew your rights to the Franchise and the Intellectual Property in order to continue to operate an Alterations Business for one additional ten year term (the "Renewal Term"), provided you have met the following conditions and satisfied each of the requirements set forth below:

(a) You have notified us of your intention to renew this Agreement in writing at least 180 days (but no more than 270 days) prior to the expiration of the Initial Term;

(b) You have completed, to our satisfaction, prior to the expiration of the Initial Term, all refurbishment, maintenance, renovations, modernizations, and upgrading necessary to bring your Franchise into full compliance with our then-current System Standards, specifications, and design criteria for newly opened Alterations Business, including the design, equipment, signs, fixtures, furnishings, trade dress, delivery vehicles, presentation of Marks, supplies, and other products and materials;

(c) You are not in breach of any provision of this Agreement, or any other agreement with us, our affiliates, or our approved/designated suppliers and vendors, your landlord or a Distribution Cooperative (as defined in Section 11.7) or a Cooperative (as defined in Section 12.8) and you have substantially complied with all such agreements during their respective terms;

(d) You have satisfied all monetary obligations you owe us, our affiliates, the Brand Fund (as defined in Section 12.4), the Cooperative, the Distribution Cooperative and our approved/designated suppliers and vendors;

(e) You execute our then-current form of franchise agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of Franchises, the terms of which may vary substantially from the terms of this Agreement and may include, without limitation, increased royalty fees and advertising obligations;

(f) You satisfy our then-current training requirements for renewing franchisees at your sole expense, if any;

(g) You and your Owners (as defined in Section 3.3) sign a general release in the form set forth on Exhibit A (or any other form required by us or as allowed under applicable law) in favor of us and our affiliates and their respective members, officers, directors, employees, agents, successors and assigns, for all claims arising out of or related to this Agreement or any related agreements with us or our affiliates;

(h) If applicable, you obtain an extension or renewal of your lease for the entire Renewal Term and demonstrate such to our satisfaction;

(i) You agree to any proposed modification of your Territory boundaries, if any, due to shifts in population, commercialization or urbanization or other reasonable commercial factors in accordance with our then-current standards; and

(j) You pay to us a renewal fee equal to twenty-five percent (25%) of the then-current initial franchise fee being charged by us to new franchisees of the System.

Upon your notice to us that you desire to renew your Franchise within the time period prescribed in subsection (a) above, we, in turn, shall provide you with any documents that you are required to execute for the renewal term, which documents may include, but are not limited to, a general release, our then current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used in granting new Alterations Express franchises. You must execute and return to us, together with payment of a renewal fee no later than the expiration date of the Initial Term. If we do not receive the executed documents and renewal fee by such expiration date, then this Agreement shall expire, you shall have no further rights under this Agreement. Further, if you fail or refuse to make the required modifications or undergo any refresher training or otherwise meet any conditions set forth above, then we shall have the right to terminate any renewal agreement.

Extension of Term. If you do not renew pursuant to the terms of Section 2.6 upon the expiration of the Initial Term or the Renewal Term and continue to accept the benefits of this Agreement, then, at our option, this Agreement may be treated as: (i) expired as of the date of the Initial Term's or Renewal Term's, as applicable, expiration, which will result in your operating the Franchise without a license in violation of our rights; or (ii) continued on a month-to-month basis until we provide you with notice of our intent to terminate the month-to-month term. In the latter case, all of your obligations shall remain in full force and effect as if this Agreement had not expired, and all obligations and restrictions imposed upon you upon the expiration of this Agreement shall be deemed to take effect upon the termination of the month-to-month term.

Refusal to Renew Franchise Agreement. We can refuse to renew your Franchise if your lease, sublease or other document by which you have the right to occupy the Location is not extended before your Renewal Term is to take effect to cover the period of such Renewal Term or if applicable, you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the Renewal Term. We may also refuse to renew your Franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us, our affiliates, our Approved Suppliers (as defined in Section 8.3) the Brand Fund, a Cooperative and the Distribution Cooperative when due, or your failure to cure of any defaults incurred during the Initial Term of this Agreement, if applicable.

Renewal Under Law. Even though we decline the renewal of your Franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the applicable law, rule, regulation, statute, ordinance or order, your Renewal Term will be subject to the conditions of the franchise agreement we are using for new franchisees at the time the Renewal Term begins. If we are not then offering new Franchises, your Renewal Term will be subject to the terms in the then-current franchise agreement that we indicate. If for any reason that is not allowed, the Renewal Term will be governed by the terms of this Agreement.

Your Election Not to Renew. For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the Franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us any of the renewal franchise documents required by us, together with payment of the renewal fee outlined above, or if you provide written notice to us within the final 60 days of the Initial Term, indicating that you do not wish to renew this Agreement or any renewal franchise agreement or you fail to provide notice of your intention to renew in accordance with Section 2.6(a) of this Agreement.

3. OWNERS, OPERATING PRINCIPAL AND GENERAL MANAGER.

Owners' Guaranty. Simultaneously with the execution hereof, each individual owner, shareholder, general partner or member of the entity operating the Franchise (who shall all be designated as an "Owner" on Schedule I) and spouses of each of your Owners shall execute and deliver to us a personal guaranty, substantially in the form designated on Exhibit B attached hereto (the "Guaranty"), which Guaranty shall be a condition precedent to the grant of the Franchise hereunder and pursuant to which each individual Owner shall be jointly and severally obligated to us under this Agreement.

Operating Principal. You agree to appoint an individual that owns at least 51% of the voting and equity interests of the legal entity which holds the Alterations Business, who shall (i) be responsible for the Alterations Business and all decisions; (ii) be granted the authority by the Franchise to bind it in any dealings with us and our affiliates; and (iii) direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Alterations Business (the "Operating Principal"). Any decision made by the Operating Principal will be final and binding upon Franchisee, and we will be entitled to rely solely upon the decision of the Operating Principal in any such dealings without the necessity of any discussions with any other party named in this Agreement. We will not be held liable for any actions taken by you or otherwise, based upon any decision or actions of the Operating Principal. The name and address of the initial Operating Principal is set forth on Schedule I. We must approve your original and any replacement or subsequent Operating Principals in writing.

Manager. Your Alterations Business must also have a person designated to work full time overseeing and operating the Alterations Business on a day-to-day basis (the "Manager"). The Operating Principal must act as your Manager unless you designate an employee as the Manager that (i) satisfies our educational and business experience criteria as set forth in the Operations Manual; (ii) is approved by us in writing; and (iii) completes the required training program to our sole satisfaction. All Managers and Operating Principals must complete the required training program to our sole satisfaction. We must approve in writing any replacement, additional or subsequent Managers.

Best Efforts. Your Manager shall diligently and fully exploit the rights granted in this Agreement by personally devoting full time and best efforts to the operation of the Alterations Business and you and your Operating Principal shall perform your obligations under this Agreement faithfully and honestly and continue to exert your best efforts to promote and enhance the Alterations Business and the System for the full Term of this Agreement. Each of you and your Owners, including your Operating Principal covenants and agrees that they shall make all commercially reasonable efforts to operate the Alterations Business to achieve optimal sales.

Owner Acknowledgment. You, including each of your Owners have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct an Alterations Business hereunder and not for the purpose of reselling the rights to develop the Alterations Business hereunder. You and your Owners understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you (including your Owners) and that this Agreement and the rights and obligations hereunder may not be transferred until after the Alterations Business commences operations to the public and then only in accordance with the terms of this Agreement.

4. DEVELOPMENT, APPROVAL OF SITE, AND COMMENCEMENT OF OPERATIONS.

Location.

(a) You assume all cost, liability, expense and responsibility for locating, obtaining and developing an Alterations Business that is located within the Territory that meets System Standards (the "Location"), and for constructing and equipping the Alterations Business at such Location. If the address for the Location is known at the time of execution of this Agreement, then it shall be set forth on Schedule I.

(b) If the address of the Alterations Business is not known at the time of execution of this Agreement, you shall submit a description of the proposed site which meets the site criteria set forth in our Operations Manual (as hereafter defined) within 30 days of the Effective Date. We shall provide you written notice of approval or disapproval of the proposed site within 15 days after receiving your written site proposal package containing all of the information necessary to evaluate whether your proposed Location meets our site criteria standards. If we do not provide you written notice of approval or disapproval within said 15 days, the site is deemed disapproved. If your proposed site is not approved, then you must select an alternative site and repeat the site approval process until we have approved a proposed site for your Alterations Business. Our approval of a site indicates only that we believe that the site meets our site selection criteria in place at the time you submit your proposal. Our approval of a prospective site and any rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that an Alterations Business operated at that site will be profitable or otherwise successful. We disclaim all liability for the consequences of approving a particular site.

(c) You must obtain our approval of a site for the Alterations Business within the Territory within 60 days of the Effective Date or we may terminate the Agreement pursuant to Section 18.2(c).

(d) We will not conduct site selection activities on your behalf. It shall be your sole responsibility to undertake site selection activities and otherwise secure the premises for your Alterations Business. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a location and premise we approve fail to meet your expectations. **You acknowledge and agree that your acceptance of the franchise and selection of the Location are based on YOUR own independent investigation of the location's suitability for an Alterations Business**.

(e) You assume all cost, liability, expense and responsibility for locating, obtaining and developing an Alterations Business at an approved Location. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for an Alterations Business unless the site is accepted by us as set forth above.

Lease Terms. If you lease real estate for the Location, you are required to obtain our written approval before entering into a lease (including a sublease) or purchase agreement of the Location. You must deliver a copy of your fully executed lease or purchase agreement to us within 5 days of execution. Our consent to your lease or purchase agreement is merely to confirm that the lease or purchase agreement conforms to the System Standards, but we do not provide any analysis as to the terms and conditions of the lease. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site, but any such approvals shall be granted in our sole discretion. We may terminate this Agreement if you do not execute a lease for the Location within 90 days after the Effective Date. You and your landlord must execute a Collateral Assignment of Lease in the form attached hereto as Exhibit G. It is your responsibility to secure signature of the Collateral Assignment of Lease or to negotiate the required provisions into any lease. Our approval of any lease shall be conditioned upon inclusion in the lease of terms acceptable to us and at our option, the lease shall contain such provisions including, but not limited to:

(a) A provision reserving to us or our nominee the right, at our election, to receive an assignment of the leasehold interest upon termination or expiration of the Agreement;

(b) A provision requiring our prior written approval of the lease and any subsequent renewals, extensions, modifications, and amendments;

(c) A provision which requires the lessor concurrently to provide us with a copy of any written notice of deficiency under the lease sent to you and which grants to us, in our sole discretion, the right (but not the obligation) to cure any deficiency under the lease within 15 days after the expiration of the period in which you had to cure any such default should you fail to do so;

(d) A provision granting us or our nominee the right of first refusal to lease the Location if the lease expires without renewal by you or terminates prior to expiration;

(e) A provision which evidences your right to display Alterations Express signage and to install and operate equipment in accordance with the specifications required by the System, subject only to the provisions of applicable law;

(f) A provision that the site be used solely for the operation of the Alterations Business and, if the location is in a strip shopping center, plaza, retail park or mall, the exclusive right within the shopping center, complex, plaza, retail park or mall to operate a business which derives 25% or more of its revenue from alterations, tailoring, hemming, and/or dry-cleaning services or any business that markets itself as an alterations, tailoring, seamstress, dressmaking, embroidery, or dry-cleaning establishment;

(g) A provision which expressly states that any default under the lease shall constitute a default under this Agreement; and

(h) A provision stating that you are an Alterations Express franchisee that is independently owned and operated.

You hereby authorize us to amend Schedule I to this Agreement to reflect the approved Location or to otherwise modify your Territory in accordance with our rights under this Agreement.

Alterations Business Build-Out and Construction.

(a) *Design*. You must engage the architect designated and approved by us (the "Designated Architect") within the time frame designated in the Operations Manual or other written designation we provide. We currently have one firm approved as our Designated Architect. We may require approval of your engineer, general contractor, subcontractors or other vendors engaged to design, build-out or construction your Location. The specifications for each position will be listed in the Operations Manual and each must meet our minimum specifications and standards as described in the Operations Manual. You will construct the Alterations Business according to any designs and specifications and other specifications we provide to you, including without limitation, the fixtures and equipment to be installed in connection with constructing, outfitting, furnishing and decorating your Alterations Business, and in accordance with all applicable codes, ordinances, rules, and regulations, and pursuant to all required permits. You must diligently and expeditiously work with your Designated Architect, contractor, subcontractors and other vendors to complete set of construction and design documents for the Alterations Business including mechanical, electrical and plumbing specifications in order to afford yourself enough time to open within the time period required under this Agreement prepared and approved by us. You must provide us with a final design and building plan, floor plans, layouts and schematics prepared by your approved architect and general contractor in accordance with any guidelines set forth in the Operations Manual for our approval (the "Design and Construction Plan").

You acknowledge that (i) any plans and specifications we provide you may not contain the requirements of any federal, state or local law, code or regulation (including those concerning the American with Disabilities Act (the "ADA")) or similar rules governing public accommodations or commercial facilities for people with disabilities; and (ii) our review is only to ensure your compliance with our System Standards. Compliance with all federal, state and local laws and regulations are your sole responsibility. You may not use any plans until we have approved them in writing, and our silence with respect to approval or rejection of the plans will not be deemed approval thereof. You must provide written notice to us, and must obtain our prior written approval, of any proposed changes to the final plans that we previously approved.

(b) *Construction*. You shall commence and diligently pursue construction or remodeling (as applicable) of the Alterations Business, including, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us. In addition, we may inspect the Alterations Business during its development to ensure compliance with our System Standards. You shall notify us of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. You acknowledge and agree that you will not open the Alterations Business for business without our written authorization and that authorization to open shall be conditioned upon your strict compliance with this Agreement.

Permits and Insurance. You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Location. Prior to beginning the construction of the Alterations Business, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Alterations Business, and (ii) provide us copies of all minimum required insurance coverage evidencing it is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained.

Commencement of Operations. You must open the Alterations Business to the public no later than the 9-month anniversary of the execution of this Agreement. If you fail to open the Alterations

Business in accordance with the preceding sentence, we may, at our sole option, terminate this Agreement. You must receive our prior written consent before you open the Alterations Business to the public. We will authorize you to commence operations to the public once you have met all of your pre-opening obligations as set forth in this Agreement and in the Operations Manual, including but not limited to:

(a) your Operating Principal and Manager attending and completing to our satisfaction the Initial Training;

(b) you certifying in writing to us that you have obtained all permits, licenses, approvals, clearances, tax IDs, and certifications required for the lawful operation of the Alterations Business in compliance with all local laws, rules, ordinances or regulations;

(c) you have provided us evidence of any required minimum insurance as required under this Agreement and the Operations Manual;

(d) you secured and paid for all required purchases, supplies, materials and equipment necessary to commence operations, that we specify;

(e) you have provided us a copy of your lease and a fully executed Collateral Assignment of Lease, if applicable; and

(f) you are current on all obligations due and owing to us, our affiliates, and our approved vendors and suppliers, and you are not in default under this Agreement or any other agreements with us or our affiliates.

You must open within 10 days of us authorizing you to commence operations of your Alterations Business. We are not responsible or liable for any of your pre-opening obligations, losses, or expenses, including those you might incur for your failure to comply with these obligations or your failure to open by a particular date. Our approval of you commencing operations of your Alterations Business shall not be construed as a representation, warranty, or assurance by us that you have complied with any applicable laws, regulations, or governmental requirements. You acknowledge and agree that you are solely responsible for ensuring full compliance with all legal requirements applicable to its activities, including employment, tax, consumer protection, and data privacy laws. We shall have no liability for any failure by you to comply with such laws, whether or not we were aware of or reviewed your activities**.**

Remodeling. In addition to any remodeling required by us upon the renewal or assignment of the Franchise, you shall, upon written notice from us and at your sole cost and expense, remodel, refurbish, and make improvements and alterations in and to the Alterations Business and/or other items used in your Franchise as determined by us, from time to time, to be necessary to reflect our then-current specifications, standards, format, layout, image, and appearance. Such remodeling may include extensive structural changes to the Alterations Business fixtures and improvements as well as such other changes as we may direct, and you shall undertake such a program promptly upon notice from us. We will provide you at least 60 days before requiring any remodeling to be completed unless such remodeling is required to comply with applicable law or for the health and safety of the public.

Re-Location. You must submit to us a written request to approve any proposed new location for your Franchise if you desire to relocate your Franchise. If you wish to voluntarily relocate the Alterations Business, you must ensure that there is no operating gap between the date you close the original Location and the date you open the new, approved Location. If you lose possession of the Location through no fault of your own due to destruction of the premises, you must apply to us within 30 days for our approval to relocate your Alterations Business. If you lose possession of the Location through lease cancellation (through no fault of your own), you must apply to us within 30 days for our approval to relocate your Alterations Business. We are not obligated to approve or consider any request for relocation and may, in our sole discretion, deny a request or require any conditions prior to the consideration of such proposed relocation. As a condition for our approval of a relocation request, at our election, we may require that you sign our then current Franchise Agreement. We also require that you pay our costs and expenses incurred in assisting you to relocate your Franchise, including labor, salary, travel, professional fees, demographic reports and other costs. Any relocation of your Franchise must be within your Territory.

Time of Essence. Time is of the essence and failure to meet any of the deadlines specified herein shall result in our right to terminate this Agreement under Section 18.

5. FEES AND PAYMENT

Initial Franchise Fee. In consideration of the Franchise granted to you by us, you must pay us an initial franchise fee of $45,000 for the right to develop and operate one Alterations Business in one Territory (the "Initial Franchise Fee"). The Initial Franchise Fee is payable in one full lump sum by cash, certified check or wire transfer upon the execution of this Agreement. The Initial Franchise Fee is not refundable under any circumstance.

Royalty Fees. In addition to the Initial Franchise Fee, you will, for the entire Term of this Agreement, remit to us a weekly fee equal to 6% of the Franchise's total weekly Gross Revenue (as defined in Section 5.5 hereof) in consideration for use of the Marks, Intellectual Property and System (the "Royalty Fee") on or before Tuesday of each week based upon Gross Revenue for the immediately preceding week running Monday through Sunday. We reserve the right to change the frequency with which you pay Royalty Fees, in our sole discretion, upon written notice. Royalty Fees remitted to us will not be refundable under any circumstances.

Brand Fund Contribution. You must pay to us a weekly fee in the same manner as the Royalty Fee is paid in Section 5.2 above, equal to 1% of Gross Revenue for the immediately preceding week running Monday through Sunday (the "Brand Fund Contribution"). The Brand Fund Contribution is in addition to the Royalty Fee and amounts you must spend under Sections 12.2 and 12.3 of this Agreement. We reserve the right to change the frequency with which you pay the Brand Fund Contribution, in our sole discretion, upon written notice. We may increase the Brand Fund Contribution in an amount not to exceed 3% of total Gross Revenue in our sole discretion. You must pay the Brand Fund Contribution directly to the Brand Fund. We may require that you use a portion or all of the Brand Fund Contribution directly for local marketing in accordance with the provisions of Section 12.2. Brand Fund Contributions remitted to us will not be refundable under any circumstances. We may periodically receive allowances, rebates or other payments from Approved Suppliers (as defined in Section 8.3) or any other supplier based on purchases from such suppliers by our franchisees, and we may elect (in our sole discretion) to contribute such allowances, rebates or other payments to the Brand Fund. You understand and acknowledge, however, that any such contribution of these amounts by us to the Brand Fund does not in any manner diminish or eliminate your obligation to pay the Brand Fund or require us to continue such contributions in the future.

Initial Training. "Initial Training" is provided free of charge for the Operating Principal and one additional trainee (which must include your Manager, if your Operating Principal is not your Manager). At your request, we will provide initial training to additional Owners or managers at our then current fee, which is currently $500 per attendee. Any replacement Operating Principal or Manager must be approved by us and must successfully complete Initial Training, for which you must pay us our then current fee. You agree that you are also solely responsible for all travel and living expenses of all attendees including airfare, lodging, food, wages and compensation for your attendees, and other expenses.

Gross Revenue. For the purposes of this Agreement, the term "Gross Revenue" means the total selling price of all Services and Products, other products and all revenue and income of any kind relating to your Alterations Business including, without limitation, from the sales of merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Alterations Business, proceeds as a result of any business interruption insurance policy you carry; all income from delivery services including delivery fees (regardless of whether it is approved by us); and all proceeds from all coin and card operated devices, including but not limited to amusement devices and vending machines, all regardless of whether such sale is conducted in compliance with or in violation of the terms of the Franchise Agreement, or whether such sale is at the Alterations Business or off-site, but exclusive of (i) sales or use tax actually paid to the appropriate taxing authority; and (ii) gratuities and tips paid to employees. Gross Revenue also include the fair market value of any services or products received by you in barter or exchange for your Services and Products, other products and payments on credit (whether or not you received payment). No deductions are taken for credit card collection fees or for uncollected or uncollectible credit accounts, employee discounts or in respect of any other matter except as specifically stated. The retail value of all Products and other products sold in connection with the redemption of coupons, gift certificates, gift cards or vouchers is included in Gross Revenue; provided, that at the time such coupons, gift certificates, gift cards or vouchers are purchased, the retail price thereof may be excluded from Gross Revenue for the purpose of determining the amount of Gross Revenue upon which fees are due. If you participate in any discount program, including but not limited to Groupon, Gross Revenue will include the full retail value of the goods or services rendered to the customer before any discounts or commission, provided that you may not participate in such a program without obtaining our prior written consent.

Gross Revenue Report. You must submit a signed report prior to each Royalty Fee and Brand Fund Contribution payment setting forth Gross Revenue generated during the immediately preceding week, your calculation of the fees due to us and any other information we may reasonably request in the form we prescribe and at the time set forth in the Operations Manual ("Gross Revenue Report"). We may change the form and content of the Gross Revenue Report periodically. If you do not submit a Gross Revenue Report when due, we have the right to compile and prepare a Gross Revenue Report and charge you any fees, costs and expenses for doing so that we deem reasonable plus interest on any overdue amounts in accordance with Section 5.9 below and withdraw estimated Royalty Fees and Brand Fund Contributions equal to 125% of the last Gross Revenue reported to us, and the parties will true-up the actual fees after you report Gross Revenue; provided, that nothing contained herein shall prevent us from exercising any rights we may have under this Agreement, including declaring a breach under Section 18 hereof and termination of this Agreement.

Manner of Payment. Unless otherwise stated in this Agreement, any fees due hereunder must be paid no later than the end of day on Tuesday of each week, by an ACH electronic funds transfer under which we automatically deduct all payments owed to us under this Agreement, or any other agreement between you and us, from your bank account. We may, with written notice, designate another method or time period for payment. You must deposit all revenues from operating the Franchise into one bank account within one business day of receipt, including cash, checks and credit card receipts. Before opening the Franchise, you must provide us with your bank's name, address and account number, a voided check from such bank account, and sign and give to us and your bank, all documents, including Exhibit D to this Agreement, necessary to effectuate our ability to withdraw funds from such bank account via ACH electronic funds transfer. You must immediately notify us of any change in your banking relationship, including changes in account numbers. We reserve the right to change the structure or payment method of the Royalty Fee or Brand Fund Contribution upon a change to our practices or if required by applicable law.

Insufficient Funds Fees. If there are not sufficient funds in your account to permit us to debit the account for the payments you owe us, you will pay to us an insufficient funds fee equal to $50 per violation. This fee is in addition to late fees and interest on any overdue amount, as described in Section 5.9 below, and any fees charged by your bank.

Interest on Late Payments. If any fee or other payment due to us or our affiliates under this Agreement is not paid on or before its due date, you agree to pay us, in addition to the overdue amount, interest on any overdue payment at the lower of (i) 1.5% per month; or (ii) the highest contract rate allowable by law. Interest on any overdue amount shall accrue from the original due date until payment in full is received. Interest as enumerated in this Section 5.9 shall also apply to any understated amounts as revealed by an audit of your financial records. You acknowledge that this Section 5.9 is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, your Franchise. You further acknowledge that your failure to pay all amounts that you owe us when due constitutes grounds for our terminating this Agreement under Section 18, notwithstanding this Section.

No Right to Set-Off. You agree that you shall not, on grounds of the alleged nonperformance or default by us of any of our obligations under this Agreement, withhold payment of any fee or other amount payable to us under this Agreement or otherwise. Notwithstanding any designation you may make, we have the right to apply any of your payments to any of your past due indebtedness to us.

Technology Fee. You are required to utilize the website as well as any other technology, email, information systems, and software we have or will create, develop and maintain for use by our franchisees and other technology we may require (the "Required Technology"). The Technology Fee is intended to defray our maintenance and administrative costs and currently covers the cost of our current Business to Business Communications Software and POS System software. You must pay us our then-current monthly maintenance fee for the use of the Required Technology. The monthly maintenance fee is currently $200 per month ("Technology Fee") which amount shall be remitted with the first Royalty Fee and Brand Fund Contribution for each month. The Technology Fee provides you with the Required Technology and the related ongoing support and maintenance we determine in our discretion, however, we reserve the right to increase the Technology Fee in the event we or our affiliates (i) develop and license to you additional software or other technology (including if we sublicense software our technology to you under a master agreement and pass through administrative costs or expenses to you); (ii) modify, improve, replace or enhance proprietary software or technology already licensed to you (as applicable); (iii) furnish you with other technology or e-commerce related software, maintenance and support services, such as ordering systems, loyalty programs, customer portals, phone and email systems; or (iv) incur increased costs or expenses (including our administrative costs) related to the Required Technology. The Technology Fee is in addition to software fees, costs or expenses you must pay directly to our Approved Suppliers (as hereafter defined).

Accounting Software License Fee. During the Term, you are required to pay certain designated third-party provider a monthly subscription fee associated with the licensing and use of certain accounting software as required by the third-party. The monthly fee is currently $125 per month. We reserve the right to convert this business relationship to a master license and collect this fee from you so we can administer the process and then remit to the third-party provider. We have the right to increase this fee based on our costs to administer, changes in providers or licensing terms, and third-party provider fee increases.

Management Fee. In the event that (i) you fail to cure a default within the applicable cure period or (ii) you are unable to provide oversight of the Franchise to prevent harmful interruption of your Alterations Business due to your death, disability or prolonged absence, we have the right to operate your Alterations Business. In the event we operate your Alterations Business, you must pay us 20% of monthly

Gross Revenue plus expenses for the management of the Alterations Business (the "Management Fee"). The reimbursable expenses include our and our representatives' wages, travel, lodging and meals. During any management period, you will still be required to pay to us all recurring fees.

Non-Compliance Fee.

(a) We may charge you a $150 fee for any instance where you fail to submit any required report or information due to us under this Agreement or pursuant to the Operations Manual (including but not limited to, any Gross Revenue Report, financial statements or evidence of amounts spent to satisfy any Local Advertising Requirement). If such non-compliance is ongoing, we may charge you $150 per week until such report is submitted and the non-compliance is cured. This fee is a reasonable estimate of our internal cost of personnel time and other costs and expenses attributable to addressing the reporting non-compliance, and is not a penalty or estimate of all damages arising from your breach. The non-compliance fee is in addition to all of our other rights and remedies.

(b) If you fail to comply with any operational and System Standards, then we may charge you a non-compliance fee equal to our reasonable estimate of our internal cost of personnel time and other costs and expenses attributable to addressing the non-compliance starting at $450 up to $1,000 per occurrence. This fee is a reasonable estimate of our internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from your breach. The non-compliance fee is in addition to all of our other rights and remedies.

Reimbursement. To protect the reputation and goodwill of the brand, we may (but are never obligated to) pay on your behalf any amount that you owe to an Approved Supplier or other third party. If we do so, then you shall reimbursement us such amount plus an additional 10% of the amount as an administrative charge within 15 days' of invoice by us accompanied by reasonable documentation evidencing payment.

Insurance Administration Fee. If you fail to secure the required insurance, then we may (but are not required to) purchase or secure insurance for you and you agree to pay us the cost of the premium plus an administration fee equal to 20% of the premium.

6. TRAINING.

Initial Training. Prior to the opening of your Franchise, your Operating Principal and Manager must attend and complete to our satisfaction Initial Training as set forth and described in the Operations Manual. Furthermore, any replacement Operating Principal or Manager must be approved by us and must successfully complete Initial Training, for which you must pay us our then current fee, which is currently $500 per attendee. We may increase the Initial Training at any time up to a maximum of $5,000 per attendee during the Initial Term plus the cost of any trainer's wage increases. You must pay all expenses incurred in connection with such Initial Training, including, without limitation, travel, lodging, meals, local transportation expenses and wages for your attendees. Actual dates of Initial Training are subject to change at any time, and we assume no responsibility for any costs incurred by you or your attendees as a result of such changes. If the Operating Principal or Manager (if you have a Manager) fails to complete the Initial Training to our satisfaction, then we may, in our sole discretion, (i) terminate this Agreement; or (ii) require such trainee repeat training at your cost (not ours) until we determine, in our sole discretion, that the Initial Training has been successfully completed.

Continuing, Additional or On-Site Training.

(a) We may require your Operating Principal, Manager, or any Owner or employee to attend mandatory additional, periodic or refresher training courses on site, at locations we designate from time to time or by webinar or videoconference ("Continuing Training"). We charge a Continuing Training fee in an amount not to exceed $500 per attendee per day. You are also responsible for all of your and your attendees' wages, travel, living and miscellaneous expenses incurred in connection with such Continuing Training and we reserve the right to impose reasonable charges for training materials. We will notify you of any additional charges before you or your employees enroll in a course. You may request that additional personnel attend Continuing Training (in addition to those individuals that we require) and we will provide such Continuing Training at a fee not to exceed $500 per attendee per day if there is room in an already scheduled training course.

(b) You may request additional training, which we may agree to provide in our sole discretion ("Additional Training"). We may require Additional Training (i) upon renewal of this Agreement; (ii) upon a change in your Operating Principal or Manager; or (iii) due to your failure to attend the Required Conference (defined below). If we provide Additional Training, you will pay us our then current fee, currently $500 per attendee, per day, plus you are responsible for all of your and your attendees' wages, travel, living and miscellaneous expenses incurred in connection with such Additional Training.

(c) If we require any additional training ("Mandatory Additional Training") that we determine is necessary or appropriate, in our sole discretion, to protect the quality, integrity and/or reputation of the System, Marks and/or Intellectual Property, including, without limitation, because you are in default or breach under this Agreement or otherwise in violation of our System Standards, then we will charge you our then-current fee, which is currently $500 per attendee, per day, to conduct such Mandatory Additional Training, plus you and your attendees' wages, travel, living and miscellaneous expenses incurred in connection with such mandatory additional training.

(d) Continuing Training, Additional Training, and Mandatory Additional Training fees are fully earned and non-refundable when paid.

Conventions, Meetings, Retreats and Conference. We may, in our discretion, hold seminars, meetings, retreats, conferences or conventions for our franchisees ("Required Conference(s)") at a location to be selected by us. We may require your Operating Principal and Manager to attend any Required Conference. We currently do not hold Required Conference(s), but we may do so in the future. If we do hold a Required Conference, you will be responsible for all expenses, including transportation to and from any Required Conference, and lodging, meals, and salaries during any Required Conference and our attendance fee not to exceed $1,500 per attendee. If your Operating Principal and Manager does not attend any required conference, you will be responsible for making up any training offered at the conference at a time and location we designate in our sole discretion and at your sole expense, which expense may exceed the cost to attend the Required Conference.

7. EMPLOYEES.

Personnel Development. You will have the sole authority and control over the day-to-day activities of your employees. You will be solely responsible for recruiting, training and developing all employees, staff, workers, independent contractors, and any other personnel as may be needed ("Personnel"). You are responsible for making sure all Personnel are capable of performing their duties in accordance with System Standards. When hiring Personnel, you shall use your best efforts to hire qualified and competent employees. You are solely responsible for the supervision of your employees. You will decide the compensation to be paid to your Personnel. We will not be responsible for payment of any compensation to you or your Personnel. At no time will you or your employees be deemed to be employees of us or our affiliates.

You shall take such steps as are necessary to ensure that your Personnel do not violate any System policies relating to the use of Social Media Platforms (as defined in Section 10.1), including prohibiting employees from posting any information relating to us, the System, the Marks, or the Alterations Business that is inconsistent with such policies. You shall not, however, prohibit or restrict any social media communications or activity by your employees which prohibition or restriction violates your employees' right to engage in protected concerted activity under the National Labor Relations Act.

Owners and Staff Confidentiality Agreements. Your Owner(s), Operating Principal, Manager, each of your Owner's spouses, and all Personnel who attend any training we provide, as allowed under applicable law, must sign a Non-Compete, Confidentiality and Non-Solicitation Agreement in the form attached to this Agreement as Exhibit C-1 ("Restrictive Covenant Agreement"). All other Personnel must sign a Confidentiality and Non-Use Agreement in a form approved by us, a current sample which is attached as Exhibit C-2 ("NDA Agreement"). You must modify the NDA Agreement in consultation with your counsel to ensure it complies with applicable local law. With respect to all Personnel, such agreements must be signed on or before the date such person is hired. You must retain copies of all Restrictive Covenant Agreements and NDA Agreements for the length of the Personnel's employment or engagement plus 5 years after resignation or termination. We may require that you provide us with a copy of each Restrictive Covenant Agreement and NDA Agreement upon demand.

Taxes and Related Matters. You shall be responsible for income and other taxes required to be withheld and hereby assume full responsibility for payment of the employer's portion of any social security, federal and state taxes and any other taxes required to be withheld for your Personnel. You shall also pay and/or withhold taxes and premiums for unemployment and workers' compensation insurance for your Personnel, as required by state and/or federal law.

Indemnification. You will indemnify us, hold us harmless from, and defend us against any and all liabilities, losses, expenses, and obligations that we may incur related to any of your Personnel (or any person assisting or working on behalf of the Franchise) arising out of any claim, cause of action, complaint, proceeding (in litigation, arbitration, mediation, administrative process, regulatory proceeding or otherwise) relating to your obligations to pay them any compensation or remuneration or otherwise relating to an employment relationship. You understand and acknowledge that we are under no obligation or liability to any of your Personnel for any remuneration, compensation, commission, employment or any other duty, responsibility, liability or obligation. Your indemnification obligations: (i) include reimbursement to us of any and all of our attorneys' fees and costs in defending any such claim from your Personnel, (ii) survive expiration or termination of this Agreement, and (iii) extend to our affiliates, representatives and agents.

8. OPERATIONS MANUAL AND FRANCHISOR GUIDANCE.

Operations Manual. During the Term, we will grant you electronic (or other) access to our Operations Manual or other writings in which we designate our System Standards (such Operations Manual, and any written guidelines, bulletins, descriptions, instructions, videotapes, audiotapes, magnetic media, and computer software concerning System Standards, including updates, amendments and supplements, however communicated by us, our affiliates or our designees, the "Operations Manual"). The Operations Manual may be modified by us from time to time to reflect changes in the System Standards. Our revisions to the Operations Manual will be effective on delivery to you (including via electronic format), unless we specify a later effective date for a particular revision. If the Operations Manual is lost, stolen or damaged, you must obtain a replacement from us and we may charge you for such replacement. If a dispute develops with respect to the contents of the Operations Manual, the master copy we maintain at our principle office (or the electronic version of the Operations Manual we designate) will be controlling. You must keep the Operations Manual in a secure location which allows access only to those who have signed a Restrictive

Covenant Agreement or NDA Agreement. The Operations Manual is our property and must be returned to us upon our request.

Guidance and Assistance. During the Term of this Agreement, we will, from time to time, furnish you guidance and assistance with respect to the System Standards as we determine necessary in our discretion. This guidance and assistance may be furnished in the form of the Operations Manual, bulletins, written reports and recommendations, other written or electronic materials, telephone consultations, electronic mail, training programs, meetings, conferences, videos and/or personal consultations at our offices, your Location or at a mutually convenient place as we determine necessary in our sole discretion. In addition to any obligations otherwise specifically set forth in this Agreement, our guidance and assistance consists of:

(a) Providing supervision and assistance for you prior to and including the grand opening of your Alterations Business to ensure that you are operating in compliance with the Operations Manuals as we deem necessary and appropriate in our discretion.

(b) Providing Continuing Training, Additional Training, Mandatory Additional Training, periodic or refresher training as we deem necessary subject to our then-current training fees as we deem necessary.

(c) Providing you with any updates to the Operations Manual and any other manuals prepared by us for use by our franchisees in the operation of their Franchises.

(d) Advising and consulting with you periodically in connection with the operation of the Alterations Business and upon your reasonable request, at other reasonable times.

(e) Providing you, from time to time and in our sole discretion, with new advice and written materials concerning techniques of managing and operating the Alterations Business, including new developments in the System, equipment, services, pricing of Products (as allowed by applicable law), packaging, and preparation and mandating the use of such new techniques and developments as applicable.

(f) Making reasonable efforts to make available to you all additional services, facilities, rights, and privileges relating to the operation of the Alterations Business which we generally make available, from time to time, to all franchisees operating Alterations Business.

(g) Conducting periodic testing, from time to time, of Products as we deem advisable.

(h) Providing you with an email address and designing, updating and maintaining our Website.

(i) Issuing, modifying and supplementing System Standards for Alterations Business franchisees as we deem necessary.

(j) Modifying the System, as we deem necessary, including, but not limited to, the adoption and use of new or modified techniques, configurations and designs, packages, supplies, equipment, products, trade names, trademarks, service marks, copyrighted materials, and information technology tools.

(k) Maintaining updated lists of approved items and other equipment, fixtures, inventory (as and if applicable), retail merchandise and branded materials (as and if applicable), and supplies and updated lists of Approved Suppliers (as defined in Section 8.3) for such items and provide the lists to you, as we deem appropriate.

(l) Conducting inspections of your Alterations Business, evaluating Products and Services sold at your Alterations Business and recommending changes to enhance your Alterations Business to ensure that it fully complies with the System and the Operations Manuals as we deem necessary and appropriate in our discretion.

(m) Providing you with access to any proprietary software programs as may be developed by us or on our behalf for use in the System in the future.

Notwithstanding the foregoing, if this is not your first Alterations Business we may, in our sole discretion, provide you with less assistance and guidance. Any assistance described above is at all times subject to our sole discretion, schedule and personnel availability.

Approved Equipment and Supplies.

(a) We may designate or require our approval of the types, models, brands, formats, providers, performers or suppliers of any Products or services, and any of the components, equipment, supplies, goods, uniform apparel, insurance carriers, financial services, employee benefit plans, merchant accounts and gateway services, and other services, assets, products, or materials utilized by you to operate your Franchise, which we may change, alter, or amend from time to time.

(b) We may require you to order through us certain Products or materials, as we may specify from time to time. We reserve the right to derive revenue from your required purchases ordered through us. We may designate or require our approval of suppliers, vendors, manufacturers and providers of Products or services ("Approved Suppliers"). We, Alterations IP, or our affiliates may, directly or indirectly, develop products, including private label products or other merchandise bearing our Marks and require that you purchase these products for use or for resale at your Alterations Business.

(c) If you propose to use any supplies or supplier which is not then approved, you must notify us in writing and submit sufficient information, samples, and specifications to allow us to determine if the supplier and/or supplies meet our approved criteria. It is in our sole discretion whether to test additional supplies and/or suppliers you propose. You will be responsible for our out-of-pocket expenses plus the then current per diem charges for our personnel or third parties to test and evaluate your proposed supplier and/or supplies. We may re-inspect any Approved Supplier's facilities and products and revoke approval if the supplier fails to meet our criteria.

(d) We currently maintain a list of Approved Suppliers and criteria for approving suppliers in our Operations Manuals. We may modify this list on written notice to you.

(e) WE AND OUR AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, INVENTORY, SUPPLIES OR OTHER ITEMS WE APPROVE AND WE EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT, SUPPLIES, OR OTHER APPROVED ITEM.

Retail Prices. We may, from time to time, establish prices for the Products offered through your Franchise, which may vary depending on the geographic region in which the Territory is located. Except with respect to maximum prices set forth below, you are not bound in any way bound to adhere to any such recommended or suggested price. In determining prices, you must consider the general image and reputation of the Alterations Business and System. You shall have the right to sell your products and provide services at any price that you may determine, except that we reserve the right to establish maximum prices for any given product or service nationwide or within a market or for use with special price or advertisement programs (as determined by us). You shall not exceed any maximum price established by us, but at all times remains free to charge any price below the maximum established by us. You may not offer cash-payment discounts or impose surcharges for credit card payments unless we give prior written permission.

You understand and acknowledge that we do not represent, warrant, or guarantee that you will earn any level of sales or profitability. You agree that nothing contained in this Section 8.4 shall be deemed a representation by us that if you follow our pricing or promotion requirements you will generate a profit. You agree that any pricing and promotional requirements designated by us may or may not optimize the revenues or profitability of your Alterations Business. You waive any and all claims related to our establishment of prices charged at your Alterations Business.

9. SYSTEM TECHNOLOGIES

Computer System.

(a) You agree to purchase at least two computer systems that are approved by us which meets System Standards and as outlined in the Operations Manual ("POS System"). You shall use the POS System to collect all of the sales, inventory, and financial data of the Alterations Business which will provide us independent access to the information collected through the POS System. You agree to not interfere, in any way, with our ability to access the Alterations Business information through the POS System. You are required to maintain your credit card processing hardware and software in compliance with the Payment Card Industry (PCI) Data Security Standard. You must also acquire, license and use a financial reporting software, such as Global Integrations and other various software (collectively, the "Software") and general purpose computer, all designated or approved by us from time to time and as outlined in the Operations Manual (collectively, the "Computer System"). You must use a certified public accountant for preparing your financial statements. You shall not use or download any software on your Computer System unless it has been authorized by us in writing. In the event that you use or download any unauthorized software, you shall be liable for all damages and problems caused by such unauthorized software in addition to the other remedies provided under this Agreement. We require you to obtain as part of the Computer System, a general purpose computer, credit card reader, printer/scanner/copier, garment tag printer, barcode scanners, accounting software with payroll utilizing Global Integrations in addition to the Software and services and may modify our specifications for and required components of the Computer System from time to time. You agree to make such modifications and meet such requirements which may require you to incur additional costs. We may require that the Computer System or POS System or both (i) be capable of connecting with our computer system; (ii) perform the functions we designate; (iii) permit us to review the results of your Franchise's operations; and/or (iv) be capable of engaging in any e-commerce (as defined below) activities that we designate or approve.

(b) You may be required to invest in and implement new technology initiatives at your own expense, which may include, but will not be limited to, music, Internet, TV broadcast, software management applications and other various software applications and mobile applications designed to better manage business functions and control costs. We may designate the supplier you use for any goods and services associated with these initiatives.

(c) You are responsible for ensuring that all music, announcements, and other audio content broadcasted within the premises complies with applicable licensing laws and regulations, including obtaining and maintaining any required music licenses or rights. You shall bear all costs associated with such licenses.

(d) We or our affiliates, or business partners may develop technology, software, hardware programs or mobile applications or other new technology solutions and require that you use such new technology at your expense and in accordance with our System Standards. We reserve the right to pass through these costs as part of our Technology Fee or charge you a one-time fee for use or development of any such new technology. Additionally, you may be required to purchase additional hardware to ensure the full functionality of the technology that we, our affiliates or business partners develop.

Websites. Due to the importance of maintaining a uniform presence on the internet, we have the right to control all use of URLs, domain names, websites, addresses, meta-tags, links, key words, e-mail addresses and any other means of electronic identification or origin ("e-names") related to the Franchise. Neither you, nor any of your Owners or Personnel, are permitted to use an e-mail address that is not associated with our https:// alterationsexpressfranchise.com URL for the Franchise. We may require you, at your expense, to operate certain aspects of the Franchise that we designate through e-commerce methods that we designate, and in the manner we designate from time to time. We also have the right to designate, approve, control or limit all aspects of your use of the Internet, intranet system, World Wide Web, wireless technology, digital cable, use of e-names, virtual worlds, social media, portals, search engine optimization, pay-per-click advertising, home pages, bulletin boards, chat rooms, linking, framing, blogs, text messaging, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "e-commerce"). Further, you shall, at your sole expense, participate in our websites on the internet or other on-line communications, including an intranet system that we may develop in the future unless we provide otherwise. You must follow all of our policies and procedures for the use and regulation of e-commerce. You acknowledge that certain information obtained through your participation on our websites may be considered Confidential Information, including access codes and identification codes. Your right to participate in our Websites or any intranet system we may develop terminates when this Agreement expires or terminates. You shall assign and transfer to us or our designee any and all interest you may have in any e-commerce in connection with the Franchise by executing the Telephone Listing Agreement attached hereto as Exhibit F. We may require that you provide photographic, written or other forms of content to us for use in e-commerce activities associated with the Marks, the Intellectual Property or the System which we may designate. We may restrict your use of e-commerce, or your customer's use of e-commerce in connection with the Product purchases to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. We may require that you provide information to us and arrange Product sales or distribution via e-commerce. We may require you to coordinate your e-commerce activities with us. We may require that your customers be provided access to certain e-commerce activities that we designate from time to time. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System, the Intellectual Property and the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. All such information constitutes our Confidential Information (as defined in Section 17.1).

Customer Data and Data Security. Any information on customers of your Alterations Business that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived, including but not limited to, personally identifiable information ("Customer Data") and all information, mailing lists and data bases of Customer Data from whatever source derived, industry standards must be used only in connection with your Alterations Business in accordance with this Agreement. You agree to comply with all applicable laws, regulations and with respect to Customer Data;

in addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert your best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all instances to applicable laws. It is your responsibility to determine the data privacy laws applicable to you and your Alterations Business. We expressly disclaim knowledge of the data privacy laws applicable to you. You shall promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices. You shall promptly carry out any request from us with respect to Customer Data that is reasonably necessary to allow us to comply with data privacy laws applicable to us regarding processing, storage, handling, collection, use, transfer and transmission of Customer Data.

PCI Compliance. It is your responsibility to maintain and report your PCI compliance, which encompasses operational policies and practices as well as networks and POS Systems hardware/software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify your credit card transaction acquirer, insurance carrier and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of your Alterations Business.

Artificial Intelligence Usage. You acknowledge and agree that in order to protect the goodwill of the System, the Intellectual Property and the Marks, the use of artificial intelligence ("AI") in the Alterations Business must be conducted in a safe, thoughtful, and ethical manner. You shall adhere to the following guidelines when employing AI technologies within the Alterations Business operations as well as any other guidance set forth in the Operation Manual:

(a) *Permitted and Prohibited Use of AI.* You may implement AI solutions within the permitted business scope of operating your Alterations Business, focusing on tasks such as process automation, customer service optimization, data analysis, and targeted marketing. You are strictly prohibited from using AI solutions to: (i) access, use, or transmit Confidential Information or Intellectual Property and the Marks without our prior written authorization; (ii) collect, store, or otherwise utilize Intellectual Property and Confidential Information in any way not expressly permitted under this Agreement and applicable data privacy laws; (iii) engage in any activity that could harm the System or our brand reputation or expose it or us to legal or regulatory risk; and (iv) develop or deploy AI solutions that violate applicable laws or regulations, including those pertaining to discrimination, data privacy, and consumer protection.

(b) *Data Security, Confidentiality, and Privacy*. You must implement and maintain appropriate technical and organizational measures to protect the security and privacy of all data processed or stored through AI solutions. You shall not use, disclose, or permit the use or disclosure of any Confidential Information, including but not limited to trade secrets, business strategies, and proprietary processes, in connection with the development, implementation, or operation of AI technologies. Under no circumstances shall you use any Intellectual Property and Confidential Information, whether obtained through the System or otherwise, in connection with AI technologies. You must promptly notify us of any potential data security breaches or privacy violations involving your AI solutions.

(c) *Ethical AI Practices*. You agree to employ AI technologies in accordance with industry best practices and ethical standards. This includes, but is not limited to, ensuring transparency, fairness, and accountability in AI decision-making processes.

(d) *Monitoring and Reporting*. We reserve the right to periodically audit your use of AI solutions to ensure compliance with this provision. Upon request or as otherwise directed in the Operations Manual, you agree to provide us with regular reports on the performance and impact of your AI solutions, including metrics relevant to data security, privacy, and compliance in the form set forth in the Operations Manual.

(e) *Consequences of Breach*. Any violation of this provision constitutes a material breach of this Agreement and entitle us to all remedies available under law and this Agreement, including termination of the Franchise Agreement. Notwithstanding anything set forth in these guidelines or the Operations Manual, you are solely responsible for ensuring your use of AI solutions and technologies comply with all applicable laws, rules and regulations, industry best practices, and any vendor supplier contracts. In no event will we be responsible for your use of AI solutions or technologies, and you shall defend and indemnify us in accordance with Section 7.4 of this Agreement for any losses and expenses incurred as a result of your use of AI solutions and technologies.

10. INTELLECTUAL PROPERTY AND MARKS.

Alterations Intellectual Property.

(a) You acknowledge that Alterations IP or us are the exclusive owner of the Intellectual Property, Marks, System Standards, and other elements of the System. All ideas, business ventures, concepts, inventions, techniques, processes, designs, or materials, and any modifications to the System or any substitutions or additions to the Intellectual Property suggested or developed by you concerning the Alterations Business, whether or not protectable Intellectual Property and whether created by or for you or one of your employees, must be promptly disclosed to us and will be deemed to be solely and exclusively our property, part of the System, and "works made for hire" as the phrase is defined in the Copyright Act of 1976 (17 U.S.C. 101 et. seq.) for us ("Creative Works"). You further acknowledge that all Creative Works may be incorporated by Alterations IP or us into the System and Intellectual Property without any compensation to you.

(b) As such, you hereby assign and transfer to Alterations IP or us (as instructed) all of your entire right, title and interest in and to any Creative Works suggested or developed by you and in and to any and all works of authorship and processes embodied therein, and in all goodwill signified thereby, and any and all intellectual property rights and any legal equivalent thereof, including the right to apply for, register, or claim priority to, letters patent, copyrights, trademark, trade secret and other intellectual property protection, and the right to enforce such rights, title and interest by lawsuit or otherwise. In addition, you hereby agree and covenant from time to time to execute and deliver such other documents or agreements and to take such other action as may be necessary or reasonable for the implementation of any assignment and the consummation of the transactions contemplated hereby. You hereby appoint us your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete the assignment of any interest in any intellectual property rights described herein. This power of attorney shall survive the expiration or termination of this Agreement.

(c) You shall use the System, the Marks, and the Intellectual Property only in connection with the operation of the Alterations Business and strictly in accordance with the terms of this Agreement and all policies set forth from time to time in the Operations Manual. Any unauthorized use of the System, the Marks and/or the Intellectual Property is and shall be deemed to be an infringement of Alterations IP's and our rights.

(d) Except as expressly provided in this Agreement, you acknowledge and agree that: (i) you shall acquire no right, title or interest to the System, the Marks or the Intellectual Property, (ii) all goodwill associated with the System, the Marks and the Intellectual Property used by you shall inure exclusively to Alterations IP's or our benefit, and (iii) upon the termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System, the Marks or the Intellectual Property.

(e) You acknowledge that the use of any computer or electronic medium, or social networking website, including but not limited to Facebook, LinkedIn, Twitter, Pinterest, Instagram, Tumbler, SnapChat, TikTok, Yelp!, OpenTable, Zomato, TripAdvisor, Resy, YouTube, Groupon, Google, or any blogs or other bulletin boards, or chat rooms, other networking and share sites and any other Internet site which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Intellectual Property is our sole property and you may not establish any such website, blog, Facebook page, LinkedIn account, Twitter account, Pinterest account, Snapchat account, email distribution list, or other Internet account or presence, which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Intellectual Property without our prior written consent and without granting us primary administrative rights to such account, site or page. We do not have to agree to any use of Social Media Platforms (as defined below) by you and we may, in our sole discretion, prohibit any use of Social Media Platforms by you or all of our franchisees. If we consent to your use of any Social Media Platforms, once we have approved the content of the material to be posted online and obtained primary administrative rights to the website, account, or page, then we will provide you with subordinate administrative access to, and guidelines for your use of such online mediums, such that you may promote, advertise, and market your Franchise locally. We retain ownership of the materials posted on any webpage or site. You have no right, title or interest to any webpage on any of your networking and websites including, but not limited to, all "fans", "followers", "friends" and "contacts" associated therewith which mentions, uses or refers in any way to the Marks or Intellectual Property even if such webpage is established by you or otherwise held in the name of the Franchise or your Operating Principal or any of your owners and you agree to execute the Telephone Listing Agreement attached hereto as Exhibit F. Upon expiration or termination of this Agreement, we retain all ownership of all content created during the Term and will remove your administrative access. In addition, you shall promptly submit to us all passwords for such site(s) and any changes to a password shall be submitted to us within 3 days of the change. Your expenditures towards web based platforms such as Facebook, Twitter, LinkedIn, Instagram, blogs and other networking and sharing sites ("Social Media Platforms") or towards any material on any Social Media Platform that makes use of our Intellectual Property, Marks, name, brand, Products, or your Franchise whether created by us, you or a third-party ("Social Media Materials") may count towards your required Local Advertising Requirement or grand opening advertising requirement pursuant to Sections 12.2 and 12.3 below.

(f) You shall at no time take any action whatsoever to contest the validity, ownership, distinctiveness or enforceability of the Marks or Intellectual Property and the goodwill associated therewith. You agree that your use of all or any part of the System or the Intellectual Property contrary to any provision of this Agreement, or your use of any confusingly similar method, format, procedure, technique, system, name, trade dress, mark, symbol, emblem, slogan, insignia, term, designation, design, diagram, promotional material or course material, during or after the Term, shall cause irreparable injury to Alterations IP and us and shall constitute a material breach of this Agreement, and shall entitle Alterations IP and us to obtain temporary, preliminary or permanent injunctive relief from a court or agency of competent jurisdiction, and to recover court costs, reasonable expenses of litigation, reasonable attorneys' fees, and any other appropriate remedies.

(g) You assign and transfer to us all rights or interests that you have or may have in any previous or current Customer lists, lists of potential Customers, and lists of referral sources, compiled by you during the Term of this Agreement (the "Lists"), with the result that the Lists are and remain our sole property. We grant you the right and license to use the Lists during the Term solely for the purposes contemplated by this Agreement.

(h) Notwithstanding anything to the contrary, neither the expiration nor the termination of this Agreement shall affect our ownership of the items herein or alter any of our rights or privileges hereunder.

Infringements and Claims. You must notify us immediately in writing of any apparent (including suspected) infringement of or challenge to your use of any Mark or Intellectual Property, or claim by any person of any rights in any Mark or Intellectual Property or similar copyright, trade name, trademark or service mark of which you become aware. You must not communicate with anyone except us and our attorneys in connection with any such infringement, challenge or claim. We have the sole discretion to take whatever action we deem appropriate. We have the sole right to control exclusively any U.S. Patent and Trademark Office, U.S. Copyright Office, litigation or other proceeding or any other litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark or Intellectual Property. You must sign any documents, give any assistance, and do any acts that our attorneys believe are necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks or Intellectual Property or otherwise to protect and maintain our interests in the Marks or Intellectual Property. You may not, at any time, contest the validity or ownership of any of the Marks or Intellectual Property, or assist any other person in contesting the validity or ownership of any of the Marks or Intellectual Property.

Discontinuance of Use. If it becomes advisable at any time in our sole judgment for your Franchise or the System to modify or discontinue the use of any of the Marks or for your Franchise or the System to use one or more additional or substitute trademarks or service marks, you agree, at your sole expense to comply with our directions to modify or otherwise discontinue the use of such Mark or Intellectual Property, or use one or more additional or substitute trademarks or service marks, within a reasonable time after our notice to you.

Franchisee Name. You may not use the words "Alterations Express" or any derivation thereof, in your legal entity's name. You will hold yourself out to the public as an independent contractor operating an Alterations Express Franchise. Whenever practical, you will clearly indicate on your business checks, stationery, business cards, invoices, receipts, advertising, public relations and promotional materials, website, Social Media Platforms, and other written materials that you are a franchisee. You will file for a certificate of assumed name (d/b/a) in the manner required by applicable state and/or law to notify the public that you are operating as an independent business pursuant to this Agreement. Prior to adoption of your corporate and assumed name (if any), you shall obtain the written approval of such name(s) from us.

Further Reservation Rights. Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and unrestricted discretion and as we may deem to be in the best interests of the applicable parties in any specific instance, to vary standards for any franchisee or franchisees based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of such Franchise. We may grant to one or more franchisees variations from standard specifications and practices as we determine in our sole and unrestricted discretion, and we shall have no obligation to grant you like or similar variations. You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement does not affect our or your duties to comply with the terms of this Agreement.

11. DUTIES AND RESPONSIBILITIES.

Compliance with System Operations. You acknowledge that every component of the System is important to the operation of the Alterations Business as an Alterations Express Franchise, including specializing in fast, professional and affordable alterations and tailoring, dry cleaning, clothing preservation, and professional shirt laundering, and services; uniformity of dry cleaning and tailoring specifications, methods, quality, and appearance; and uniformity of facilities and service. You shall comply with the entire System, including, but not limited to:

(a) operating your Alterations Business for at least those months, hours and days that we specify in the Operations Manual;

(b) operating the Alterations Business in a clean wholesome manner in compliance with System Standards prescribed by us;

(c) complying with all business policies, practices, and procedures imposed by us; serving at the Alterations Business only those Products and Services now or hereafter designated by us; and maintaining the building, fixtures, equipment, signage, and parking area (if applicable) in a good, clean, and well-lit condition, free from disrepair, and in compliance with designated System Standards;

(d) purchasing fixtures, Products, lighting, signs, computer systems, security systems and other equipment in accordance with equipment specifications and layout approved by us and, promptly after the Alterations Business premises are ready for occupancy, cause the installation thereof;

(e) ensuring that the Alterations Business conforms at all times to local ordinances, buildings codes, and laws;

(f) abstaining from, without our prior written consent, making any design conversion, alterations, or additions to the building, equipment, or parking area (if applicable);

(g) making repairs or replacements required: (i) because of damage or wear and tear, or (ii) in order to maintain the building and parking area in good condition;

(h) maintaining sufficient supplies of Products and other inventory as is sufficient to meet reasonably anticipated customer demand;

(i) employing adequate personnel so as to operate the Alterations Business at its maximum capacity and efficiency and implementing a training program for employees in accordance with training standards and procedures prescribed by us and staffing the Alterations Business at all times during the Term of this Agreement with a sufficient number of trained employees including at least one manager (who may be the Operating Principal or the Manager) who has, prior to becoming manager, successfully completed Initial Training;

(j) causing all employees of the Alterations Business, while working in the Alterations Business, to: (i) wear uniforms of such color, design, and other specifications as we may designate from time to time, (ii) present a neat and clean appearance, and (iii) render competent and courteous service to Alterations Business customers;

(k) purchasing all of your requirements for supplies, components, products and goods in accordance with our specifications and System Standards and, if applicable, from only our Approved Suppliers and in the sale of Products: (i) using only supplies and packaging which meet the System Standards, and (ii) employing only those methods of dry cleaning, tailoring and preparation which meet the System Standards;

(l) participating in our gift card program for all Alterations Business operating under the System, as prescribed in our Operations Manual or otherwise in writing from time to time, including but not limited to, selling and offering for sale gift cards which may be redeemed at any Alterations Express franchise for items or Products as well as permitting customers who purchased gift cards from another Alterations Express franchise or us to redeem their gift cards for menu items or products at your Alterations Business;

(m) subject to Section 4.4, improving, altering and remodeling the Alterations Business to bring it into conformance with the national and local plans, specifications and/or other standards for new or remodeled Alterations Express Franchises as may hereafter be reasonably changed and defined from time to time by us;

(n) permitting our representatives to conduct unannounced inspections of the Alterations Business at any time during normal business hours and remedying any issues identified therein at your expense;

(o) maintaining full and accurate records related to the Alterations Business, including but not limited to, records related to (i) Gross Revenue, sales and expenses; (ii) Personnel and employment files; (iii) workplace incident reports; (iv) any other records required by law; and (v) any records required under the Operations Manual;

(p) at your own expense, complying with all federal, state, and local laws, ordinances, and regulations affecting the operation of the Alterations Business. You must furnish to us, within 2 days after receipt thereof, a copy of any violation or citation which indicates your failure to maintain local health or safety standards; and

(q) affixing a decal or placard to an exterior window or display containing the following statement "An Independently Owned and Operated Franchise". If we request, you must display prominently a "franchise opportunity" display to promote awareness of Alterations Express franchises;

(r) complying with any online or digital media ordering program, whereby your customers submit orders online or through a mobile application, if and when, developed and paying any fees or costs associated with participating in such program; and

(s) complying with all the terms of your lease and using your best efforts to maintain a good and positive working relationship with your landlord and/or lessor and refraining from any activity which may jeopardize your right to remain in possession of, or to renew the lease or sublease for, the Location.

Liability Insurance.

(a) Utilizing an Approved Supplier or insurance carrier acceptable to us, you are required to procure and maintain at all times the insurance policies listed on Schedule II to this Agreement at your expense, which must additionally meet the standards and requirements set forth in the Operations Manual.

(b) The cost of the insurance policies will vary depending on the insurance carrier charges, terms of payment and your history. The standards and specifications for insurance coverage as set forth in the Operations Manual are intended as "minimum" standards and you must review your insurance coverage and policies, and you should consult with your insurance agents, brokers, attorneys or other insurance advisors, to determine if additional coverage is necessary, desired or appropriate for your Franchise in addition to the coverage and limits required by us. If you fail to obtain or maintain the required insurance coverage, we may purchase it for you and charge you the premium, plus our costs, and require you to pay to us an administrative fee equal to twenty percent (20%) of the insurance policy premium for doing so. We may change these insurance requirements, upon reasonable notice to you, to conform to reasonable business practices. Each insurance policy required under the Operations Manual must contain a provision that the policy cannot be cancelled, amended, renewed or expired without at least thirty (30) days' prior written notice to us. The insurance must be primary coverage without the right of contribution from any of our insurance. We do not represent or warrant that any insurance that you are required to purchase, or which we procure on your behalf, will provide adequate coverage for you. The requirements of insurance specified in this Agreement and in the Operations Manual are for our protection. If you believe that you should not be required to carry an identified type of insurance or otherwise comply with our minimum insurance requirements, you must submit a written waiver request and obtain a waiver from us. Until such time as we notify you in writing of our approval, you are obligated to comply with all minimum insurance requirements. The policies must also contain a waiver of subrogation.

(c) Each insurance policy required under this Agreement and/or the Operations Manual must contain an endorsement approved in writing by us naming us as additional insureds and an additional insured endorsement approved in writing by us naming us, our affiliates and our respective officers, directors, managers, partners, members, affiliates, subsidiaries and employees as additional insureds. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20-29 or any other form approved in writing by us that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of us or other additional insureds. You shall maintain such additional insured status for us and the additional insureds outlined above on your general liability policies continuously during the Term.

(d) Your obligation to obtain and maintain the insurance policies in the amounts specified in the Operations Manual shall not be limited in any way due to any insurance that may be maintained by us, nor shall your procurement of required insurance relieve you of liability under the indemnification provisions set forth in this Agreement. Your insurance procurement obligations under this Section 11.2 and as specified in the Operations Manual are separate and independent of your indemnification obligations under this Agreement.

(e) Prior to the time any insurance is required to be carried by you, and thereafter prior to the renewal of any such policy, you must submit to us a copy of the certification of insurance evidencing such coverages that are required by this Section 11.2 and the Operations Manual. Within 5 days after the policy is issued, you shall provide the declarations page for each of the required coverages, all additional insured endorsements and evidence of premium payment. Certificates of insurance alone are not acceptable. Our review and verification of certain elements of your insurance does not in any way reduce or eliminate your obligations to fully comply with all of the insurance requirements set forth in this Agreement and/or in the Operations Manual. It is your sole obligation to fully comply with these insurance requirements and it is your sole obligation to confirm with your insurance providers that your policies are in compliance.

Compliance with Laws and Good Business Practices. You will secure and maintain in force all required licenses, permits, approvals and certificates relating to the operation of the Franchise at your sole cost (the "Required Licenses"). You must promptly and diligently do all things necessary (including providing prompt, thorough, professional and complete responses to any local, state or federal regulatory or administrative body with oversight responsibilities for any Required Licenses) to facilitate obtaining the Required Licenses prior to the opening of your Franchise and maintain and renew such Required Licenses when needed. You must operate the Franchise in full compliance with all applicable laws, ordinances and regulations, including, without limitation, occupational hazards and health, safety, privacy, workers' compensation insurance, unemployment insurance, workplace safety, data protection (such as credit card data protection under the FACTA) and privacy laws, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, brokers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the System, the Marks and other Franchises. You expressly acknowledge that we have not researched the specific laws and regulations applicable to your Alterations Business, and that you are solely responsible for compliance with such laws and regulations.

Authorized Products and Services. You must sell all Products that we deem appropriate to take full advantage of the potential market and achieve standardization in the System and no items which are not set forth in the Operations Manual or otherwise authorized and approved by us in writing will be sold. You must adhere to all specifications contained in the Operations Manual or as otherwise prescribed by us. You shall offer for sale all Products which we designate for the System, including any additional Products we may now or in the future specify and any other ancillary products and services which we prescribe. You further agree to only sell those Products which we prescribe or otherwise authorize. On a timely basis, you must comply fully and on a timely basis with any changes that we implement, including the introduction or cessation of any Products. We do not make any express or implied warranties with respect to any Products or goods we recommend or require for your use.

Sales Methods. You must follow our System Standards when marketing and selling the Products and ancillary services. You must not make any misrepresentations to anyone regarding the quality of the Products or concerning the Franchise or System. Moreover, you must not alter, modify, change or misrepresent the Products in any manner whatsoever. Accordingly, you will not disseminate any information, or represent to anyone, any information that conflicts with any of the materials we provide you to assist in the sale of the Products or we approve for use by you in the marketing and selling of such Products.

Modification of System. You expressly acknowledge that the System must continue to evolve in order to reflect changing market conditions and to meet new and changing customer demands. Therefore, variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and to improve the continuing operating efficiency of all franchisees. Accordingly, you agree that we may from time to time, upon written notice, add to, subtract from or otherwise change the System, including, without limitation, adopting new or modified Marks, Products, equipment and techniques and methods relating to the sale, promotion and provision of the Products. We may also require you to make changes or updates and upgrades to your Alterations Business signage, displays and similar trade dress ("Trade Dress Upgrades"). **You agree to promptly accept, implement, and use in the operation of the Franchise all such additions, modifications and changes at your sole cost and expense.**

Distribution Cooperatives; Purchases.

(a) We may, in the future, approve the formation of distribution cooperatives, which may provide for regional production of Products to service Alterations Business in that region as well as other services relating to production and distribution. If we authorize the formation of any distribution cooperative or similar organization ("Distribution Cooperative") for our franchisees then you agree to participate and join such Distribution Cooperative, agree to be bound by the organizational, charter and other documents of the Distribution Cooperative (which documents we must approve) and pay any fees determined by the Distribution Cooperative. We do not make any express or implied warranties with respect to any Products or goods we recommend or require for your use.

(b) We may, in our sole discretion, negotiate discounted prices for us and franchisees. We may receive compensation from suppliers for our procurement and purchasing services. We may also purchase certain items from suppliers in bulk and resell them to you at our cost, plus shipping fees and a reasonable markup.

(c) We may also enter into arrangements with our manufacturers and acquire inventory in bulk for cost savings and quality control. Thus, we may purchase in bulk certain inventory and either resell those items to, or have suppliers sell direct to, you at discounted prices that we negotiate (subject to any rebates the suppliers pay to us for our purchasing and sourcing services). We make no representations or warranties (and specifically disclaim all warranties including the implied warranty of merchantability or fitness for a particular purpose) and shall have no liability to you with respect to the items that you purchase from us.

Evaluation and Analysis. We shall have the right to conduct unannounced inspections and otherwise inspect the Alterations Business at all reasonable times to ensure that your operation thereof is in compliance with System Standards. This right shall include: (a) evaluating the Products, (b) questioning your landlord, customers and Personnel, and (c) conducting secret shopper or mystery shopper evaluations from time to time and without prior notice. You must reimburse us the then current service fee for the mystery or secret customer. Our representatives will use reasonable efforts to minimize interference with the operation of the Alterations Business. If we reasonably determine that the Alterations Business is not being operated in compliance with this Agreement or the Operations Manual or that the Alterations Business is otherwise not being operated efficiently and effectively, then we may, at our discretion, place one or multiple representatives at the Alterations Business to oversee the operation of the Alterations Business. We will charge the Management Fee for such oversight.

Payment of Debts. You are solely responsible for selecting, retaining and paying your employees, the payment of all invoices for the purchase of goods for use in the Alterations Business, and determining whether, and on what terms, to obtain any financing or credit which you deem advisable or necessary for the conduct of the Alterations Business. You shall pay all current obligations and liabilities to suppliers, lessors and creditors on a timely basis. We have the right, but not the obligation, to pay any such obligations or liabilities on your behalf. You shall indemnify us in the event that we elect to pay any of your liabilities and obligations in order to preserve the relationship between Approved Suppliers and System franchisees. You shall make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, and personal property and real estate taxes, arising from your operation of the Alterations Business. You shall indemnify us in the event that we are held responsible for these taxes.

Notification of Legal Proceedings and Crisis Management Events. You will notify us in writing as soon as possible but in no event more than 24 hours of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, of which you become aware and which may adversely affect the operation or financial condition of your Alterations Business. Upon the occurrence of a Crisis Event (defined below), you will immediately inform us by telephone and email (or other electronic medium authorized by us for this purpose). You will cooperate fully with us with respect to our response to the Crisis Management Event. In the event of the occurrence of a Crisis Management Event, we may also establish emergency procedures, which may require you to temporarily close the Alterations Business to the public, in which event we shall not be liable to you for any loss or costs, including consequential damages or loss profits occasioned thereby.

For purposes of this Section, a “Crisis Event” is any event or business interruption that runs the risk of (1) escalating in intensity; (2) adversely impacting Alterations Business’s Franchised Business’s financial position; (3) causing harm to Customers, Personnel or the public or damage to their respective property or the environment; (4) falling under close media or governmental or regulatory scrutiny; (5) interfering with normal operations and wasting significant management time and/or financial resources; (6) adversely affecting Personnel morale; or (7) jeopardizing the Alterations Business, the Marks or the System’s reputation, image, products, brand, intellectual property, or management and therefore negatively impacting its future. Without limiting the foregoing, a Crisis Event shall include contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance, which may damage the System, Marks, or our image or reputation.

Press Releases. You will not issue any press release or conduct any interviews regarding your Alterations Business without our prior express written approval.

Contributions and Donations. You will not make any contributions or donations of items, services, or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic, or other type of organization (or to any individual on behalf on any organization) in the name of the Alterations Business or otherwise associate with any Mark, without our prior express written consent.

Market Tests/Surveys. Upon notice by us, you are required to participate in market tests or surveys. This may require you expend time and effort to: (1) respond to questions and provide information and data and statistics about the operation of your Alterations Business, customers, marketing and promotion efforts, or business partners; (2) test, evaluate and assess items, techniques, Products, suppliers, vendors; or (3) provide feedback, opinions and comments on System Standards, the Brand Fund, our personnel, training, Operations Manual, technology or other components of the System.

Best Efforts and Personal Conduct. You shall refrain from committing any act or pursuing any course of conduct that tends to bring the Marks or System into disrepute. You shall use best efforts to promote and increase the demand for the Products of the Alterations Business. All of your advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. You shall refrain from any business or advertising practice which may be injurious to the Alterations Business or the goodwill associated with the Marks and System.

11.15 **Vehicles.**

(a) If we permit you to provide delivery services, we reserve the right to require you to have temporary signage placed on each delivery vehicle.

(b) You will, at your expense, repair and keep in good condition and good working order at all times the delivery vehicle used in the Alterations Business in accordance with our quality standards. Recognizing that the System’s image is of the utmost importance, you agree to keep the delivery vehicle and all vehicles used in the Alterations Business, inside and out, clean at all times.

(c) You are required to have signage placed on each delivery vehicle, including your employees personal vehicles that provide services for your Alterations Business.

(d) You will ensure that only authorized Personnel with valid drivers' licenses operate the delivery vehicle and the delivery vehicle in compliance with all traffic and safety laws.

(e) We determine whether your delivery vehicle meets our definition of good condition and good working order in our sole discretion.

(f) You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles and you are solely responsible for ensuring your drivers comply with such requirements.

Customer Satisfaction and Warranty. You acknowledge that Customer satisfaction is essential to the Alterations Business success as well as the reputation, standing and success of the System and other System franchisees and company or affiliate owned outlets. Accordingly, you agree:

(a) You will use your best efforts to ensure Customer satisfaction and use good faith in all dealings with Customers, potential Customers, referral sources, suppliers and creditors. You agree to participate in any customer warranty or satisfaction program we develop. You must respond to all Customer complaints and warranty claims in a courteous, prompt and professional manner twenty-four (24) hours of receipt, use your best efforts to promptly and fairly resolve Customer disputes in a mutually agreeable manner; and otherwise follow any standards and specifications set forth in the Operations Manual regarding Customer complaints.

(b) You must respond to any Internet/online negative Customer reviews and complaints promptly in accordance with System Standards and any specifications set forth in the Operations Manual.

(c) Any Customer complaint other issue has resulted in an inquiry or report by the media or government is deemed a Crisis Event and must be reported and resolved in accordance with Section 11.10 hereof.

(d) We shall have the right, but not the obligation, to oversee and manage the response process for any Protected Account. We may remedy any issues with your customers in our sole discretion including reimbursement of any fees paid to you. You are responsible to reimburse us for any such costs.

(e) You must conduct the number of customer service satisfaction surveys in such form as we require as specified in the Operations Manual.

12. ADVERTISING AND PROMOTION

Generally. All your advertising must conform to all provisions of this Agreement and the System Standards. All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and promotion policies that we prescribe from time to time. In no event will your advertising contain any statement or material which may be considered: (a) in bad taste or offensive to any group or person, (b) defamatory on any person or an attack on a competitor, (c) inconsistent with our public image, or (d) not in accord with System Standards. We have the right to direct all advertising and promotional programs and activities, and the right to control and approve all the concepts, materials and media used in such programs and activities. We may periodically provide you, at your expense, with consumer marketing plans and related materials for use at the local or regional level. We may periodically furnish you with samples of advertising, marketing and promotional formats and materials templates which you will then have the right to copy at your expense. We and our affiliates reserve the right to be the exclusive suppliers of the advertising materials used in the

System. We may modify any of our advertising specifications on reasonable written notice to you. Samples of all advertising, promotional and marketing materials, or your proposed modifications to any of our specifications for advertising, which we have not prepared or previously approved must be submitted to us for approval before you use or modify them. Unless a shorter time period or alternative method is specifically set forth in this Agreement, if you do not receive our written disapproval or approval within 15 days after our receipt of such materials, the materials are deemed not approved. You must promptly discontinue use of any advertising, marketing or promotional plans, specifications or materials, whether or not previously approved, on notice from us. We reserve the right to require you to include certain language in your local advertising materials, delivery vehicle, or other promotional literature such as "*Franchises Available*" and the addresses of our Website and phone number.

Local Advertising.

(a) You are currently required to spend the greater of 2% of monthly Gross Revenue or $1,000 per month on local advertising and promotion in accordance with the parameters, specifications and standards outlined in the Operations Manual (the "Local Advertising Requirement").

(b) The Local Advertising Requirement must be expended within your Territory. You acknowledge and agree that your Local Advertising Requirement must be expended regardless of the amount(s) spent by other Alterations Express franchisees on local advertising. You may spend any additional sums you wish on local advertising.

(c) You must submit your annual spending plan for the Local Advertising Requirement for approval no later than 30 days prior to your fiscal year end date and upon our request, you must send us proof of these expenditures on a monthly basis, or in any other manner as we may specify. We may reduce the Local Advertising Requirement based on the Gross Revenue of your Alterations Business, as further outlined in the Operations Manual. We may increase the Local Advertising Requirement in our sole discretion upon 30 days' advance written notice. We may require you to place advertising in specific media, such as print, social media and direct mail, and determine what percentages of your advertising should be allocated to each medium. You cannot use the following expenditures towards the Local Advertising Requirement: (a) grand opening advertising required under Section 12.3 below, or (b) telephone listings required under Section 12.9 below. You may count expenditures paid for Social Media Platforms or Social Media Materials towards your Local Advertising Requirement.

Grand Opening Advertising. You must spend a minimum of $10,000 for grand opening advertising and on advertising and promotion as prescribed in our Operations Manual beginning no earlier than 30 days prior to the opening of the Alterations Business and ending no later than 60 days after the opening of the Alterations Business. You may spend any additional sums you wish on grand opening advertising. At least 5 days prior to use, you must submit samples of all grand opening advertising and promotional materials, not prepared or previously approved by us, for approval. If you do not receive our written disapproval or approval within 15 days after our receipt of such materials, the materials are deemed not approved. Upon our request, you must send us proof of these expenditures within 3 days of our request. The following expenditures may not be calculated as part of your grand opening advertising expenditures: (a) the Local Advertising Requirement required under Section 12.2 above and/or (b) telephone listings required under Section 12.9 below.

Brand Fund. Recognizing the value of advertising and marketing to the goodwill and public image of the System and the Franchises, we reserve the right to establish a Brand Fund (the "Brand Fund") for such advertising, marketing and public relations programs and materials we deem necessary or appropriate. We reserve the right to defer or reduce the Brand Fund for your Franchise and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the Brand Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Brand Fund, or designate a portion of the Brand Fund Contribution to your Local Advertising Requirement. If the Brand Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Brand Fund during the preceding 12-month period.

Use of the Funds. We or our designee will direct all programs financed by the Brand Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Brand Fund may be used to pay any and all costs of maintaining, administering, directing and preparing advertising and promotional activities, including, among other things, the costs of (a) preparing and producing video, e-commerce, website or software enhancements, audio and written advertising, marketing, or promotional materials; (b) professional service fees to our designer and other marketing professionals and salary costs of in-house marketing staff; (c) exploratory marketing and advertising campaigns whether or not ultimately acted upon; (d) operation or marketing techniques; (e) research and development of marketing materials; (f) administering regional and multi-regional advertising programs, including, without limitation, purchasing e-commerce rights, services, direct mail and other media advertising and employing advertising, promotional and marketing agencies; and (g) supporting public relations and market research. We reserve the right to include "*Franchises Available*" or similar language along with our contact information on any advertising purchased through the Brand Fund. The Brand Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost, which you may duplicate at your own cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

Accounting for the Fund. The Brand Fund will be accounted for separately from our other funds, but does not need to be in a separate account, and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Brand Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Brand Fund. We may spend, on behalf of the Brand Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Franchises to the Brand Fund in that year, and the Brand Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Fund will be an asset of the Brand Fund. We are not required to provide franchisees with periodic accounting of the Brand Fund, including the fees paid into the Brand Fund by franchisees, but if we do prepare an accounting of the Brand Fund, it will not be audited and we will make it available to you upon your written request that must be submitted to us. We have the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

Brand Fund Limitations. You acknowledge that the Brand Fund is intended to maximize recognition of the Marks, Intellectual Property and patronage of Franchises. We undertake no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by Franchises operating in that geographic area or that any Franchise will benefit directly or in proportion to its contribution to the Brand Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the Brand Fund.

Advertising Cooperatives. We have the right, in our sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"). We may also approve of the formation of a Cooperative by our franchisees. If a Cooperative has been established applicable to your Franchise at the time you open your Franchise, then you shall immediately become a member. If a Cooperative is established that is applicable to your Franchise at a later time during the Term, then you shall become a member no later than 30 days after the date on which the Cooperative commences operations. If established:

(a) each Cooperative shall be organized, governed, and administered in a form and manner, and shall commence operation on a date, approved in advance by us in writing;

(b) each Cooperative shall be organized for the exclusive purposes of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising and promotion;

(c) each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative by majority vote, but no greater than 1% of Gross Revenue, and your failure to make any such payments is a breach of this Agreement;

(d) each member shall submit to the Cooperative its contribution in the manner set forth in the Operations Manual or in the Cooperative's bylaws, which must be approved in advance by us in writing; and

(e) you may offset your Local Advertising Requirement by any amounts paid by you to the Cooperative.

Telephone Directory Advertisements. At your expense, you must obtain a telephone number that will only be used for the Franchise. Upon termination or expiration of this Agreement you will assign such telephone number to us. You must execute the Telephone Listing Agreement attached hereto as Exhibit F which will assign us all rights to your telephone number.

Advisory Council. We reserve the right to form a franchisee advisory council. Any advisory council created will act in an advisory capacity only and will not have decision making authority. We will have the right to form, change, merge and dissolve any advisory council at any time. The membership of any advisory council may be determined in our sole discretion and you have no right to sit on an advisory council. If you are chosen and agree to participate on an advisory council, you will pay all costs and expenses you incur related to your participation, including travel, lodging and meals expenses for attending council meetings.

Promotional, Gift Card, Membership and Loyalty Programs. You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty, customer retention, or special promotional program that we implement for all or part of the System. You agree to sign the forms and take the other action we require for you to participate in these programs, including but not limited to, selling and offering for sale gift cards which may be redeemed at any Alterations Business as well as permitting customers who purchased gift cards online or from another Alterations Business or us to redeem their gift cards for Products at your Alterations Business.

Photo/Video Release. You acknowledge and authorize us to use your likeness in a photograph or video in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph or video using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish, or distribute any photograph or video of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph or video of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action that you may have in connection with this authorization. For purposes of this Section, "you" shall refer to your owners if you are a legal entity.

13. <u>RELATIONSHIP OF THE PARTIES.</u>

<u>Independent Contractors</u>. We do not have a fiduciary relationship with you. Neither you nor we are general or special agents, representatives, joint venturers, partners or employees of the other for any purpose whatsoever. You are not entitled to workers' compensation, unemployment compensation, or any other statutory or regulatory benefit or right predicated on an employer-employee relationship. We have no obligation to carry workers' compensation coverage or pay unemployment compensation taxes or withhold any amounts from payment to you for federal income taxes or for federal social security taxes, unless otherwise required by applicable laws and regulations. We have no obligation to provide you with any employment and fringe benefits that we may provide to employees, such as health insurance, for example. The foregoing also applies to any relationship with your Personnel. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of any of your Personnel, nor vice versa.

<u>Taxes</u>. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your Owners, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

14. <u>INDEMNIFICATION.</u>

<u>By You</u>. You agree to indemnify, defend and hold harmless us, our affiliates and us and our affiliates' respective members, managers, directors, officers, owners, employees, agents, contractors, advisors, successors and assignees (the "<u>Indemnified Parties</u>") against and to reimburse any 1 or more of the Indemnified Parties for all losses, expenses, judgments, settlements, claims, liabilities, attorneys' fees, costs (including, without limitation, expert witness fees, court costs, accountants' fees, travel and living expenses) and damages arising out of any claim directly or indirectly (i) related to the operation of your Franchise; (ii) related to on-site training, assistance or support provided to you by our employees or personnel; (iii) arising out of a breach of this Agreement or any other agreement with us or any of our affiliates; or (iv) any and all taxes described in this Agreement provided, however, that you shall not be required to hold harmless or indemnify us for any losses relating to any claim to the extent such losses arise out of our gross negligence or willful misconduct. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

<u>By Us</u>. We agree to hold harmless and indemnify you against any claim for copyright, service mark or trademark infringement, including reasonable attorneys' fees and court costs in connection with such claims, arising out of your authorized use of our materials, the Intellectual Property, or the Marks, provided, that such use was in accordance with the terms of this Agreement and the Operations Manual as determined by us in our sole discretion and you notify us in writing within 10 days, or within such shorter period as is necessary to avoid prejudice, after learning of any claim, and also provided we have the right to control the defense and any litigation or proceeding resulting from any such claim. If we exercise our right to control the litigation or proceeding, we will cease to reimburse you for any legal fees after the date of assumption of control. You must fully cooperate with us in connection with the defense or settlement of any third-party claim that we take control of under this Section.

15. <u>REPORTS, FINANCIAL STATEMENTS, INSPECTIONS AND AUDITS.</u>

Our Right to Inspect the Alterations Express Franchise. To determine whether you are complying with this Agreement and all System Standards, we and our designated agents have the right at any time when the Alterations Business is in operation or you or your Personnel are working at the Alterations Business to:

(a) inspect the Alterations Business, including but not limited to, conducting secret shopper evaluations from time to time and without prior notice;

(b) observe, photograph and videotape the operations of the Alterations Business, the production methods of your Personnel and any Products provided thereby for such consecutive or intermittent periods as we deem necessary;

(c) remove, or otherwise receive or obtain, samples of any Products, materials, supplies for testing, evaluation or analysis;

(d) interview Personnel and customers of the Alterations Business; and

(e) inspect and copy any books, records, computer data and documents relating to your operation of the Franchise.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal, service testing and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. Our access to your POS System and any other tablet or computer used for the Alterations Business includes access to any information or data stored which is related to the Alterations Business, including, but not limited to, (i) data stored in bookkeeping software; (ii) information in online bank accounts and credit card accounts used for the operation of the Alterations Business; and (iii) Customer Data. You must immediately correct or repair any unsatisfactory conditions we specify.

Our Right to Audit. We have the right at any time during your business hours, and upon 24 hours' prior notice to you, to inspect and audit, or cause to be inspected and audited, your Franchise, bookkeeping, accounting and invoicing records, sales and income tax records and returns, online bank accounts, online credit card accounts and any other records related to the Franchise. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if we determine that Gross Revenue or any other fees are understated by 2% or more, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys, independent accountants, and employees and their travel expenses, room and board. You also must immediately pay us any shortfall in the amounts you owe us, including interest as described in Section 5.9. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

Books and Records. You shall establish and maintain, at your expense, a bookkeeping, accounting, and record keeping system conforming to the requirements prescribed by us from time to time including, but not limited to providing us (a) within 15 days after the end of each month, a balance sheet and profit and loss statement; and (b) within 30 days after the end of the fiscal year a profit and loss statement, balance sheet, and cash flow statement for the immediately preceding fiscal year reflecting all year-end adjustments. We reserve the right to require that your annual financial statements be audited or reviewed, at your expense, by an independent certified public accountant approved by us. You shall furnish us with copies of all federal and state income and sales tax returns the Franchise files with respect to the Franchise's business income or sales within 30 days after the date they are filed.

Distribution of Franchisee Information. You acknowledge and agree that we have the right to share any information about your Alterations Business collected by us or our affiliates or agents to any third party, including, but not limited to, other franchisees, prospective franchisees, financial institutions, legal and financial advisors, for any purpose. This information may include, but is not limited to, data regarding your sales, revenues, costs, taxes, profit margins or customer service survey results. Without limiting the foregoing, you hereby grant us and our affiliates permission to report and distribute your gross revenues, gross sales mix, COGS, cost of material and labor and other expense information including your Alterations Business Location and other identifying information to current or prospective franchisees, provided that where permitted by law, we will describe your Territory and not your Location if your Location is your personal residence. You agree to hold us and our affiliates harmless against and from any and all claims, liabilities, or suits resulting from or in connection with any acts or omission related to the reporting of information described in this section.

16. TRANSFER

By Us. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests. We may assign our interest in this Agreement, directly or indirectly, by merger, assignment, pledge or other means, without your approval or consent.

By You. We have granted the Franchise to you in reliance upon our perceptions of your and your Owners' individual or collective character, skill, aptitude, business ability and financial capacity. Accordingly, you may make no Transfer (as defined below) without our prior written approval. Any purported Transfer without such approval will be a breach of this Agreement and will entitle us to terminate this Agreement.

Definition of Transfer. As used in this Agreement, the term "Transfer" means you or your Owners' voluntary, involuntary, direct or indirect assignment, sale, gift, pledge, mortgage, disposal or other disposition of any legal or beneficial interest in: (a) this Agreement, (b) any material asset of the Franchise, or (c) more than 25% of the ownership interest in the Franchise entity, whether in the form of equity or voting interest (provided that a Transfer of less than 25% of an Owner's ownership interest in the Franchise entity, whether in the form of equity or voting interest, may occur in accordance with the requirements of Section 16.4 below). "Transfer" also includes (i) the merger or consolidation of your Franchise entity; and (ii) the issuance of additional securities or other ownership interests of the Franchise entity comprising more than 25% of the ownership interest whether in the form of equity or voting interest. It includes transfers resulting from proceedings under the U.S. Bankruptcy Code or any similar law, and transfers resulting from divorce.

Transfer of Less than 25% of Franchise Entity. Prior to the transfer of 25% or less of the total ownership interest in the Franchise by an Owner:

(a) the transferee and its Owners must meet or exceed the approval criteria applied to new franchisees of the System, including, without limitation, passing a background check and having sufficient business experience, aptitude and financial resources to operate the Franchise, all determined by us in our sole discretion;

(b) all transferring Owners and each Owner's spouse must sign a general release in the form attached to this Agreement as Exhibit A (or any other form required by us or as allowed under applicable law) of any and all claims against us and our affiliates and us and their respective members, owners, officers, directors, employees, consultants, advisors, and agents;

(c) we must have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the operation of the Franchise;

(d) if applicable, the new Operating Principal of the transferee must successfully complete our standard Initial Training program;

(e) the transferee and its Owners and their spouses must execute and agree to be bound by all the terms and conditions of the Guaranty, Restrictive Covenant Agreement and any other agreements reasonably required by us;

(f) you reimburse us for any reasonable legal and administrative costs we incur in connection with the transfer outlined in this Section 16.4; and

(g) you have paid all amounts owed to us, our affiliates, Approved Suppliers, or to third-party creditors and have submitted to us all required reports and statements.

Notice of Transfer. You agree to notify us of any purported Transfer and provide us with any information we may reasonably request in order to permit us to evaluate such Transfer. If we do not exercise our right of first refusal under Section 16.10, we agree not to unreasonably withhold our approval of a Transfer, provided you have complied with the conditions in Section 16.6. If we approve the Transfer, then you will be free, for 30 days following such approval, to effect the Transfer approved by us.

Conditions for Approval of Transfer. If you are in full compliance with this Agreement, then subject to the other provisions of this Agreement, we will approve a Transfer that meets all the applicable requirements of this Section:

(a) the transferee and its Owners meet or exceed the approval criteria applied to new franchisees of the System, including, without limitation, passing a background check and having sufficient business experience, aptitude and financial resources to operate the Franchise, all determined in our sole discretion;

(b) you have paid all amounts owed for purchases from us or our affiliates and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

(c) if applicable, the new Operating Principal of the transferee completes our standard Initial Training program;

(d) the transferee has entered into our then-current form of franchise agreement and any required related agreements for a term ending on the expiration date of this Agreement and requiring no Initial Franchise Fee, provided, that if the Transfer is for an ownership interest in the Franchise, the transferee or transferees of such ownership interest, sign the Guaranty, Restrictive Covenant Agreement and any other related agreements reasonably required by us;

(e) the transferee agrees to upgrade the Franchise to conform to our then-current System Standards including making any Trade Dress Upgrades we require;

(f) you or the transferee pay us a transfer fee equal to 50% of our then-current initial franchise fee;

(g) you and all transferring Owners and each Owner's spouse have signed a general release in the form attached to this Agreement as Exhibit A (or any other form required by us or as allowed under applicable law) of any and all claims against us and our affiliates, and us and their respective members, owners, officers, directors, employees, consultants, advisors, and agents;

(h) we have approved the material terms and conditions of such Transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchise;

(i) if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Franchise are subordinate to the transferee's obligation to pay Royalty Fees, Brand Fund Contributions and other amounts due to us and otherwise to comply with this Agreement; and

(j) upon our request, you have agreed that you will provide guidance and support related to the operation of the Alterations Business and compliance of System Standards at the discretion of the transferee for a period of no less than 30 days from the day the transferee satisfactorily completes all required training.

Transfer Upon Death or Disability. Upon the death or disability of an Owner owning a controlling interest in you, we may require you or such Owner (or such Owner's executor, administrator, conservator, guardian or other personal representative) to Transfer such interest to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed not more than 180 days from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to Transfers contained in this Section 16. A failure to transfer the ownership interest of the deceased or disabled controlling Owner within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent an Owner of a controlling interest in you from managing and operating the Franchise.

Operation Upon Death or Disability. Upon the death or disability of your Operating Principal, you or your Operating Principal's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 15 days from the date of death or disability, appoint a new Operating Principal with the authority to bind the Franchise who must be approved by us. Such Operating Principal will be required to complete Initial Training at your expense and must be approved by us. In the event the Alterations Business was being managed by the deceased or disabled Operating Principal and not a Manager then, pending the appointment of an Operating Principal as provided above or if, in our judgment, the Franchise is not being managed properly any time after the death or disability of the Operating Principal, we have the right, but not the obligation, to appoint a manager to act as the manager for the Franchise. All funds from the operation of the Franchise during the management by our appointed manager will be kept in a separate account, and all expenses of the Franchise, including compensation, other costs and travel and living expenses of our manager, will be charged first to this separate account and then to your Alterations Business's general bank account. We also have the right to charge the Management Fee. Operation of the Franchise during any such period will be on your behalf, provided, that we only have a duty to utilize commercially reasonable efforts and we and our appointed manager will not be liable to you or your Owners for any debts, losses or obligations incurred by the Franchise or to any of your creditors for any products, materials, supplies or services the Franchise purchases during any period it is managed by our appointed manager.

Effect of Consent to Transfer. Our consent to a Transfer of this Agreement and the Franchise or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Franchise or transferee, a waiver of any claims we may have against you (or your Owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

Our Right of First Refusal. If you or any Owner receives a bona fide arm's length offer to purchase its interest in this Agreement, in any material assets of the Franchise or in the Franchise entity or you or any Owner proposes to Transfer any interest in this Agreement, in any material assets of the Franchise or in the Franchise entity, in whole or in part, to a person other than an entity of which your Owners are the sole owners, shareholders, members, or partners, you must first offer to sell said interest and/or asset(s) to us. You must provide us the terms of the offer received or made by you and we shall have 30 days after notice, to purchase the transferred interest. Acceptance by us must be at the same price and on the same terms set forth in the written statement submitted by you, provided, that we may, in our sole discretion, substitute cash in place of any finance terms set forth in the written offer statement. If we fail to accept the offer within the 30 day period, you are free to effect the disposition described in the statement upon the exact terms set forth in the statement delivered to us, provided, that nothing in this Section may be interpreted as limiting the requirements of this Agreement relating to transfer of rights under this Section 16. If the sale to such transferee is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period following either the expiration of such 120 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option. Furthermore, if you are insolvent, or upon the filing of any petition by or against you under provisions of any bankruptcy law, we have the first right to purchase the Franchise, for the amount and pursuant to terms established by an independent appraiser selected by us. Unless such sale is to us or an Alterations Express franchisee, all Marks must be removed and completely de-identified from any assets sold to a third party and the real estate de-identified of all Marks and trade dress.

Waiver of Interference Claims. You acknowledge that we have legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you. You also acknowledge that our contact with potential transferees for the purpose of protecting our business interests will not constitute wrongful conduct, including without limitation, unlawful interference with your business or contracts. You expressly authorize us to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Without limitation of the foregoing, you waive any claim that any action we take in relation to a proposed transfer to protect our business interests constitutes tortious interference with contractual or business relationships.

17. RESTRICTIVE COVENANTS

Confidential Information. During the Term, we will give you, and you will have access to, a variety of information concerning us, our affiliates, our business and the System including, without limitation: the Operations Manuals; System Standards; services; methods for operating, managing, developing or coordinating services, marketing, distribution, performance, provision or rendering of methods, techniques, equipment or supplies; recruitment, training, marketing or compensation methods; design strategies and techniques including the method of preparing and selling our Products; advertising, marketing, promotion, recruitment, human resourcing, training, sales and merchandising strategies, techniques and initiatives; any related underlying materials, analyses, compilation, forecasts, research or market studies; our prototype and layout of an Alterations Business; compensation methodology for personnel; proprietary software (if applicable); customer lists and Customer Data (as defined in the

Franchise Agreement); referral sources; training materials and class instruction, including, without limitation, additional training provided through webinars or online training videos; billing and collection methods; financial information; and other information about us and information about our Approved Suppliers; and strategic partners, business plans, employees and independent contractors (collectively, the "Confidential Information"). We consider the Confidential Information to be confidential and our trade secrets. You acknowledge that we and our affiliates have expended and continue to expend great amounts of time, money and effort in devising and processing the Confidential Information.

Restrictions On Use. You will use your best efforts and diligence both during and after the Term to protect the Confidential Information and our goodwill. You will not, directly or indirectly, use (for yourself or others) or disclose any of the Confidential Information to any other person or entity except as is necessary for the operation of your Franchise in accordance with our System Standards.

Mandatory Requests for Information. If you or anyone to whom you transmit the Confidential Information becomes legally compelled (by court order, interrogatories, discovery requests for information or documents, subpoenas, civil investigative demands or similar process) to disclose any Confidential Information, you must immediately notify us in writing so that we may seek a protective order or other remedy. You will reasonably cooperate with us in our efforts to seek such protective order or other remedy. In any event, you will furnish only that portion of the Confidential Information which is legally required and exercise your best efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information.

Return. Upon termination, expiration or non-renewal of this Agreement, or any other time at our request, you must promptly deliver to us, or destroy at our request, any and all documents or other materials (including documents or notes created by you and information embodied in intangible form, e.g., in computer memory) in your possession or control relating, directly or indirectly, to any Confidential Information and all copies of it without retaining any copies, duplicates, extracts or portions of it. Your Operating Principal shall certify, within 5 days of our request, as to the return or destruction of all such information.

In-Term – Competitive Activities. You acknowledge our legitimate business interest in the Confidential Information and goodwill associated with our System. You covenant that during the Term of this Agreement, except as otherwise approved in writing by us, you and each of your Owners and each of their respective spouses shall not, directly or indirectly (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on your own account).

(a) Divert or attempt to divert any business or customer to any competitor, by direct or indirect inducement or otherwise, to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks, Intellectual Property and the System; or

(b) Own, maintain, engage in, be employed by, lease real estate to, finance, or have any interest in any type of business that provides alterations, tailoring, hemming, fittings, laundering and/or dry-cleaning services or any business that markets itself as an alterations, tailoring, or dry-cleaning establishment, of any kind or any company that franchisees such a concept (other than a Franchise under an effective Franchise Agreement with us).

Post-Term Competitive Activities. For a period of 24 months following the expiration or termination of this Agreement for any reason, unless we otherwise permit in writing, you shall not, directly or indirectly (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on your own account):

(a) Participate in the development of, or engage in, or market, sell, distribute, render, provide, perform or sell the Products or similar products or services, or contribute your knowledge to, or have any financial interest in, any work or activity that relates to or involves any of the Confidential Information or is in any way engaged in the operation, licensing, franchising or consulting, developing, marketing, organizing, providing, promoting, coordinating of any type of business that derives more than 20% of its revenue from the sale of alterations, tailoring, hemming, and/or dry-cleaning services or any business that markets itself as an alterations or dry-cleaning establishment of any kind at a retail establishment selling primarily such items (a "Competitive Business"): (i) within the Territory, (ii) within any geographic territory that we have assigned to a Franchise or in which we directly operate, market or sell, (iii) via the Internet or other form of e-commerce, wherever located, or (iv) within 25 miles of the Territory or any Territory described in clause (ii) above in existence or under development as of the end of the Term;

(b) Induce or attempt to induce, or solicit any of our or other Alterations Express franchises' strategic partners, customers, referral sources, brokers, Personnel or other independent contractors to accept employment or an affiliation with you; or

(c) Solicit, divert, contact, take away or interfere with any of our business, customers, referral sources, brokers, insurers, suppliers, trade or patronage with whom we (or our affiliates or franchisees) do business or whom you know we have contacted or solicited for business relationships, or those of any of our affiliates or franchisees, as of the date of termination or expiration of this Agreement.

Non-Disparagement. You agree not to take any action or make any statement the effect of which would be to directly or indirectly impair our goodwill or our rights to our Intellectual Property or the goodwill of our affiliates, or be materially detrimental to us, our affiliates, any company or affiliate owned Alterations Businesses or our franchisees or other Franchises, including, but not limited to, any action or statement intended, directly or indirectly, to benefit any of our competitors. This provision survives forever.

Equitable Relief. Due to our and our affiliates' interest in the Confidential Information and customer goodwill, you agree that damages cannot fully compensate us if you breach this Section 17 of this Agreement. Thus, if you breach Section 17 of this Agreement, we are entitled to an injunction restraining you from any further breach and other equitable relief. We may obtain the injunction without bond and without notice. Your only remedy if such an injunction is issued is its dissolution, if warranted, upon an appropriate hearing. You waive any claims for damages as a result of the obtaining of any such injunction.

Extension of Time Period. The time period during which you are to refrain from the activities described in this Section, will be extended by any length of time during which you are in breach of the relevant provisions of this Section 17.

Modification of Provision. If any court determines that any of the covenants set forth in this Section 17, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable. Furthermore, if any of the restrictions set forth in Sections 17.5 or 17.6 are deemed entirely unenforceable or invalid under any local, state or federal law, rule, regulation, administrative decision or finding, then you will not be bound by such unenforceable or invalid provision(s), as the case may be, but you shall continue to be bound by all other provisions of these Sections which are valid and enforceable.

18. TERMINATION

By Franchisee. You may not terminate this Agreement prior to the expiration of its Term except in the event we commit a material breach of this Agreement and we fail to take steps to cure such material breach within 90 days from the date of receipt of such written notice from you specifically enumerating all alleged deficiencies by us.

By Franchisor - Non-Curable Defaults. We may, at any time, terminate this Agreement effective immediately upon written notice if you or any of your Owners:

(a) either (i) fail to observe or comply with the requirements of Section 16 in connection with any sale, assignment or Transfer, or (ii) make a material misrepresentation in any Transfer request or document in support of a request for our consent to the Transfer of this Agreement;

(b) do not commence operations in accordance with the timeline outlined in Section 4.5 of this Agreement;

(c) fail to obtain our approval for a Location within 60 days of the Effective Date;

(d) fail to arrange for the purchase or lease of a suitable Location within 90 days of the Effective Date;

(e) abandon or fail to operate the Franchise for 3 consecutive business days during which you are required to operate the Franchise under the terms of this Agreement or the Operations Manual, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Franchise (unless such failure to operate is due to fire, flood, earthquake, or similar causes beyond your control);

(f) violate or breach any provision of Section 10 or Section 17 of this Agreement;

(g) become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; are adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your Franchise or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchise shall be sold after levy thereupon by any sheriff, marshal, or constable; or

(h) fail to successfully complete Initial Training and you fail to submit a replacement for such person or fail to attend Mandatory Additional Training, Required Conferences or other Continuing Training 2 or more times during the Initial Term of this Agreement;

(i) have any judgment or judgments aggregating in excess of $10,000 levied against you or any lien in excess of $10,000 against your property which remains unsatisfied or unbonded of record in excess of 30 days;

(j) cause, suffer, or permit (voluntarily or involuntarily) your right of possession as lessee or sub lessee of the premises on which the Alterations Business is located to be terminated prematurely for any cause whatever;

(k) knowingly sell products or use supplies other than those designated by us or which fails to conform to System specifications for those Products, or fail to sell all Products designated by us;

(l) knowingly fail to report accurately the Gross Revenue of the Franchise; or you commit any act or omission constituting fraud, misrepresentation or similar act or omission, whether with respect to us, any related entities and/or any third party;

(m) (i) default, on two (2) or more separate occasions within any period of 12 consecutive months, in any obligation(s) (whether the same or different), whether or not such defaults are timely corrected, to us, any of our affiliates, a Cooperative, a Distribution Cooperative or any of your suppliers, vendors, brokers, landlords, or other third parties; (ii) commit any default, or violate any material obligation to us, any of our affiliates, a Cooperative or a Distribution Cooperative, which is incurable whether under this Agreement, the Operations Manual, any other agreement with us, any of our affiliates, a Cooperative, a Distribution Cooperative or any of your suppliers, vendors, brokers, landlords, or other third parties, or otherwise; or (iii) commit any material default, or violate any material obligation to any of your suppliers, vendors, brokers, landlords, or other third parties which remains uncured after any applicable cure period.

(n) engage in any misconduct which unfavorably affects your reputation or that of any of your Owners or the goodwill associated with the Marks or the System (including, but not limited to, child abuse or other mistreatment, health or safety hazards, drug or alcohol problems, driving under the influence, sexual harassment, discrimination or allowing unlawful activities or unauthorized or illegal items to be used or distributed in connection with the Franchise);

(o) are convicted by a trial court of, plead no contest or enter into a consent decree in connection with any violation of the rules or regulations of franchise laws, federal or state securities laws, or any felony or any other crime or offense that is likely to adversely affect your reputation, our reputation or otherwise involving any fraud or breach of trust, or to any crime or offense that may adversely affect the reputation of the goodwill associated with the Marks or the System; or

(p) fail to pay any taxes when due which you are not contesting in good faith.

By Franchisor - Curable Breaches. The occurrence of any of the following events shall constitute a curable default under this Agreement. You may cure such default by taking appropriate remedial action within a prescribed time after we demand remedial action. Unless you cure such default before the end of the indicated remedial period, we may terminate this Agreement or take any other actions as this Agreement permits effective immediately if you or any of your Owners:

(a) submit a financial report or other data, information or supporting records which understate by more than 2% the Franchise's Gross Revenue, or other fees due for any reporting period, and you are unable to demonstrate within 5 business days that such understatements resulted from an inadvertent error;

(b) fail to maintain and operate the Alterations Business in a good, clean, wholesome manner and in compliance with the System Standards, and fail to cure such breach within 5 business days after written notice;

(c) deny, our representative or our designees the right to inspect the Alterations Business at reasonable times and fail to cure such breach within 3 business days after such denial;

(d) sell products or use supplies which fail to conform to System Standards or which are not in accordance with the methods prescribed by us and fail to cure such breach within 24 hours after written notice;

(e) fail to operate the Alterations Business in accordance with the Operations Manual, or fail to conform to our specifications and standards, or fail in any other way to maintain our standards of quality in the operation of the Alterations Business and fail to cure such breach within 30 calendar days after written notice;

(f) fail to remit any payments immediately when due to us or an affiliate of ours and fail to cure such breach within 5 days after written notice;

(g) fail to remit any payments immediately when due to a supplier, vendor, broker, landlord, a Cooperative, a Distribution Cooperative or any other third party owed by the Franchise and fail to cure such breach within 10 days after written notice;

(h) fail to submit to us any financial, reports or other information required under this Agreement and fail to cure such breach within 10 business days after written notice;

(i) fail to maintain the required insurance and fail to cure such breach within 7 business days after written notice;

(j) interfere with our ability to access information on the POS Software or if you close or interfere with our ability to access the account used to electronically transfer Royalty Fees, Brand Fund Contributions and other payments, and fail to cure such breach within 5 business days after written notice;

(k) operate the Alterations Business in a manner that presents a health, sanitation or safety hazard to your customers, employees, or the public or you receive a report from a customer or government agency regarding same, which is not cured within 24 hours after written notice;

(l) fail to obtain or to maintain any Required License or fail to comply with any federal, state, or local law or regulation applicable to the operation of the Alterations Business and fail to cure such breach within 5 business days after written notice; or

(m) to the extent not covered by Sections 18.2 or 18.3, breach any other obligation, covenant or representation under this Agreement (other than the non-curable defaults described in Section 18.2 above) and fail to remedy such breach within 30 days after written notice from us specifying the breach alleged to have occurred and the action to be taken by you curing the same, including but not limited to: (i) your failure to operate the Franchise in accordance with the Operations Manual and/or other manuals, (ii) your failure to conform to our System Standards, or failure in any other way to maintain our standards of quality in the operation of the Franchise, (iii) your taking for your own personal use any assets or property of the Franchise, (iv) you acting in any inappropriate manner towards any employee or other Personnel, or (v) you failing to make payroll.

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

Cross Defaults, Non-Exclusive Remedies, Etc.. Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any affiliate of ours) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates), Cooperative, or a Distribution Cooperative may be regarded as a default under this Agreement unless specifically agreed otherwise in writing. Any default by you (or any person/company affiliated with you) under any loan agreement, security agreement, lease, supply or service agreement or otherwise, whether with us, any of our affiliate and/or any third party which is not cured by the time period specified in such agreement may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

Rights upon Default. Except in the case of death or disability which is governed by Section 16.8 hereof, if we determine in our sole judgment that the operation of your Franchise is in jeopardy, or if you are in default under this Agreement, then in order to prevent an interruption of the Franchise which would cause harm to the System or potentially lessen the value of the Franchise, you authorize us to operate your Franchise for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement ("Step-In Rights"). We shall keep in a separate account all monies generated by the operation of your Franchise, less the expenses of the Franchise, including the Management Fee. If this separate account does not have sufficient funds then we may deduct our expenses, including the Management Fee and the reasonable attorneys' fees and costs described below, from your Franchise's general operating bank account. In the event of the exercise of the Step-In Rights by us, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of our Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

Obligations Upon Termination/Expiration. Upon any expiration or termination of this Agreement for any reason, you must, at your cost and expense:

(a) immediately cease selling the Products and using any of the Confidential Information, the Intellectual Property and the Marks and immediately return to us (or destroy upon our request) all of your copies of any materials containing any of the Confidential Information or any materials bearing the Intellectual Property or the Marks, including without limitation, the Operations Manual;

(b) upon our request, cooperate in assigning to us or to a person or entity designated by us any and all vendor agreements or sales or service contracts for the Products with customers (as applicable) of your Franchise, which will be automatic at our option as a result of the termination or expiration;

(c) immediately cease all use of our Marks and Intellectual Property including any marketing or advertising materials, flyers, business cards, brochures and immediately cease holding yourself out to the public as associated with us in any way including de-identifying the Alterations Business by removing all trade dress, signs or other items bearing our Marks and other Intellectual Property;

(d) immediately cease using all Social Media Platforms and return to us all Social Media Materials, e-names and passwords and do all things necessary to permanently remove your administrative access to any Social Media Platforms;

(e) immediately terminate your access to the e-commerce activities we designate and assign to us all telephone numbers, e-name and directory listings associated in any way with the Alterations Express Franchise and our Marks, and direct the telephone company to transfer all such numbers and listings to us or our designee pursuant to the Internet Website, Digital, Social Media and Listing Agreement attached hereto as Exhibit E and Telephone Listing Agreement attached hereto as Exhibit F;

(f) immediately pay us all unpaid fees and pay us, our affiliates, and our Approved Suppliers, all other monies owed; and

(g) comply with the post-termination covenants set forth herein, all of which will survive the transfer, termination or expiration of this Agreement and cease any and all contact with customers, suppliers, vendors, employees or our agents without our prior written consent.

Alternatively, we may elect in our sole discretion, to undertake the obligations set forth in subsection (a)-(g) above and charge you for our costs and expenses. You hereby appoint us as your duly appointed agent and attorney-in-fact with the absolute right (but not the obligation) to perform the acts specified in this Section at your sole cost and expense including, without limitation, the right to execute any assignments or contracts or file any documents with any third parties necessary to effectuate these obligations. The appointment of us as your agent and attorney-in-fact for the purposes set forth herein is declared and acknowledged to be coupled with an interest and is irrevocable. The grant of power of attorney herein shall include full powers of substitution. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer.

Right to Purchase Assets. If this Agreement expires or is terminated by either party for any reason whatsoever, then we have the right, but not the obligation, to purchase your Franchise, including supplies, inventory and equipment, and all other assets owned by you in your Franchise and to acquire your lease or other contract rights (hereinafter referred to in this provision as the "Franchise Assets") at book value (cost less depreciation, with depreciation being determined by the shorter of (a) 5 years; or (b) the time period used by you in connection with the preparation of the financial statements for your Franchise) without considering any value for goodwill associated with the name "the Alterations Express." We will have the right, but not the obligation, to purchase any or all of the Franchise Assets from you for cash within 30 days after the occurrence of the event triggering our right of first refusal to purchase the Franchise Assets. Nothing in this provision may be construed to prohibit us from enforcing the terms and conditions of this Agreement, including the covenants not to compete contained in Section 17.

NOTICE All notices, requests, consents and other communications required hereunder shall be in writing and shall be duly given if hand delivered and a signed receipt obtained, sent by registered or certified mail, postage prepaid, return receipt requested, sent by overnight express type service, or sent by telecommunication with confirmed delivery, including electronic mail, addressed:

If to us:

Alterations Express Franchising, Inc.
Attn: Jennifer Rondinelli
850 McKay Ct.
Youngstown, OH 44512

Email: franchising@alterations-express.com

with a copy to:
Fox Rothschild, LLP
Attn: Eleanor Vaida Gerhards, Esq.
980 Jolly Road, Suite 110
Blue Bell, PA 19422-3001
Tel. 215.918.3642
Email: egerhards@foxrothschild.com
Facsimile: (610) 397.0450

If to you, to the address and email indicated on Schedule I to this Agreement. In the alternative, notice shall be sent to such other address as you or we shall have specified in a written notice given to the other party. Each such notice shall be deemed delivered (a) on the date delivered, if by personal delivery; (b) one day after notice is sent, if by overnight express type service; (c) on the date of transmission by telecommunication with confirmed delivery, if by electronic mail or other electronic method; and (d) on the first occurring of: (i) 3 business days after mailing, postage prepaid, or (ii) the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed. Any notice provided by electronic mail or other electronic method shall be confirmed by one of the delivery methods listed under subsection (a), (b), or (d) although this shall not affect the time notice is deemed given hereunder.

20. BUSINESS ORGANIZATION

20.1 You must be a business organization (like a corporation, limited liability company or partnership) (a "Business Entity"). You agree and represent that:

(a) You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state where you are located and of your incorporation or formation;

(b) Your organizational or governing documents will recite that you will only conduct the business of an Alterations Express Franchise and no other, the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of you, your Owners and your agents (like articles of incorporation or organization and partnership, operating or shareholder agreements); and

(d) Your entity name does not include the words: "Alterations Express".

21. DISPUTE RESOLUTION

Governing Law. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 and the sections following it) or other federal law, this Agreement and the Franchise shall be enforced and governed by and under the substantive law of the State of Ohio, without regard to choice of law rules, unless otherwise provided herein.

Jurisdiction. Except as otherwise set forth herein, the exclusive venue and exclusive forum for all disputes between the parties shall only be any court of general jurisdiction located in Ohio and/or the United

States District Court for the Northern District of Ohio, and each party hereby submits to the exclusive jurisdiction of those courts for purposes of any such proceeding.

Internal Dispute Resolution. You must first bring any claim or dispute between you and us to our CEO, after providing notice as set forth in Section 19 above. We must respond to your notice inquiry within 10 business days of receipt or otherwise it is deemed denied ("IDR"). You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. You agree that we have 60 days to attempt to resolve your claim or dispute with IDR (the "IDR Period") and the parties shall use commercially reasonable efforts to resolve the dispute via IDR during the IDR Period. This agreement to first attempt resolution of disputes internally through IDR will survive termination or expiration of this Agreement.

Mediation. At our sole discretion, any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is any way related to your Franchise, may be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures. Mediation will be conducted in Ohio. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between you and us. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. We will notify you of our election to submit any dispute to non-binding mediation within 30 days of the end of the IDR Period or at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

Arbitration. At our sole discretion, any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is in any way related to the Franchise, may be resolved by submission to binding arbitration by and before a neutral attorney with substantive background in franchising referred by AAA and selected by the parties in accordance with the Federal Arbitration Act ("FAA") and the then-existing Commercial Arbitration Rules of the AAA. All hearings and other proceedings will take place in Ohio. We will notify you of our election to submit any dispute to arbitration within 30 days of a non-binding mediation determination pursuant to Section 21.4 above, or if we do not elect mediation under Section 21.4, within (i) 30 days after the end of the IDR Period; or (ii) at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

(a) The following shall supplement and, in the event of a conflict with any law or rule, including but not limited to the AAA Commercial Arbitration Rules, shall govern any dispute submitted to arbitration. The parties shall select one (1) arbitrator from the proposed list of arbitrators provided by the AAA, as applicable, who must have a substantive background in franchising. If the parties are unable to agree upon an arbitrator, each party to the dispute shall have 15 days from the transmittal date of the proposed list in which to strike names objected to, number the remaining names in order of preference, and return the list to the AAA. If a party does not return the list within the time specified, all persons named therein shall be deemed acceptable. From among the persons who have been approved on both lists, and in accordance with the designated order of mutual preference, the AAA, as applicable, shall invite the acceptance of an arbitrator to serve. If the parties fail to agree on any of the persons named, or if acceptable arbitrators are unable to act, or if for any other reason the appointment cannot be made from the submitted lists, the process of submitting lists shall continue until a suitable arbitrator is selected. In all aspects of conducting the arbitration and in rendering his or her decision, the arbitrator shall enforce and apply the substantive laws of the State of Ohio for interpretation of this Agreement, without regard to choice of law rules. The parties may conduct one seven-hour discovery deposition of a designated representative of the opposing party. Any party wishing to take such a deposition must describe with reasonable particularity, in the notice of deposition, the matters to be inquired into at the deposition, and the party producing the designated representative must designate one or more officers, directors, or managing agents who consent to testify on its behalf. No other discovery depositions shall occur, unless the arbitrator find such additional depositions to be necessary after written request and an opportunity to be heard. Each party shall be permitted up to 10 interrogatories and reasonable requests for production of documents. Each party shall be entitled to file a motion to dismiss, a motion for summary judgment and reasonable motions in limine. The arbitrator shall permit a responding party a reasonable period of time to respond in writing to any such motions. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The arbitrator's award shall include an award of pre-hearing interest from the date upon which any damages were incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month (unless a lower rate is required by law). The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, interest, and costs of investigation. In addition, the prevailing party shall be entitled to an award of its reasonable and necessary attorneys' fees. The arbitration hearings shall be completed within 150 days of the filing of the arbitration demand, unless the arbitrator, for good cause, must extend this deadline.

(b) The arbitrator shall have no authority to amend or modify the terms of the Agreement. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the parties. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District Court for the Northern District of Ohio, or any other court of general jurisdiction located in Ohio and, if confirmed, may be subsequently entered and/or docketed, including as a judgment, in any court having competent jurisdiction. Similarly, any appeals from and/or relating to any arbitration which may be brought in accordance with this Section 21.5 shall be heard before the United States District Court for the Northern District of Ohio, or any other court of general jurisdiction located in Ohio.

(c) The arbitration provisions of this Agreement shall survive any termination or expiration of this Agreement.

Injunctive Relief. Nothing contained in this Agreement shall prevent us from applying to and/or obtaining, from any court having competent jurisdiction, a writ of attachment, injunctive relief, including without limitation a temporary injunction or preliminary injunction, and/or other emergency relief available to safeguard and protect our interests. We are entitled to seek this relief without the posting of any bond or security and, if a bond is nevertheless required by a court of competent jurisdiction, the parties expressly agree that the sum of $1,000 is a sufficient bond.

Third Party Beneficiaries. Our affiliates, any Cooperative, any Distribution Cooperative, the Brand Fund and each of our and their respective officers, directors, members, agents, representatives and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation and arbitration provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate/litigate claims asserted against such person(s) by you or asserted in relation to this Agreement.

Prior Notice of Claims. As a condition precedent to commencing an action for damages or for our violation or breach of this Agreement, you must notify us in writing within 90 days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

Cumulative Remedies. The remedies available to any party if the other party breaches this Agreement are cumulative. The exercise of any remedy will not limit any other remedies that may be available. Both parties will also be entitled to any and all remedies available under applicable law.

Waiver of Punitive Damages. WITHOUT LIMITING YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO THIS AGREEMENT, BOTH PARTIES EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO, OR CLAIM OF, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS AND ANY OTHER DAMAGES AWARD SPECIFICALLY REFERENCED IN THIS AGREEMENT.

Limitations of Claims. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN AND/OR AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) INDEMNIFICATION; (B) UNAUTHORIZED USE OF THE MARKS, INTELLECTUAL PROPERTY OR CONFIDENTIAL INFORMATION; OR (C) VIOLATION OF ANY DATA PRIVACY LAW. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

Waiver of Jury Trial. BOTH PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

Waiver of Class Actions. Each of the parties hereby irrevocably waives the right to litigate on a class action basis, in any action, proceeding, or counterclaim, whether at law or in equity, brought by any party.

Arbitration/Litigation Expenses. In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party shall be entitled to full reimbursement of its arbitration or litigation expenses from the other party. Litigation or arbitration expenses include reasonable attorneys' fees, arbitrator's fee, defense costs, witness fees including expert witness fees and costs and other related expenses including paralegal fees, administrative costs, investigative costs, court reporter fees, sales and use taxes, if any, travel and lodging expenses, court or arbitration costs, and all other charges billed by the attorneys to the prevailing party. Reimbursement is due within 30 days of written notice of an award or other notice of the expenses due. If we engage legal counsel for your failure to pay when due any monies owed under this Agreement or to submit when due any reports, information or supporting records, or for any failure otherwise to comply with this Agreement, you must reimburse us on demand for all of the above-listed expenses we incur during the Term or hereafter.

Business Judgement Rule. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably in good faith (or where such obligation is otherwise imposed on us), we will satisfy our obligations whenever we exercise "Reasonable Business Judgment". Our decisions or actions will be deemed to be the result of "Reasonable Business Judgment", even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or in part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest, for example, by protecting or improving the goodwill of the brand, uniformity, quality, efficiency, modernization, or our competitive position in the marketplace.

22. SECURITY INTEREST.

Collateral. You grant to us a security interest ("Security Interest") in all of the equipment, signage, décor, inventory, assets and realty of the Franchise, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchise. All items in which a security interest is granted are referred to as the "Collateral".

Indebtedness Secured. The Security Interest is to secure payment of the following (the "Indebtedness"): (a) all amounts due under this Agreement or otherwise by you; (b) all sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness; (c) all expenses, including reasonable attorney fees that we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and (d) all other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and Indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchise including, but not limited to, a real property mortgage and equipment leases.

Additional Documents. You will from time to time, as required by us, join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

Possession of Collateral. Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

Our Remedies in Event of Default. You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of the state in which your Franchise is located (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

Special Filing as Financing Statement. This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

23. MISCELLANEOUS

Severability. If any of the provisions of this Agreement are held invalid for any reason, the remainder will not be affected and will remain in full force and effect in accordance with its terms.

Waivers. Waiver of any provision of this Agreement will not be valid unless in writing and signed by the person against whom such provision is sought to be enforced. The failure by either party to insist upon strict performance of any provision will not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same provision at any other time, or any other provision of this Agreement.

Entire Agreement. This Agreement, including any schedules, amendments, addenda, and exhibits compose the entire Agreement between the parties relating to its subject matter, and supersedes all prior agreements, proposals, representations and commitments, oral or otherwise; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. This Agreement may only be amended by an instrument signed by the authorized officers of both parties.

Construction. The headings of sections are for convenience only and do not define, limit or construe the contents of such sections. All words used in this Agreement, regardless of the number or gender in which they are used, will be construed to include any other number, singular or plural, in any other gender, masculine, feminine or neuter, as the context of this Agreement may require.

Counterparts. This Agreement may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Timing. Time is of the essence of this Agreement. However, whenever the time for the performance of any action or condition contained in this Agreement falls on a Saturday, Sunday or legal holiday, such time will be extended to the next business date. Indications of time of day mean time in Ohio.

Compliance with Anti-Terrorism Laws. You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

Survival. All obligations under this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement until such provisions are satisfied in full or by their nature expire.

Interpretation. Each of the parties agrees that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. None of the parties can, while this Agreement is effective or after its termination, assert that any provisions of this Agreement or any of the other documents should be construed against the drafter of this Agreement or any of the other documents.

Acknowledgement.

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

The below acknowledgment and statements that are contrary to the North American Securities Administrators Association, Inc.'s Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments shall not apply to prospective franchisees who are residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin or who seek to purchase a franchise located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

We have made no promise or representation to you as to the renewal of this Agreement or the grant of a new franchise after the end of the Initial Term set forth in Section 2 hereof.	INITIAL HERE: _____________
This Agreement and our Franchise Disclosure Document, or "FDD", have been in your possession for at least 14 days before you signed this Agreement and before your payment of any monies to us, refundable or otherwise, and that any unilateral, material changes to this Agreement were memorialized in writing in this Agreement for at least 7 days before you signed this Agreement, or as otherwise required by state law.	INITIAL HERE: _____________
(a) You have read and understand this Agreement and our Franchise Disclosure Document; (b) We have advised you to consult with your own attorneys, accountants, or other advisers about the potential benefits and risks of entering into this Agreement; (c) You have had ample opportunity to consult with advisors of your own choosing; and (d) Our attorneys have not advised or represented you with respect to this Agreement or the relationship created hereby.	INITIAL HERE: _____________
You have conducted an independent investigation of the business contemplated by this Agreement, and you acknowledge that, like any other business, an investment in the Franchise involves unavoidable business risks. You acknowledge that the success of the Franchise is primarily dependent upon the business abilities and efforts of you and your Implementer and Personnel.	INITIAL HERE: _____________

You have not received any representation, warranty or guarantee, express or implied, from us or any of our officers, directors, shareholders, employees, or agents, as to the potential revenues, income, profits, volume, or success of the business venture contemplated by this Agreement. You acknowledge that you have read this Agreement and our Franchise Disclosure Document, and that you have no knowledge of any representation by us or any of our officers, directors, shareholders, employees, or agents that are contrary to the statements made in our Franchise Disclosure Document or contrary to the terms hereof. We expressly disclaim the making of any warranty, guarantee, or representations of this type.	INITIAL HERE: _____________
This Agreement, the documents referred to herein, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, constitute the entire, full and complete agreement and understanding between us and you and supersede any and all prior agreements, no other representations, promises, warranties or agreements have induced you to execute this Agreement. You further acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, "side-deals", rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, and any oral or written representations, including those that are inconsistent with the terms of this Agreement or our Franchise Disclosure Document.	INITIAL HERE: _____________
You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.	INITIAL HERE: _____________

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Franchise Agreement as of the date listed below each party's name.

"YOU"		"WE"	
______________________________		Alterations Express Franchising, Inc.	
By:	______________________	By:	______________________
Name:	______________________	Name:	______________________
Title:	______________________	Title:	______________________
Date:	______________________	Date:	

____
Owner Operating Principal

____
Owner

____
Owner

Schedule I
Franchisee Information, Location of Alterations Business and Territory

Effective Date of Franchise Agreement:	____
Name of Franchisee:	____
Name of Operating Principal:	____
	____
Name of Manager (if applicable):	____
Names of All Franchise Owners and Percentage Ownership:	____
	____
	____
Territory:	____
	____
	____
	____
Location (address):	____
	____
	____
Address for Notice under Section 19:	____
	____
	____
Email Address For Notice under Section 19:	____

Schedule II

List of Minimum Insurance

As of the Effective Date of the Franchise Agreement, our minimum insurance requirements are as follows:

Insurance Agreement	Minimum Limits
Comprehensive general liability insurance and comprehensive product liability insurance with blanket contractual products and completed operations liability, against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Franchise or your conduct of business pursuant to this Agreement.	primary and excess limit of not less than $1 million per occurrence and aggregate of not less than $2 million aggregate
"All Risk" property insurance covering the premises, all improvements and fixtures and tangible property for the full replacement cost, including flood and earthquake protection and plate glass coverage (including business interruption coverage with an indemnity period of at least 12 months) including broad form boiler and machinery insurance covering all equipment	Amount sufficient to cover the full replacement value of all property and equipment (including all contents, signs, glass, tenant improvements and betterments
Business automobile liability insurance on all owned and/or leased vehicles, including non-owned and hired auto liability	a combination of primary and excess limits of not less than $1 million
Workers' Compensation	Statutory Minimums required by statute or rule in the state in which your Franchise is located or operates
Employer Practices Liability Insurance	$1 million per claim and $1 million aggregate (including a $100,000 Wage and Hour Defense Limit)
Cyber Security and Data Privacy which includes first party and third party coverage for multimedia liability, security and privacy liability, privacy breach response (including compliance with notice requirements and credit monitoring), cyber extortion, network asset protection and privacy regulatory coverage	$1 million
Comprehensive Employee Dishonesty and Employee Theft coverage which includes a Client's Property Endorsement	$25,000 per occurrence and money and securities coverage of not less than $25,000;
A follow forms umbrella policy providing excess insurance over the schedule of underlying insurance which must include the commercial	$1 million

general liability policy, automobile coverage, employers' liability and errors and omissions	
Such other insurance policies as we may determine from time to time and as required by landlord and lenders.	

We may designate limits of any deductibles or self-insured retentions under any policies. We may change these insurance requirements, upon written notice to you, to conform to reasonable business practices. We do not represent or warrant that any insurance that you are required to purchase, or which we procure on your behalf, will provide adequate coverage for you. If you believe that you should not be required to carry an identified type of insurance or otherwise comply with our minimum insurance requirements, you must submit a written waiver request and obtain a waiver from us. Until such time as we notify you in writing of our approval, you are obligated to comply with all minimum insurance requirements.

Exhibit A

General Release

This General Release Agreement (the "Release") is made by the undersigned ___________________ (the "Releasor") for the benefit of Alterations Express Franchising, Inc., an Ohio corporation, and all of its affiliates ("Franchisor"), on this ____ day of __________________, 202_.

RECITALS

WHEREAS, Releasor is an Alterations Express Franchisee, Owner or spouse of an Owner of an Alterations Express Franchise operating an Alterations Express Franchise (the "Franchise") under that certain Franchise Agreement dated __________________ (the "Franchise Agreement");

WHEREAS, Releasor desires to transfer or renew the Franchise or an ownership in the Franchise in accordance with the Franchise Agreement; and

WHEREAS, all capitalized terms not defined in this Release shall have the meaning given to them in the Franchise Agreement.

NOW, THEREFORE, in consideration of the consent by Franchisor to the transfer (the "Transfer") or renewal ("Renewal") of the Franchise and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, Releasor hereby covenants and promises as follows:

(1) Releasor hereby absolutely and forever releases and discharges Franchisor from any and all claims, demands, damages, debts, liabilities, accounts, costs, expenses, liens, losses, charges, actions, suits, proceedings and causes of action of every kind and nature whatsoever ("Released Matters"), whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship in connection therewith or the operation of the Franchise.

(2) Releasor hereby understands and agrees that this Release shall extend to and be binding upon any and all of Releasor's attorneys, officers, members, managers, directors, owners, employees, agents, representatives, spouses, heirs, estate executors, administrators, successors, affiliates, associates and assigns, and their respective insurers and underwriters. If more than one party shall execute this Release, the term "Releasor" shall mean all parties executing this Release, and all parties shall be bound by its terms.

(3) Releasor hereby understands and agrees that this Release shall extend to and inure to the benefit of any and all of Franchisor's members, managers, attorneys, officers, directors, owners, employees, agents, representatives, legal representatives, successors, affiliates, subsidiaries, associates and assigns, and its and their respective insurers and underwriters.

(4) Releasor hereby understands and agrees that this Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made with respect to this Release, other than those set forth herein, and that in executing this Release, Releasor is not relying upon any representations, warranty, agreement or covenant not set forth in this Release.

(5) This Release and all acts and transactions under it shall in all respects be interpreted, enforced and governed by the internal laws of the State of Ohio.

This Release may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the undersigned hereto have executed this Release effective as of the date first set forth above.

RELEASOR

____

Name of Franchisee

BY:_____________________________________

Name:___________________________________

Title:____________________________________

____	
Individually (Owner)	Spouse
____	____
Individually (Owner)	Spouse
____	____

AGREED AND ACKNOWLEDGED:

Alterations Express Franchising, Inc.

BY:_____________________________________

Name:

Title:

Exhibit B

Personal Guaranty

This Guaranty must be signed by the owners (referred to as "you" or "your" for purposes of this Guaranty only) of ______________ (the "Business Entity") under the Franchise Agreement dated _____________, 20___ (the "Franchise Agreement" and each and every agreement signed by Business Entity and us or any affiliate of ours, including the Franchise Agreement, the "Franchise Agreements") with Alterations Express Franchising, Inc. ("us," or "our" or "we"). Terms not defined herein shall have the meaning set forth in the Franchise Agreement.

1. **Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Franchise Agreements, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreements; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreements.

2. **Waivers**. Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements**. Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Franchise Agreements upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreements and, for obligations surviving the termination or expiration of the Franchise Agreements, after their termination or expiration.

4. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', paralegals', mediators', arbitrators and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness**. Your obligations under this Guaranty are effective on and from the Franchise Agreement Effective Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Franchise Agreements.

6. **Governing Law**. This Guaranty shall be deemed to have been made in and governed by the laws of the State of Ohio, which laws shall prevail in the event of any conflict of law.

7. **Internal Dispute Resolution**. You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to our CEO. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Guaranty.

8. **Dispute Resolution**. At our option, all claims or disputes between you and us arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and us, or any of the parties' respective rights and obligations arising from such agreements or your operation of the Franchise must be submitted first to internal dispute resolution, then mediation and finally arbitration as set forth in the Franchise Agreements. This agreement to mediate and arbitrate at our option shall survive the termination or expiration of this Guaranty.

9. **Third Party Beneficiaries**. Our officers, directors, owners, members, agents, representatives, affiliates, the Cooperative and/or employees are express third party beneficiaries of the Franchise Agreements and this Guaranty, and the mediation and arbitration provisions incorporated by reference herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

10. **Injunctive Relief**. Nothing contained in this Guaranty shall prevent us from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interest prior to the filing of any mediation proceeding or pending the arbitration or handing down of a decision or award pursuant to any mediation or arbitration conducted hereunder.

11. **Jurisdiction and Venue**. With respect to any proceeding not subject to mediation or arbitration, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in the State of Ohio and the jurisdiction and venue of the United States District Court for the Northern District of Ohio.

12. **Jury Trial Waiver**. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS GUARANTY OR THE FRANCHISE AGREEMENTS, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE.

13. **Waiver of Punitive Damages**. You waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages, and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable, for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

14. **Waiver of Class Actions**. Each of the parties hereby irrevocably waives the right to litigate on a class action basis, in any action, proceeding, or counterclaim, whether at law or in equity, brought by any party.

15. **Limitation on Action**. You agree that no cause of action arising out of or under this Guaranty or any of the Franchise Agreements may be maintained by you unless brought before the expiration of 1 year after the act, transaction or occurrence upon which such action is based or the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

16. **Counterparts.** This Guaranty may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Signature Page to Follow]

Each of you now sign and deliver this Guaranty effective as of the date of the Franchise Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY	**GUARANTORS**
PERCENTAGE: ____________ %	NAME: ______________________ SIGNATURE: ______________________ DATE: ______________________
PERCENTAGE: ____________ %	NAME: ______________________ SIGNATURE: ______________________ DATE: ______________________

Exhibit C-1

Non-Compete, Confidentiality and Non-Solicitation Agreement

I, ___________________ agree that during my association with ______________ ("Franchisee") and Alterations Express Franchising, Inc., and its affiliates (collectively referred to as "Alterations Express") and for 24 months immediately thereafter, I will not (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on my own account):

(a) Divert, solicit, interfere with, misappropriate, take away or attempt to divert or take away any source of business or revenue or any customer, referral source, broker, insurer, vendor, supplier, trade or patronage with whom Franchisee, Alterations Express, any affiliate Alterations Express or any other franchisee does business or whom I know Franchisee, Alterations Express, any affiliate of Alterations Express or any other franchisee has contacted or solicited for business relationships; or

(b) Within the Non-Compete Area (defined below), participate in the development of, or engage in, or market, sell, distribute, render, provide, perform or sell (including through licensing or franchising) products, goods, or services the same or similar to the products, goods, or services offered by the Franchisee or Alterations Express, or contribute my knowledge or have any financial interest in any work or activity that relates to or involves or is in any way engaged in the operation, licensing, franchising or consulting, developing, marketing, organizing, providing, promoting, coordinating or sale of alterations and/or dry-cleaning services or any business that markets itself as an alterations or dry-cleaning establishment selling primarily such items; or

(d) Induce or attempt to induce, or solicit any of Franchisee's, Alterations Express or other Alterations Express' affiliates' or franchisees' strategic partners, customers, referral sources, brokers, personnel or other independent contractors to accept employment or an affiliation of any kind with me or any third party; or

(e) Perform or contribute to any other act injurious or prejudicial to the goodwill associated with Alterations Express or its trademarks, trade names or other intellectual property.

In addition to the above, I agree to at all times during and after this Agreement, treat as confidential all manuals and materials designated for use by Alterations Express with an Alterations Business (including without limitation the Operations Manual), and such other information as Alterations Express or the Franchisee may designate from time to time for confidential use with the Alterations Business (as well as all trade secrets and confidential information, knowledge and know-how concerning the operation of the Franchise that may be imparted to, or acquired by, me from time to time in connection with my relationship with Alterations Express and the Franchisee), and shall use all reasonable efforts to keep such information confidential and shall not use the confidential information for any other purpose other than in connection with the operation of the Franchise. I acknowledge that the unauthorized use or disclosure of such confidential information (and trade secrets, if any) will cause incalculable and irreparable injury to Alterations Express and the Franchisee. I accordingly agree that I shall not, at any time, without Alterations Express and the Franchisee's prior written consent, disclose, use or permit the use (except as may be required by applicable law or authorized by this Agreement) of such information, in whole or part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not generally known about Alterations Express System Standards (as that term is defined in the Franchise Agreement) and such other information or material as Alterations Express or the Franchisee may designate as confidential, shall be deemed confidential for purposes of this Agreement.

The "Non-Compete Area" means: (1) in Franchisee's territory as granted by Alterations Express to Franchisee under their Franchise Agreement and 25 miles of such Franchisee's territory, (2) within any other Alterations Express Franchisee territory or other business which is franchised, owned, operated or managed by Alterations Express (3) business conducted via the Internet or other form of e-commerce, wherever located; or (4) within 25 miles of any territory in existence or under development as of the end of the term of the Franchise Agreement between Alterations Express and Franchisee.

Because of my significant responsibilities and access to proprietary information of the Alterations Express and the Franchisee, I acknowledge that each of my obligations in this Agreement is reasonable and necessary to protect the Franchisee's, Alterations Express' and its franchisees' legitimate business interests. I understand that breaking any of my promises or obligations will irreparably and continually damage Franchisee, Alterations Express, and Alterations Express Franchisees for which money damages may not be adequate.

Consequently, if I violate any of my promises in this Agreement, or Alterations Express and/or Franchisee has reason to believe that I am about to violate this Agreement, without limitation to other available remedies, Alterations Express and Franchisee will be entitled to both: (1) a preliminary or permanent injunction to prevent the continuing harm to Alterations Express (and/or any of its franchisees) and/or Franchisee, and (2) money damages insofar as they can be determined. An injunction ordering me to stop any activities that may violate this Agreement will not prevent me from earning a living. I will pay Alterations Express and/or Franchisee its costs and expenses resulting from any enforcement of this Agreement resulting from my violation of the terms hereof, including reasonable attorneys' fees.

If any court determines that any of the covenants set forth in this Agreement, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable. This Agreement shall be enforced and governed by and under the substantive law of the State of Ohio, without regard to choice of law rules, unless otherwise provided herein.

This Agreement may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

______________________________ ______________________________
Name: , Individually Date
Title:

AGREED AND ACKNOWLEDGED:
Alterations Express Franchising, Inc.

By: ______________________________
Name:
Title:

Exhibit C-2

Confidentiality and Non-Use Agreement

I, by my signature set forth below, agree to comply with and to be bound by this Confidentiality and Non-Use Agreement (the "Agreement").

I am an owner, operator, employee or independent contractor ("Signatory") of ____________________________ (the "Employer"). Employer is a franchisee of Alterations Express Franchising, Inc. ("Franchisor"). Franchisor owns certain confidential information and trade secrets; and, in order to induce Franchisor to disclose such Confidential Information to Franchisee, Franchisor and Franchisee have required me to execute this Agreement. I acknowledge and agree that I will receive consideration from my agreement to comply with and to be bound by this Agreement, in that without this Agreement, Franchisee would not employ me.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of all of which I hereby acknowledge, I agree as follows:

1. **Definitions**. As used in this Agreement:

1.1 "Confidential Information" means any information related to Franchisee or Franchisor that Franchisee or Franchisor discloses to me that either designates as confidential; or that, by its nature, would reasonably be expected to be held in confidence or kept secret. Without limiting the definition of "Confidential Information", all the following shall be conclusively presumed to be Confidential Information whether or not Franchisee or Franchisor designates them as such: (1) the Confidential Operations Manual; (ii) cost information; (iii) materials describing Franchisor's franchise system; (iv) training materials and any information learned at any training; and (v) other information Franchisee or Franchisor gives to me in confidence.

1.2 "Trade Secret" means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Without limiting the definition of "Trade Secrets," all the following shall be conclusively presumed to be Trade Secrets whether or not Franchisee or Franchisor designates them as such: (i) Franchisee's or Franchisor's strategies, methods, and procedures; (ii) sources of supply, vendors and distributors; and (iii) Franchisee's or Franchisor's advertising, marketing, and public relations strategies.

1.3 The terms "Confidential Information" and "Trade Secret" do not include, regardless of the means of disclosure: (i) information generally known to the trade or the public at the time Franchisee or Franchisor disclose it to me; (ii) information that becomes known to the trade or the public after Franchisee or Franchisor disclose it to me, unless it becomes known due to my breach of this Agreement; or (iii) information I can prove was known to me at the time Franchisee or Franchisor disclosed it to me.

2. **Protection of Confidential Information and Trade Secrets**. I acknowledge and agree that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade; that they are beyond my present skill and experience; and that for me to develop such Confidential Information and Trade Secrets on my own would be expensive, time consuming, and difficult. I further acknowledge and agree that the Confidential Information and Trade Secrets would, if disclosed to a third party or used by me in violation of this Agreement, provide the third party or me with a competitive advantage, and that they would be economically valuable to the third party or me in the development of a

competing business or otherwise. Accordingly, in consideration of Franchisee's or Franchisor's disclosure of the Confidential Information and Trade Secrets to me, I covenant, warrant, and agree that:

2.1 I will not, during the term of this Agreement: (i) appropriate or use any Confidential Information or Trade Secret for any purpose other than at those designated by Franchisee, in furtherance of Franchisee's business, and pursuant to Franchisee's direction; (ii) use any Confidential Information or Trade Secret at any place except at Franchisee's Alterations Express Franchised Business; (iii) disclose or reveal any portion of the Confidential Information or Trade Secrets to any person, other than to Franchisee's directors, officers, owners, management employees, or others who have a legitimate business need to know of them in order to further Franchisee's business; or (iv) divulge or use any Confidential Information or Trade Secrets for the benefit of any other person or entity except as Franchisee or Franchisor expressly authorize.

2.2 I will not, for a period of five (5) years after the termination or expiration of my employment or engagement with Franchisee for any reason: (i) appropriate or use any Confidential Information for any purpose; or (ii) divulge or use any Confidential Information for the benefit of any other person or entity.

2.4 I will not copy, duplicate, record, or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part; store such Confidential Information or Trade Secrets in a computer retrieval or data base; or otherwise make such Confidential Information or Trade Secrets available to any third party, except as set forth in this Agreement or as Franchisee or Franchisor specifically authorize.

2.5 I will make all reasonable efforts and take all reasonable precautions required to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets.

2.6 On termination or expiration of my employment or engagement or cessation of my business relationship with Franchisee for any reason, or when I am no longer assigned to work with any Confidential Information or Trade Secrets, I will promptly surrender to Franchisee all copies of any Confidential Information or Trade Secrets and any notes, memoranda, and like material concerning or derived from the Confidential Information or Trade Secrets.

3. **Unfair Competition**. I acknowledge and agree that: (i) any breach by me of Section 2 of this Agreement shall may be conclusively presumed to constitute unfair competition; and (ii) Sections 1 and 2 of this Agreement are a reasonable effort under the circumstances to maintain the confidentiality of Franchisee's or Franchisor's Confidential Information and the secrecy of their Trade Secrets.

4. **Works Made for Hire**. If Franchisee directs me to create works derived from any Confidential Information or Trade Secrets, such works shall be deemed works made for hire and Franchisee shall own all copyrights in such works, subject to its obligations to assign such rights to Franchisor.

5. **Remedies**. I agree that I shall be liable to Franchisor for any and all damage, damages, loss, losses, costs, and expenses, including reasonable attorneys' fees, caused by my willful or negligent use or disclosure of any Confidential Information, Trade Secret, or information contained therein, in violation of this Agreement. I acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement and is entitled to enforce any provision of this Agreement.

6. **Limitation**. I understand that this is not an employment agreement of any kind, and that I am an "at-will" employee unless otherwise provided in a written employment agreement with Franchisee.

7. **Construction**. This Agreement shall be governed for all purposes by the laws of the State of Ohio, and shall be construed to maximize protection for Franchisor's rights in the Confidential Information, Trade Secrets, and goodwill. If any provision of this Agreement is declared void or unenforceable, such provision shall be deemed severed, and the balance of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, agreeing to be legally bound hereby, I have duly set my hand and seal to this Confidentiality Agreement and have duly executed and delivered this Confidentiality Agreement as of the date set forth below.

____
Signatory

____
Print Name

Date: ___________________________________

Address:

____

____

Exhibit D

Electronic Funds Transfer (EFT) Authorization

Franchisee Information:	
Franchisee Name	
Franchisee Mailing Address (street)	Franchise Phone No.
Franchisee Mailing Address (city, state, zip)	
Bank Account Information:	
Bank Name	Bank Account No.
Bank Mailing Address (street)	Bank Routing No. [: [: (9 characters)
Bank Mailing Address (city, state, zip)	Bank Phone No.
Payee Information Alterations Express Franchising, Inc.	

Authorization:

The Franchisee hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to the Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on Tuesday of each week. The Franchisee agrees to execute such additional documents as may be reasonably requested by the Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until the Payee has received written notification from the Franchisee in such time and manner as to afford the Payee and the Bank to act on such notice. The Franchisee understands that the termination of this authorization does not relieve the Franchisee of its obligations to make payments to the Payee.

Signature: Date:

INDEMNIFICATION OF BANK

In consideration of the Bank's compliance with the foregoing request and authorization, the Payee agrees with respect to any action by the Bank in compliance with the foregoing request and authorization to indemnify the Bank and hold the Bank harmless for, from and against any loss the Bank may suffer as a consequence of the Bank's actions from or in connection with the execution and issuance of any electronic fund transfer or draft, whether or not genuine, purporting to be executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, except to the extent such loss caused by the negligence or willful misconduct of the Bank.

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

Exhibit E

Internet Website, Digital, Social Media and Listing Agreement

INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Internet Listing Agreement") is made and entered into as of the _____ day of___________, 20___ (the "Effective Date"), by and between Alterations Express Franchising, Inc., an Ohio corporation (the "Franchisor"), and ______________________________, a__________________________ (the "Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement;

NOW, **THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, social media platforms such as social networking website, including but not limited to Facebook, SnapChat, LinkedIn, Twitter, Pinterest, or any blogs or other bulletin boards, or chat rooms, other networking and share sites and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchise or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites and Listings to: (i) transfer all of Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, (ii) provide us with primary administrative access to such Internet Web Sites, and (iii) execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and

Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs. In the event that Franchisor accepts one or more Internet Web Sites and Listings, Franchisor agrees to assume and be responsible for all obligations and liabilities with respect to such Internet Web Sites and Listings.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under this Internet Listing Agreement, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation, this Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor, in such case Franchisor shall assume and be responsible for all obligations and liabilities with respect to the Internet Web Sites and Listings;

2.3.2 Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and

2.3.3 Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee shall use its best efforts to direct the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Franchisee's Interest (and Franchisor shall become liable for any sums to be paid to the Internet Companies for obligations incurred on and after the date Franchisor duly accepted the transfer of such Interest), or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

3. MISCELLANEOUS

3.1 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement provided that Franchisor prevails in its efforts to enforce this Agreement, which reasonable costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee shall indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that they are related to or are based on Franchisee's breach of this Internet Listing Agreement, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisor's gross negligence or willful misconduct. Franchisor shall indemnify, defend, and hold harmless Franchisee and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisee and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that are related to or are based on Franchisor's breach of this Internet Listing Agreement, including, but not limited to, Franchisor's failure to assume or pay any claim or obligation to the Internet Companies incurred on and after the date Franchisor duly accepted the transfer of such Interest, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisee's negligence, fault or willful misconduct.

3.2 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites and Listings.

3.3 Further Assurances. Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee shall perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement.

3.4 Successors and Assigns. All of Franchisor's rights and powers, and all of Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors and assigns as if they had duly executed this Internet Listing Agreement.

3.5 Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.6 Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

3.7 Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

3.8 Governing Law. This Internet Listing Agreement shall be governed by and construed under the laws of the State of Ohio without regard to the application of Ohio conflict of law rules.

3.9 Counterparts. This Internet Listing Agreement may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Internet Listing Agreement as of the Effective Date.

FRANCHISOR: Alterations Express Franchising, Inc.	FRANCHISEE
By:______________________________	By:______________________________
Name: ___________________________	Name: ___________________________
Title: _____________________________	Title: _____________________________

Exhibit F

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the ______ day of _______________, 20____ (the "Effective Date"), by and between Alterations Express Franchising, Inc., an Ohio corporation (the "Franchisor"), and __________________ , a ________________(the "Franchisee").

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement.

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Franchise or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee shall immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings to: (i) transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, and (ii) execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs. In the event that Franchisor accepts one or more Telephone Numbers and, Franchisor agrees to assume and be responsible for all obligations and liabilities with respect to such Telephone Numbers and Listings.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under this Telephone Listing Agreement, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, in such case Franchisor shall assume and be responsible for all obligations and liabilities with respect to the Telephone Numbers and Listings;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee shall use its best efforts to direct the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all of Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Franchisee's Interest (and Franchisor shall become liable for any sums to be paid to the Telephone Companies for obligations incurred on and after the date Franchisor duly accepted the transfer of such Interest), or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

3. MISCELLANEOUS

3.1 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement provided that Franchisor prevails in its efforts to enforce this Agreement, which reasonable costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee shall indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that they are related to or are based on Franchisee's breach of this Telephone Listing Agreement unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisor's gross negligence or willful misconduct. Franchisor shall indemnify, defend, and hold harmless Franchisee and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisee and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that are related to or are based on Franchisor's breach of this Telephone Listing Agreement, including, but not limited to, Franchisor's failure to assume or pay any claim or obligation to the Telephone Companies incurred on and after the date Franchisor duly accepted the transfer of Franchisee's Interest, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisee's negligence, fault or willful misconduct.

3.2 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.3 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.4 Successors and Assigns. All of Franchisor's rights and powers, and all of Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors and assigns as if they had duly executed this Telephone Listing Agreement.

3.5 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.6 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.7 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

3.8 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the State of Ohio, without regard to the application of Ohio conflict of law rules.

3.9 Counterparts. This Telephone Listing Agreement may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISOR: Alterations Express Franchising, Inc.	FRANCHISEE
By:______________________________	By:______________________________
Name: ___________________________	Name: ___________________________
Title: ____________________________	Title: ____________________________

Exhibit G

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to Alterations Express Franchising, Inc., an Ohio corporation ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as ________________________________. This assignment is for collateral purposes only and, except as specified in this document, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease. This assignment is intended only for non-affiliated third-party leases and shall have no effect if the Assignor or any of Assignor's affiliates own the property subject to the lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for an Alterations Express Business between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement, Assignee has the right to take possession of the premises, the Lease demises, and expel Assignor from the premises. In that event, Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:	ASSIGNOR:
Alterations Express Franchising, Inc.	______________________________
By:___________________________	By:___________________________
Name:_________________________	Name:_________________________
Title:__________________________	Title:__________________________
Date:__________________________	Date:__________________________

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within 30 days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30 day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as an Alterations Express Franchise business.

Dated: ____________________________

____
__________________________________, Lessor

Exhibit H

On-Site Training Agreement

Dates of Training: ____

Franchisee: ____

Franchisor Operating Principal: ____

Terms not defined herein shall have the meaning set forth in the Franchise Agreement dated ___________________. Franchisee agrees that all pre-opening obligations have been met and all requirements for training are complete, including but not limited to:

1. Franchisor has provided you with assistance including site selection, site evaluation and lease review, as we have outlined in our Operations Manual.

2. Franchisor has provided you a copy of the Operations Manual, which may include audio and video media, compact disc media, computer software, other electronic media, and/or written materials.

3. Your Operating Principal and Manager have been provided all training, including initial training, classroom training and on-site training.

4. Franchisor provided you with specifications for all initial and replacement furniture, fixtures, equipment, inventory, and supplies required to operate your Franchised Business.

5. Franchisor counseled you on necessary pre-opening procedures and assisted you with inventory ordering of products, equipment and supplies, through our affiliate or other suppliers, as applicable, which are necessary for commencement of operations

6. Franchisor provided you with a list of our approved items, services and suppliers, and consultation on required purchases as we deemed necessary and appropriate.

7. Franchisor provided you with templates for certain promotional and advertising materials and consultation in connection with the grand opening marketing for your Alterations Business.

8. You have completed the following:

______ Proper Inventory of Products ordered
______ All fixtures, set-ups, displays, models and demos
______ All licenses and certificates obtained
______ All Personnel been hired
______ Employees notified of training dates and times (all staff that is available MUST be present during designated training times)

I, _________________________, the Operating Principal of the Franchisee named above, understand there may be additional costs incurred to me if the support team has to extend their stay as a result of my unpreparedness. All costs associated with the extended stay (hotel, meals, airfare costs, car rental) will be billed directly to me upon the support team's return after completing the on-site training.

It will be at the support manager's discretion, upon arrival, if it is feasible to perform a complete and valuable training session.

I have read, acknowledge and agree to this document.

Please print name: ______________________________________ Date: ________

Signature: ____

Exhibit I

MULTI-STATE FRANCHISE AGREEMENT AMENDMENTS

INDIANA AMENDMENT TO FRANCHISE AGREEMENT

Company and Franchisee hereby agree that the Franchise Agreement dated ___ , 20_, will be amended as follows:

1. The laws of the State of Indiana supersede any provision of the Franchise Agreement or Ohio Law if such provisions are in conflict with Indiana law. The Franchise Agreement will be governed by Indiana law.

2. The following language is added to 16.4 of the Franchise Agreement:

   ", except that the general release provisions shall not apply to any liability under the Indiana Deceptive Franchise Practices Law."

3. Choice of forum for litigation will not be limited to the State of Ohio.

COMPANY:	Franchisee:
Alterations Express Franchising, Inc.	______________________________
By: ______________________________	By: ______________________________
Its: ______________________________ (title)	Its: ______________________________ (title)

OHIO AMENDMENT
TO FRANCHISE AGREEMENT

Ohio Notice of Cancellation

(FOR OHIO FRANCHISEES ONLY)

________________________(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Alterations Express Franchising, Inc., at 850 McKay Ct., Youngstown, OH 44512, not later than midnight of (enter date).

I hereby cancel this transaction.

______ ____________________
(Date) (Purchaser's signature)

Exhibit C

Area Development Agreement

AREA DEVELOPMENT AGREEMENT

Area Developer:

Development Area:

Effective Date:

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AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT is made as of the date set forth on the signature page hereto between Alterations Express Franchising, Inc. ("Franchisor"), an Ohio corporation, and the business entity and shareholders, partners, members, equity holders, and principals ("Owners") set forth on the signature page to this Agreement and Appendix A (collectively, the "Developer").

RECITALS

As a result of the expenditure of time, skill, effort and money, Franchisor and its owners and affiliates have developed a unique system licensing to franchisees a business model for establishing and operating a business ("Alterations Business") specializing in fast, professional and affordable alterations, tailoring along with ancillary dry-cleaning services and related services and products, using certain methods of operation and marketed using certain valuable trade names in conjunction with certain color schemes, signs, equipment, layouts, designs, distinctive formats, methods, policies, procedures, standards, specifications, information, training and business relationships, (collectively, the "System"); and

Developer desires to be granted the opportunity, subject to the terms and conditions of this Agreement, to develop Franchised Businesses ("Franchised Business(es)") in a certain designated geographic area as described in Section 2(A) and identified in attached Appendix A ("Development Area").

Franchisor is willing to grant Developer the opportunity to develop Franchised Businesses in the Development Area, subject to the terms and conditions of this Agreement. Capitalized terms not defined herein shall have the meaning set forth in the franchise agreement to be executed simultaneously with the execution of this Agreement for the first Franchised Business to be opened under this Agreement.

NOW THEREFORE, in consideration of Franchisor's grant to Developer of the right to develop Franchised Businesses in the Development Area during the term of this Agreement ("Development Term"), as well as the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

A. Grant. Franchisor hereby grants to Developer, subject to the terms, conditions, provisions and limitations of this Agreement, the right to develop such number of Franchised Businesses in the Development Area during the Development Term as set forth in Appendix A. The Development Term begins on the date this Agreement is signed by Franchisor and terminates on the date that the last Franchised Business is required to be opened pursuant to the Development Schedule in attached Appendix A. There is no renewal term for this Agreement. Each Franchised Business shall be located at a specific location within the Development Area accepted by Franchisor pursuant to a Franchise Agreement (each a "Unit Location").

B. Development Rights Only. This Agreement is not a license or a franchise agreement. It does not give Developer the right to operate Alterations Business or use the System or any independent right to use the name "Alterations Express" or our other commercial symbols, trade names, service marks, and trademarks (collectively, the "Marks"). In addition, this Agreement does not give Developer any right to license, sublicense or sub-franchise others to operate Alterations Business or use the System. This Agreement only gives Developer the right to enter into Franchise Agreements for the operation of Franchised Businesses at Unit Locations within the Development Area, subject to Developer's compliance with this Agreement. Each Franchised Business developed pursuant to this Agreement shall be established and operated only in strict accordance with a separate Franchise Agreement.

C. **Forms of Agreement.** Developer acknowledges that, over time, Franchisor has entered and likely will continue to enter into agreements with other developers, multi-unit franchise owners, area representatives, and franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and other developers and franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

D. **Limited Exclusivity.** So long as Developer and each Franchise Subsidiary (as defined below) is in strict compliance with this Agreement and any other agreements (including any Franchise Agreements) with Franchisor and its affiliates and is current on all obligations due to Franchisor and its affiliates, the Brand Fund and any Cooperative during the Development Term, Franchisor will not operate, or license others to operate, an Alterations Express Business in the Development Area. Notwithstanding this grant of limited exclusivity in Development Area, Franchisor may operate, or license third parties to operate, Alterations Business in Development Area that are located in Reserved Venues. Reserved Venues include any self-contained facility (such as a shopping mall, hospital, military base, state or national park, stadium, airport, public transportation facility, toll booth and travel plazas, corporate facility, convention centers, health club, hotel, casinos, fair ground, school or university campus or sports arena) business settings or any similar captive market location as well as special events like street fairs, parades, sporting events and similar occasions.

This limited exclusivity does not apply to an Alterations Business in operation, under lease or construction or other commitment to open, as of the date of this Agreement, and it does not prohibit Franchisor from, among other things: **(1)** operating or licensing others to operate, during the Development Term, any Business other than a Alterations Express Business in Development Area; **(2)** operating, or licensing others to operate, during the term of this Agreement, any Business including an Alterations Express Business at any location outside any of the Development Area; **(3)** operating or licensing others to operate, after this Agreement terminates or expires, any Business including an Alterations Express Business in or outside any of the Development Area; **(4)** merchandising and distributing goods and services identified by the Marks at any location through any other method or channel of distribution; **(5)** developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and **(6)** purchasing, being purchased by, merging or combining with, businesses that offer direct competition to Alterations Express Business. Franchisor reserves to itself all rights to use and license the System and the Marks other than those expressly granted in this Agreement.

2. DEVELOPMENT SCHEDULE

A. **Development Area.** Franchisor and Developer have mutually agreed upon a certain Development Area the parties believe correspond to the demographic, traffic, density and other criteria ("Development Criteria") Franchisor has established as prerequisites for the development of Franchised Businesses.

Developer acknowledges and agrees that: (1) real estate development, the designation of the Development Area and the selection of Unit Locations within those Development Area is an art and not a precise science; (2) the designation of a Development Area merely means that the geographic region satisfies Franchisor's Development Criteria; and (3) the selection of Development Area that satisfy the Development Criteria is not a representation or promise that a Franchised Business developed in the Development Area will achieve a certain sales volume or a certain level of profitability or have a higher sales volume or be more profitable than a Franchised Business developed at a site that is not in a Development Area.

B. **Development Schedule.** During the Development Term, Developer shall develop, construct, open and continuously operate in the Development Area the number of Franchised Businesses specified in the Development Schedule in attached Appendix A. For each Franchised Business to be developed during the

Development Term, Developer shall have obtained Franchisor's written acceptance of the site for a Unit Location by the site acceptance date listed in the Development Schedule, which shall be at least six (6) months before the date the Franchised Business is required to be opened. Strict compliance with the Development Schedule is essential to this Agreement. Any failure by Developer in fulfilling its obligations to develop and open any Franchised Business when required by the Development Schedule or to obtain site acceptance by the date specified in the Development Schedule shall constitute a material, non-curable breach of this Agreement permitting Franchisor immediately to terminate this Agreement by giving written notice of termination to Developer. **Time is of the essence**.

Developer acknowledges that: (1) the estimated expenses and initial investment requirements for any Franchised Business are subject to increase over time and future Franchised Business likely will involve greater initial investment and operating capital requirements; and (2) Developer required to open all of the Franchised Business on the dates set forth in the Development Schedule regardless of the requirement of a greater investment, the financial condition or performance of Developer's then-existing Franchised Businesses or any other circumstances, financial or otherwise.

C. Sale of Franchised Business. If, during the Development Term, Developer sells a Franchised Business that was developed pursuant to this Agreement, that Franchised Business will continue to be counted as a Franchised Business for the purpose of meeting Developer's obligations under the Development Schedule, provided that the sale has been consented to by Franchisor and only so long as that Business continues to be operated pursuant to a franchise agreement with Franchisor or its affiliates.

D. Franchise Subsidiary. At Developer's request, Franchisor will permit the Franchise Agreement for any Franchised Business developed pursuant to this Agreement to be executed by a corporation, a limited liability company or general or limited partnership formed by Developer to develop and operate the Franchised Business ("Franchise Subsidiary"), provided all of the following conditions are met: **(1)** Developer or the Owners owns a controlling interest of at least 51% of all ownership interests in the Franchise Subsidiary; **(2)** the Franchise Subsidiary conducts no business other than the operation of the Franchised Business; **(3)** Developer, the Owner-Operator and Owners agree to assume full and unconditional liability for, and agree to perform all obligations, covenants and agreements contained in the Franchise Agreement; **(4)** the Owner-Operator is designated as the Owner-Operator for each Franchise Subsidiary; and **(5)** all owners of an interest in Franchise Subsidiary possess a good moral character and otherwise meet Franchisor's then current criteria for a franchise owner. Developer shall promptly provide Franchisor all reasonably requested information necessary to confirm Developer satisfies these conditions.

3. DEVELOPMENT FEE

A. Development Fee. The total Development Fee ("Development Fee") shall be equal to $45,000 for the first Alterations Business, plus $35,000 for the second Alterations Business, and $25,000 for the third Alterations Business, and every subsequent Alterations Business for which we grant you the right to open as set forth on Appendix A, payable in full upon signing this Agreement. The Development Fee is fully earned by Franchisor when paid, it is not refundable and, except as provided in this Section, it is not credited against any other fees to be paid to Franchisor.

4. DEVELOPMENT PROCEDURES

A. Developer's Responsibility. Developer assumes all cost, liability and expense for locating, obtaining and developing sites for Franchised Businesses and constructing and equipping Franchised Businesses in accordance with Franchisor's System Standards. Developer shall not make any binding commitments to purchase or lease a site until the site has been accepted in writing by Franchisor.

B. **<u>Site Selection Assistance</u>.** Franchisor will provide Developer with the following site selection assistance in connection with development under this Agreement: **(1)** a copy of Franchisor's site selection guidelines and **(2)** such on-site evaluation as Franchisor may deem advisable as part of its evaluation of Developer's request for site acceptance. Developer acknowledges and agrees that Franchisor providing its site selection guidelines and design specifications and any other site selection assistance to Developer prior to the proposed site being accepted by Franchisor will not create any reliance or expectation damages or liability for Franchisor and such activities will not create any expectations or representations to Developer that any proposed site will be accepted by Franchisor.

C. **<u>Site Information</u>.** Developer shall submit to Franchisor such information as Franchisor reasonably may require for each proposed site for an Alterations Business which Developer reasonably believes to conform to site selection criteria Franchisor establishes from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including Businesses operated or franchised by Franchisor or its affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises.

Developer acknowledges that, in order to preserve and enhance the reputation and goodwill of the System, all Franchised Businesses operated and franchised by Franchisor and the goodwill of the Marks, all Franchised Businesses must be properly developed, operated and maintained. Accordingly, Developer agrees that Franchisor may refuse to accept a site for a proposed Alterations Business unless Developer demonstrates sufficient financial capabilities, in Franchisor's sole judgment, applying standards consistent with criteria Franchisor uses to establish Alterations Express Business in other comparable market areas, to properly develop, operate and maintain the proposed Alterations Business. Developer shall furnish Franchisor with such financial statements and other information regarding Developer (or its Franchise Subsidiary, as applicable) and the development and operation of the proposed Alterations Business, including, without limitation, investment and financing plans for the proposed Alterations Business, as Franchisor may require.

D. **<u>Site Acceptance</u>.** Within 30 days after Franchisor's receipt of the information described in <u>Section 4(C)</u>, Franchisor shall advise Developer in writing whether it has accepted a particular site a Unit Location. If Franchisor does not respond within that time period, Franchisor shall be deemed to have denied acceptance of the site.

Franchisor's acceptance of one or more sites is not a representation or a promise by Franchisor that an Alterations Business will achieve a certain sales volume or a certain level of profitability. Similarly, Franchisor's acceptance of one or more sites and its refusal to accept other sites is not a representation or a promise that a Protected Area will have a higher sales volume or be more profitable than a site which Franchisor did not accept. Franchisor's acceptance indicates only that Franchisor believes that the site meets Franchisor's then-current site selection criteria. Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographics and/or other factors included in or excluded from Franchisor's criteria could change, altering the potential of a site.

Franchisor assumes no liability or responsibility for: (1) evaluation of a Unit Location's soil for hazardous substances; (2) inspection of any structure on the Protected Area for asbestos or other toxic or hazardous materials; (3) compliance with the Americans with Disabilities Act ("<u>ADA</u>"); or (4) compliance with any other applicable law. It is Developer's sole responsibility to obtain satisfactory evidence and/or assurances that the Unit Location (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA.

E. **Execution of Agreements.** Following Franchisor's acceptance of a Unit Location, Franchisor will prepare and forward to Developer a Franchise Agreement for the accepted site. The form of Franchise Agreement for Developer's first Alterations Business shall be the form included in the applicable Franchise Disclosure Document as of the date of this Agreement. The form of Franchise Agreement for the other Franchised Businesses to be developed by Developer pursuant to this Agreement shall be the then-current standard form in general use at the time of Franchisor's notice of site acceptance to Developer. Within 10 days after receipt of the Franchise Agreement by Developer, Developer shall execute and return the Franchise Agreement to Franchisor and, with respect to each Alterations Business other than the first Alterations Business to be developed pursuant to this Agreement. Following Franchisor's receipt of the Franchise Agreement executed by Developer and the payment of any outstanding fees, costs, expenses or other amounts due to Franchisor, Franchisor shall execute the Franchise Agreement and return a fully-executed original of the Franchise Agreement to Developer.

F. **Delegation.** Franchisor has the right, from time to time, to delegate the performance of any portion or all of its obligations and duties under this Agreement to designees, whether affiliates or agents of Franchisor or independent contractors with which Franchisor has contracted to provide this service.

5. INSURANCE

A. **Developer's Responsibility.** Developer shall be responsible for all loss or damage arising from or related to Developer's development and operation of each Alterations Business, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, each Alterations Business. In addition to any insurance required under the Franchise Agreements, Developer shall maintain in full force and effect throughout the Development Term that insurance which Developer determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of each Alterations Business which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 6(B) below. Franchisor, and any entity with an insurable interest designated by Franchisor, shall be an additional insured in such policies to the extent each has an insurable interest.

B. **Insurance Policies.** All insurance policies shall be written by an insurance company or companies satisfactory to Franchisor, in compliance with the standards, specifications, coverages and limits provided to Developer in writing. These policies shall include, at a minimum, the following for each Alterations Business (or such greater insurance coverage required by the lease for the Alterations Business):

(1) property insurance on a replacement cost basis at minimum limits based on the total value of your assets (including, but not limited to, fire, extended coverage, vandalism and malicious mischief);

(2) primary general liability insurance with a minimum limit of $1,000,000 per occurrence with $2,000,000 in the aggregate (including, but not limited to, coverage for personal injury, products and contractual liability); and

(3) worker's compensation insurance (in your name) as required by applicable law. If no such law exists, then you must participate in such other comparable insurance as required by us.

Franchisor may reasonably increase the minimum coverage required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Developer shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits. It is your sole responsibility to ensure all legal entities (including the Business Entity, as defined below) created to operate your development business and Franchised Businesses in your Development Area are named insureds under the policies to meet the required minimum insurance requirements.

C. **Policy Requirements.** The following general requirements shall apply to each insurance policy that Developer maintains in connection with this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory.

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for Developer in the event of a claim by Franchisor or its affiliates.

(3) Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities of Developer to third parties and all other items for which Developer is required to indemnify Franchisor under this Agreement.

(4) Each insurance policy shall be written by an insurance company that has received and maintains an "AAA" or better by Alfred M. Best & Company, Inc.

(5) No insurance policy shall provide for a deductible amount that exceeds $10,000, unless otherwise accepted in writing by Franchisor, and Developer's co-insurance under any insurance policy shall be 80% or greater.

D. **Proof of Insurance.** No later than 30 days after this Agreement is executed by Franchisor, and on each policy renewal date thereafter, Developer shall submit evidence of satisfactory insurance and proof of payment therefor to Franchisor. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days' prior written notice to Franchisor. Upon request, Developer also shall provide to Franchisor copies of all or any policies, and policy amendments and riders.

E. **No Representations.** Developer acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary to protect Developer from losses in connection with its business under this Agreement. Maintenance of this insurance, and the performance by Developer of its obligations under this Section, shall not relieve Developer of liability under the indemnification provisions of this Agreement.

F. **Failure to Obtain Insurance**. Should Developer, for any reason, fail to procure or maintain the insurance required by this Section 5, as revised from time to time in writing, Franchisor shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Developer. All out-of-pocket costs incurred by Franchisor in obtaining such insurance on behalf of Developer shall be reimbursed to Franchisor by Developer immediately upon Developer's receipt of an invoice therefor.

6. ORGANIZATION OF DEVELOPER

A. **Representations.** If Developer is a corporation, a limited liability company or a partnership (collectively, a "Business Entity"), Developer makes the following representations and warranties: **(1)** it is duly organized and validly existing under the laws of the state of its formation; **(2)** it is qualified to do business in the state or states in which the Development Area are located; **(3)** execution of this Agreement and the development and operation of the Franchised Businesses is permitted by its governing documents; and **(4)** Developer's governing documents have been furnished to Franchisor and shall at all times provide that the activities of Developer are limited exclusively to the development and operation of Franchised Businesses franchised by Franchisor or its affiliates. When any governing documents are modified, Developer promptly shall provide copies to Franchisor.

If Developer is an individual, or a partnership comprised solely of individuals, Developer makes the following additional representations and warranties: **(A)** each individual has executed this Agreement; **(B)** each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and **(C)** notwithstanding any transfer for convenience of ownership, pursuant to Section 8(E), each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Ownership Interests. If Developer is a Business Entity, all interests in Developer are owned as set forth in attached Appendix A. In addition, Developer shall maintain a current list of all Owners of record and their percentage ownership interest. Developer shall comply with Section 8 prior to any change in ownership interests and shall execute addenda to Appendix A as changes occur in order to ensure the information contained in Appendix A is true, accurate and complete at all times.

C. Restrictive Legend. If Developer is a Business Entity, each ownership certificate shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an ownership interest is subject to the restrictions imposed on assignment by the Franchisor in the Area Development Agreement and the Franchise Agreement(s) to which the Business Entity is a party."

D. Personal Guaranty. All individuals comprising the Developer and all Owners of the Developer if Developer is a Business Entity, together with all Owners' respective spouses (collectively, the "Guarantors" and individually, a "Guarantor") shall jointly and severally guarantee Developer's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the form of Guaranty and Assumption of Developer's Obligations attached to this Agreement ("Guaranty"). Franchisor also reserves the right to require any Guarantor to provide personal financial statements to Franchisor from time to time. With respect to Owners, Developer acknowledges that, unless otherwise agreed to in writing by Franchisor, it is Franchisor's intent to have individuals (and not Business Entities) execute the Guaranty. Accordingly, if any Owner is not an individual, Franchisor shall have the right to have the Guaranty executed by individuals who have only an indirect ownership interest in Developer.

E. Owner-Operator. If Developer is owned by more than one individual, Developer shall designate and retain an individual to serve as the Owner-Operator. The Owner-Operator as of the date of this Agreement is identified in Appendix A. The Owner-Operator shall: (1) have an equity ownership interest in Developer; (2) have full control over the day-to-day development of Developer's Franchised Businesses; (3) devote full-time and best efforts to supervising the development of Developer's Franchised Businesses and other Franchised Businesses operated by Developer that are franchised by Franchisor or its affiliates and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility; (4) successfully complete Franchisor's management training program and any additional training required by Franchisor; and (5) meet Franchisor's standards for an Owner-Operator and be approved by the Franchisor, and not have later withdrawn that acceptance. If the Owner-Operator no longer meets the qualifications or resigns, Developer shall designate another person to act as Owner-Operator within 30 days of the date of failing to remain qualified or effective date of resignation. Following Franchisor's acceptance of a new Owner-Operator, that person shall execute a Guaranty.

F. **<u>Multi-Unit Development Manager</u>.** If the Owner-Operator devotes less than full time to supervising the development of Developer's Franchised Businesses and other Franchised Businesses operated by Developer that are franchised by Franchisor or its affiliates, or, if requested by Franchisor because of the number of Franchised Businesses Developer has agreed to develop or for other reasons, Developer also shall designate and retain one or more individuals to serve as its Multi-Unit Development Manager(s) under the supervision of the Owner-Operator. Each Multi-Unit Development Manager shall meet all of the following qualifications:

(1) The Multi-Unit Development Manager(s) shall devote full time and best efforts to supervising the development of Developer's Franchised Businesses and other Businesses operated by Developer that are franchised by Franchisor or its affiliates and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility.

(2) The Multi-Unit Development Manager(s) shall successfully complete Franchisor's management training program and any additional training required by Franchisor.

(3) Franchisor shall have accepted the Multi-Unit Development Manager(s), and not have later withdrawn that acceptance.

If a Multi-Unit Development Manager no longer qualifies as such, Developer shall designate another person to act as Multi-Unit Development Manager within 30 days of the date of failing to remain qualified.

7. FRANCHISOR TRANSFERS

Franchisor shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of its rights and obligations under this Agreement to any person or legal entity without the consent of Developer.

8. TRANSFERS BY DEVELOPER

A. **<u>Definition of Transfer</u>.** For purposes of this Agreement, "<u>Transfer</u>" means any sale, assignment, transfer, conveyance, give away, pledge, mortgage or other encumbrance, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) of any interest in Developer (if Developer is a Business Entity), this Agreement or any other assets pertaining to Developer's operations under this Agreement.

B. **<u>No Transfer Without Consent</u>.** Developer acknowledges that this Agreement is personal to Developer and Franchisor has selected Developer as a developer based on Franchisor's reliance on Developer's and its Owners' character, skill, aptitude and business and financial capacity. Neither Developer nor any of Developer's owners may make any Transfer or permit any Transfer to occur without obtaining Franchisor's prior written consent. Franchisor has sole and absolute discretion to withhold its consent, except as otherwise provided in this <u>Section 8</u>. Franchisor has the right to communicate with and counsel Developer and the proposed transferee on any aspect of a proposed Transfer. Developer agrees to provide any information and documentation relating to the proposed Transfer that Franchisor reasonably requires. Unless otherwise agreed, Franchisor does not waive any claims against the transferring party if Franchisor consents to a Transfer.

C. Transfer Generally.

(1) Except as otherwise provided in this Section 8, if Developer proposes to undertake a Transfer, the following conditions apply (unless waived by Franchisor). Developer must:

(a) Be in compliance with all obligations to Franchisor under this Agreement and any other agreement Developer has with Franchisor, Franchisor's affiliates, any lenders that have provided financing to Developer and Developer's major suppliers as of the date of the request for Franchisor's consent to the Transfer.

(b) Pay Franchisor, by wire transfer (or such other payment method as specified by Franchisor), a Transfer Fee equal to 50% of the Development Deposit, provided that, if the Transfer is a transfer of 50% or less of the ownership interests in Developer or the transferee is an existing Franchisor franchisee then in good standing with Franchisor, the Transfer fee will be 25% of the Development Deposit, which amount does not include any transfer fees in connection with the transfer of any existing Franchised Businesses. Notwithstanding the foregoing, with respect to any Transfer involving this Agreement and one or more existing Franchised Businesses in a single transaction, the total Transfer fee, including any transfer fees payable under the applicable Franchise Agreements, shall not exceed $100,000.

(c) Make the Transfer only in conjunction with a simultaneous Transfer of the same interest with respect to all agreements with Franchisor in the Development Area.

(d) Advise Franchisor in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, submit a copy of all contracts and all other agreements or proposals and submit all other information requested by Franchisor relating to the proposed Transfer.

(2) The proposed transferee (and if the proposed transferee is not a natural person, all persons that have any direct or indirect interest in the transferee as Franchisor may require) must demonstrate to Franchisor's satisfaction that it meets the managerial, operational, experience, quality, character and business standards for a developer promulgated by Franchisor from time to time; must possess a good character, business reputation and credit rating; must have an organization whose management culture is compatible with Franchisor's management culture; and must have adequate financial resources and working capital to meet Developer's development obligations under this Agreement. If the proposed transferee is an existing Franchisor developer or franchisee, such transferee must not be in default under its agreements with Franchisor and must have substantially complied with Franchisor's operating standards.

(3) Developer and the proposed transferee must sign, at Franchisor's option, an assignment agreement and any amendments to this Agreement that Franchisor requires to reflect the Transfer and/or Franchisor's then-current standard form of development agreement for a term ending on the expiration of the Development Term. Developer and its Owners and the proposed transferee must also sign any other agreements that Franchisor requires.

(4) Developer, its Owners and the transferee must execute a general release, in a form prescribed by Franchisor, of all claims against Franchisor and its past, present and future affiliates, officers, directors, shareholders, agents, members, managers and employees. Developer and all owners of Developer will remain liable to Franchisor for all obligations.

(5) The consideration to be provided by the proposed transferee in connection with the proposed Transfer and the other proposed terms of the proposed Transfer must not, in Franchisor's reasonable business judgment, have the effect of negatively impacting the prospects of completing the Development Schedule or the future viability of the transferred Franchised Businesses.

(6) If the transferee is a Business Entity, any Owners in the transferee must execute Franchisor's then-current form of Guaranty.

D. Transfer of Partial Ownership Interest. If Developer proposes to admit a new Owner, remove an existing owner or change the distribution of ownership interests among the owners shown on Appendix A, Developer must give Franchisor advance notice and submit a copy of all proposed contracts and other information concerning the Transfer that we may request. Developer must also pay a Transfer Fee of $2,500 per Transfer. Any new owner must submit a personal application to Franchisor and must meet Franchisor's then current standards and qualification for Owners.

E. Transfer for Convenience of Ownership. If Developer is an individual or a partnership, Franchisor will consent to the Transfer of this Agreement to a Business Entity that Developer forms for the convenience of ownership, provided that: **(1)** the Business Entity has and will have no business other than the development and operation of Franchised Businesses; **(2)** Developer complies with the requirements set forth in Section 6(A) and 8(C), provided that the Transfer Fee shall not exceed $2,500; **(3)** the owners hold equity interests in the new entity in the same proportion shown on Appendix A; and **(4)** the Owner-Operator remains the same.

F. Transfer upon Death or Permanent Incapacity. If the Transfer is a transfer of ownership interests in Developer following the death or permanent incapacity (as reasonably determined by Franchisor) of an Owner, that person's executor, administrator or personal representative must apply to Franchisor in writing within 3 months after the death or declaration of permanent incapacity for consent to Transfer the person's interest. The Transfer will be subject to the provisions of Sections 8(C) or 8(D), as applicable. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 8(C) or 8(D), the executor may Transfer the decedent's interest to another successor that Franchisor has accepted, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 8(F) within 3 months after the date of death or appointment of a personal representative, Franchisor may terminate this Agreement.

G. Security Interests. Developer shall not grant any security interest in its business, in any Franchised Business or the assets used in the operation of any Franchised Business without Franchisor's prior written consent, which will not be unreasonably withheld. Franchisor's consent may be conditioned, in its sole discretion, on the written agreement by the secured party that, in the event of a default by Developer under any agreement related to the security interest, Franchisor shall have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party.

H. Right of First Refusal. If any party holding any interest in Developer or in this Agreement receives a bona fide offer (as determined by Franchisor in its reasonable discretion) from a third party or otherwise desires to undertake any Transfer that would require Franchisor's consent (other than a Transfer for convenience of ownership pursuant to Section 8(E) or a sale of ownership interests in Developer to a spouse, parent, child or sibling), it shall notify Franchisor in writing of the terms of the proposed Transfer, and shall provide such information and documentation relating to the proposed Transfer as Franchisor may reasonably require. Franchisor or its designee may elect to purchase the interest that the seller proposes to Transfer any time within 30 days after receipt of written notification, and all documents and other information required by Section 8(C) and 8(D), as applicable, by sending written notice to the seller that Franchisor or its designee intends to purchase the seller's interest on the same financial terms and conditions offered by the third party (except that Franchisor or its designee shall not be obligated to pay any finder's or broker's fees). In purchasing the interest, Franchisor or its designee shall be entitled to set off any monies owed to Franchisor or its affiliates by Developer and Franchisor or its designee shall be entitled to all customary representations and warranties that the assets are free and clear (or, if not, accurate and complete disclosure) as to: **(1)** ownership, condition and title; **(2)** liens and encumbrances; **(3)** environmental and hazardous substances; and **(4)** validity of contracts inuring to the purchaser or affecting the assets, whether contingent or otherwise.

If the offer to Developer involves assets in addition to this Agreement, Developer's Franchised Businesses and other Businesses operated by Developer that are franchised by Franchisor or its affiliates, Developer's notice to Franchisor shall state the cash value of that portion of the offer received by Developer relating to this Agreement and those Businesses. If the proposed Transfer provides for payment of consideration other than cash or it involves intangible benefits, Franchisor or its designee may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties are unable to agree within 30 days on the reasonable equivalent in cash of the non-cash part of the offer received by Developer, or the cash value of that portion of the offer received by Developer relating to this Agreement, Developer's Franchised Businesses and those other Businesses, the amount shall be determined by two professionally certified appraisers, Developer selecting one and Franchisor or its designee selecting one. If the amounts set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall determine the amount. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and Franchisor or its designee may exercise its right of first refusal within 30 days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

Franchisor's failure to exercise its right of first refusal shall not constitute consent to the proposed Transfer nor a waiver of any other provision of this Section 8 with respect to a proposed Transfer. If Franchisor does not exercise its right of first refusal, Developer may not thereafter Transfer the interest at a lower price or on more favorable terms than those that have been offered to Franchisor. Franchisor shall again be given a right of first refusal if a transaction does not close within 6 months after Franchisor elected not to exercise its right of first refusal. In no event shall Developer offer the interest for sale or transfer at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign, through any advertisement, either in the newspapers or otherwise, without first having obtained the written consent of Franchisor to the auction or advertisement.

I. Non-Conforming Transfer. Any purported Transfer that is not in compliance with this Section 8 is null and void and constitutes a material breach of this Agreement for which Franchisor may terminate this Agreement without opportunity to cure. Franchisor's consent to any Transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee, nor will it be deemed a waiver of Franchisor's right to give or withhold consent to future Transfers.

9. COVENANTS

A. Best Efforts. During the Development Term, Developer and the Owner-Operator shall devote their best efforts to the development, management and operation of the Franchised Businesses in the Development Area. At all times, Developer shall maintain a functioning email address which must be provided to Franchisor.

B. Confidentiality. Developer acknowledges and agrees that: **(1)** Franchisor owns all right, title and interest in and to the System; **(2)** the System consists of trade secrets and confidential and proprietary information and know-how that gives Franchisor and its affiliates a competitive advantage; **(3)** Franchisor and its affiliates have taken all measures necessary to protect the trade secrets and the confidentiality of the proprietary information and know-how comprising the System; **(4)** all material or other information now or hereafter provided or disclosed to Developer regarding the System is disclosed in confidence; **(5)** Developer has no right to disclose any part of the System to anyone who is not an employee of Developer; **(6)** Developer will disclose to its employees only those parts of the System that an employee needs to know; **(7)** Developer will have a system in place to ensure that Developer's employees keep confidential Franchisor's trade secrets and confidential and proprietary information and, if requested by Franchisor, Developer shall obtain from those of its employees designated by Franchisor an executed Confidential Disclosure Agreement in the form prescribed by Franchisor; **(8)** Developer will not acquire any interest in the System; and **(9)** Developer's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

Developer shall not, during the Development Term or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, recipes, techniques and other data that Franchisor or its affiliates designate as confidential shall be deemed confidential for purposes of this Agreement. The parties agree that a breach of this Section would cause irreparable injury to Franchisor and that it would be without an adequate remedy at law. Accordingly, Franchisor shall be entitled to obtain injunctive relief (without posting a bond or security) in addition to any other legal or equitable remedies it may have upon a breach of this Section.

If Developer develops any new concepts, processes or improvements relating to the System, Developer promptly shall notify Franchisor and provide Franchisor with all information regarding the new concept, process or improvement, all of which shall become the property of Franchisor and its affiliates and which may be incorporated into the System without any payment to Developer. Developer promptly shall take all actions deemed necessary and desirable by Franchisor to vest in Franchisor's ownership of such concepts, processes or improvements.

C. <u>Restrictions</u>.

(1) Developer acknowledges and agrees that: **(a)** pursuant to this Agreement, Developer will have access to valuable trade secrets, specialized training and confidential information from Franchisor and its affiliates regarding the development, operation, purchasing, sales and marketing methods and techniques of Franchisor and its affiliates and the System; **(b)** the System and the opportunities, associations and experience established and acquired by Developer under this Agreement are of substantial and material value; **(c)** in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research and money; **(d)** Franchisor would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among Alterations Express Business if franchisees or developers were permitted to hold interests in competitive businesses; and **(e)** restrictions on Developer's right to hold interests in, or perform services for, competitive businesses will not hinder its activities.

(2) Accordingly, Developer covenants and agrees that during the Development Term, and for a period of 2 years following its expiration or earlier termination, neither Developer nor any of its Owners shall, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity:

(a) Divert or attempt to divert any business or customer, or potential business or customer, of any Business franchised or operated by Franchisor or its affiliates to any competitor, by direct or indirect inducement or otherwise.

(b) Own, maintain, operate, engage in, advise, help, make loans to, or have any interest in, either directly or indirectly, any: **(i)** competing Business; or **(ii)** any Business whose method of operation or Trade Dress is similar to that employed in the System. During the Development Term, there is no geographical limitation on this restriction. Following the expiration or earlier termination of the Development Term, this restriction shall apply within Development Area, and within 25 miles of the perimeter of Development Area and within 25 miles of any then-existing Business franchised or operated by Franchisor or its affiliates except as otherwise consented to in writing by Franchisor.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 2 year period following the expiration or earlier termination of this Agreement, Developer fails to comply with its obligations under this Section 10(C)(2), that period of noncompliance will not be credited toward Developer's satisfaction of the 2 year obligation.

D. Modification. Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 9 effective immediately upon Developer's receipt of written notice, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 18.

E. Applicability. The restrictions contained in this Section 9 shall apply to Developer and all guarantors of Developer's obligations. With respect to guarantors, these restrictions shall apply for a 2 year period after any guarantor ceases to be the Owner-Operator or an Owner. The existence of any claim Developer or any guarantor of Developer's obligations may have against Franchisor or its affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 9. The preceding sentence, however, does not constitute a waiver of any such claim.

10. TERMINATION

A. Grounds for Termination. In addition to the grounds for termination that may be stated elsewhere in this Agreement, Franchisor may terminate this Agreement, and the rights granted by this Agreement, upon written notice to Developer without an opportunity to cure upon the occurrence of any of the following events:

(1) Developer fails to obtain Franchisor's written acceptance of a site by the applicable site acceptance date listed in Appendix A.

(2) At any time during the Development Term, Developer fails to have open and operating the number of Franchised Businesses required by the Development Schedule.

(3) Developer begins construction of an Alterations Business at a site before Developer has received a fully executed Franchise Agreement.

(4) Developer is insolvent or is unable to pay its creditors (including Franchisor); files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against Developer a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within 60 days of the filing; Developer makes an assignment for the benefit of creditors; or a receiver or trustee is appointed for Developer and not dismissed within 60 days of the appointment.

(5) Execution is levied against Developer's business or property; suit to foreclose any lien or mortgage against the premises or equipment of any Alterations Business developed hereunder is instituted against Developer and is not dismissed within 60 days; or the real or personal property of any Alterations Business developed hereunder shall be sold after levy thereupon by any sheriff, marshal or constable.

(6) There is a breach by Developer of any obligation under Section 9.

(7) Any Transfer that requires Franchisor's prior written consent occurs without Developer having obtained that prior written consent.

(8) Franchisor discovers that Developer made a material misrepresentation or omitted a material fact in the information that was furnished to Franchisor in connection with its decision to enter into this Agreement.

(9) Developer knowingly falsifies any report required to be furnished Franchisor or makes any material misrepresentation in its dealings with Franchisor or fails to disclose any material facts to Franchisor.

(10) Developer or any Guarantor is convicted of, or pleads no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect Franchisor, its affiliates or the System.

(11) There is a material breach by Developer or any Guarantor of any representation or warranty set forth in Section 22.

(12) Developer or any Guarantor remains in default beyond the applicable cure period: **(a)** under any other agreement with Franchisor or its affiliates; **(b)** under any real estate lease, equipment lease, or financing instrument relating to an Alterations Business; and **(c)** with any vendor or supplier to an Alterations Business; provided that if the default is not by Developer, Developer is given written notice of the default and 30 days to cure said default.

(13) Developer fails or refuses to comply with any other provision of this Agreement or any requirement of the System and does not correct the failure or refusal within 30 days (10 days for monetary defaults) after receiving written notice of default. Except for monetary defaults, if the default cannot be corrected within 30 days, Developer shall have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that Developer begins taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursues those actions to completion. Developer will be in default under this Section 10(A)(13) for any failure to materially comply with any of the requirements imposed by this Agreement or otherwise in writing, or to carry out the terms of this Agreement in good faith.

If Developer has received 2 or more notices of default pursuant to this Section 10(A)(13) within the previous 12 months, Franchisor shall be entitled to send Developer a notice of termination upon Developer's next default under this Section 10(A)(13) in that 12-month period without providing Developer an opportunity to remedy that default.

B. **Statutory Limitations.** If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

11. OBLIGATIONS ON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement:

A. Developer shall have no further right to develop or open Franchised Businesses in any of the Development Area, except that Developer shall be entitled to complete and open an Alterations Business for which a Franchise Agreement has been fully executed. Termination or expiration of this Agreement shall not affect Developer's right to continue to operate Franchised Businesses that were open and operating as of the date this Agreement terminated or expired.

B. The limited exclusive rights granted Developer in Development Area shall terminate and Franchisor shall have the right to operate or license others to operate Alterations Express Business anywhere in the Development Area, except as otherwise provided in an effective Franchise Agreement.

C. Developer promptly shall return to Franchisor all materials and information furnished by Franchisor or its affiliates, except materials and information furnished with respect to an Alterations Business for which there is an Alterations Business which is open and operating pursuant to an effective franchise agreement.

D. Developer and all persons and entities subject to the covenants contained in Section 10 shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants.

E. Developer immediately shall pay Franchisor and its affiliates all sums due and owing Franchisor or its affiliates pursuant to this Agreement.

F. Franchisor shall retain the Development Fee.

G. Developer shall furnish Franchisor, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by the chief executive officer of Developer, if Developer is a corporation; by a manager of Developer, if Developer is a limited liability company; or by a general partner of Developer, if Developer is a partnership) satisfactory to Franchisor of Developer's compliance with Sections 11(A) through 11(E).

H. Developer shall not, except with respect to a Business franchised by Franchisor or its affiliates which is then open and operating pursuant to an effective franchise agreement: **(1)** operate or do business under any name or in any manner that might tend to give the public the impression that Developer is connected in any way with Franchisor or its affiliates or has any right to use the System or the Marks; **(2)** make use or avail itself of any of the materials or information furnished or disclosed by Franchisor or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or **(3)** assist anyone not licensed by Franchisor or its affiliates to construct or equip a dry cleaning or tailoring outlet substantially similar to an Alterations Express Business.

12. RELATIONSHIP OF THE PARTIES

A. No Special Relationship. This Agreement does not create a fiduciary or other special relationship between the parties. Developer is an independent contractor with entire control and direction of the development and operation of the Franchised Businesses, subject only to the conditions and covenants established by this Agreement. No agency, employment, or partnership is created or implied by the terms of this Agreement, and Developer is not and shall not hold itself out as agent, legal representative, partner, subsidiary, joint venturer or employee of Franchisor or its affiliates. Developer shall have no right or power to, and shall not, bind or obligate Franchisor or its affiliates in any way or manner, nor represent that Developer has any right to do so. Developer shall not issue any press releases without the prior written consent of Franchisor.

B. Commercial Relationship. The sole relationship between Developer and Franchisor is a commercial, arms' length business relationship and, except as provided in Section 13, there are no third-party beneficiaries to this Agreement. Developer's business is, and shall be kept, totally separate and apart from any that may be operated by Franchisor. In all public records, in relationships with other persons, and on letterheads and business forms, Developer shall indicate its independent ownership of the Franchised Businesses and that Developer is solely a multi-unit developer of Franchisor.

13. INDEMNIFICATION

A. **Indemnity.** Developer and all guarantors of Developer's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to Franchisor), and hold harmless (to the fullest extent permitted by law) Franchisor and its affiliates, and their respective successors, assigns, past and present directors, stockholders, officers, employees, agents, members, managers and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Developer's activities under this Agreement, excluding the gross negligence or willful misconduct of Franchisor. Developer promptly shall give Franchisor written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Developer and, upon request, shall furnish Franchisor with copies of any documents from such matters as Franchisor may request.

At Developer's expense and risk, Franchisor may elect to assume (but under no circumstances will Franchisor be obligated to undertake), the defense or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Developer's obligation to indemnify and hold harmless Franchisor and Indemnitees. Franchisor shall not be obligated to seek recoveries from third parties or otherwise mitigate losses. This Section will survive the expiration or termination of this Agreement.

B. **Losses and Expenses.** As used in this Section, the phrase "losses and expenses" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

14. CONSENTS, APPROVALS AND WAIVERS

A. **Approvals.** Whenever this Agreement requires the prior approval, acceptance or consent of Franchisor, Developer shall make a timely written request to Franchisor therefor; and any approval, acceptance or consent received, in order to be effective and binding upon Franchisor, must be obtained in writing and be signed by an authorized officer of Franchisor.

B. **No Warranties.** Franchisor makes no warranties or guarantees upon which Developer may rely by providing any waiver, approval, consent, acceptance or suggestion to Developer in connection with this Agreement, and assumes no liability or obligation to Developer therefor, or by reason of any neglect, delay, or denial of any request therefor. Franchisor shall not, by virtue of any approvals, consents, acceptances, advice or services provided to Developer, assume responsibility or liability to Developer or to any third parties to which Franchisor would not otherwise be subject.

C. **Waivers.** No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement. A waiver by Franchisor of any particular default by Developer shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants of this Agreement affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of the Development Term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

15. NOTICES

All notices, requests, consents and other communications required hereunder shall be in writing and shall be duly given if hand delivered and a signed receipt obtained, sent by registered or certified mail, postage prepaid, return receipt requested, sent by overnight express type service, or sent by telecommunication with confirmed delivery, including electronic mail, addressed:

If to us:

Alterations Express Franchising, Inc.
Attn: Jennifer Rondinelli
850 McKay Ct.
Youngstown, OH 44512
Email: franchising@alterations-express.com

with a copy to:

Fox Rothschild, LLP
Attn: Eleanor Vaida Gerhards, Esq.
980 Jolly Road, Suite 110
Blue Bell, PA 19422-3001
Tel. 215.918.3642
Email: egerhards@foxrothschild.com
Facsimile: (610) 397.0450

If to you, to the address and email indicated on Appendix A to this Agreement. In the alternative, notice shall be sent to such other address as you or we shall have specified in a written notice given to the other party. Each such notice shall be deemed delivered (a) on the date delivered, if by personal delivery; (b) one (1) day after notice is sent, if by overnight express type service; (c) on the date of transmission by telecommunication with confirmed delivery, if by electronic mail or other electronic method; and (d) on the first occurring of: (i) three (3) business days after mailing, postage prepaid, or (ii) the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed. Any notice provided by electronic mail or other electronic method shall be confirmed by one (1) of the delivery methods listed under subsection (a), (b), or (d) although this shall not affect the time notice is deemed given hereunder.

16. FORCE MAJEURE

As used in this Agreement, the term "Force Majeure" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Developer's (a) inability to obtain financing, lack of funds or financial distress (regardless of the reason), (b) changes in market conditions, economic hardship, or increased costs of performance; (c) labor shortages, labor disputes, or staffing issues; (d) failure, delay, or default of subcontractors, suppliers, or carriers; (e) the inability to obtain materials or services at commercially reasonable prices; (f) technology failures, cybersecurity incidents, or data loss not caused by a catastrophic external event; (g) the party's failure to comply with applicable laws, permits, or regulatory requirements; (h) any obligation to pay money; or (i) any circumstance that could have been prevented or mitigated through commercially reasonable efforts shall not constitute Force Majeure. The failure of one party to timely pay the other monies owed may not be excused due to Force Majeure.

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration.

17. ENTIRE AGREEMENT

This Agreement and all exhibits to this Agreement constitute the entire agreement between Franchisor and Developer and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the Alterations Express Franchise Disclosure Document provided to Developer. Developer acknowledges that Developer is entering into this Agreement as a result of its own independent investigation of Franchised Businesses and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to Developer pursuant to applicable law.

18. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which Franchisor is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which will remain binding on the parties and continue to be given full force and effect.

B. Third Party Beneficiaries. Except as otherwise provided in Section 15, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer and Franchisor and its affiliates and such of their heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

C. Interpretations. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. Construction. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

E. Discretion. Whenever Franchisor has expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Developer a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests. This also applies if Franchisor is deemed to have a right and/or discretion. Franchisor's judgment of what is in the best interests of the System, at the time its decision is made or its right or discretion is exercised, can be made without regard to whether: **(1)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; **(2)** Franchisor's decision or the action taken promotes its financial or other individual interest; **(3)** Franchisor's decision or the action taken applies differently to Developer and one or more other developers or franchisees or Franchisor company-operated or affiliate-operated operations; or **(4)** Franchisor's decision or the action taken is adverse to Developer's interests. Franchisor will have no liability to Developer for any such decision or action. Franchisor and Developer intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Developer agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's rights and obligations under this Agreement.

19. GOVERNING LAW, FORUM AND LIMITATIONS

A. Governing Law. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the state of Ohio, where Franchisor's principal offices are located as of the date this Agreement is signed. Nothing in this Section is intended, or shall be deemed, to make any Ohio law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

B. Forum Selection. The parties agree that, to the extent any disputes cannot be resolved directly between them, Developer shall file any suit against Franchisor only in the federal or state court having jurisdiction where Franchisor's principal offices are located at the time suit is filed. Franchisor may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Developer resides or does business or where any of the Development Area or any Franchised Business is or was located or where the claim arose. Developer consents to the personal jurisdiction of those courts over Developer and venue in those courts.

C. Internal Dispute Resolution. Developer must first bring any claim or dispute between it and Franchisor to the Franchisor, after providing notice as set forth in Section 15 above. Franchisor must respond to the notice inquiry within ten (10) business days of receipt or otherwise it is deemed denied ("IDR"). Developer must exhaust this internal dispute resolution procedure before Developer may bring the dispute before a third party. Developer agrees that Franchisor has sixty (60) days to attempt to resolve the claim or dispute with IDR (the "IDR Period") and the parties shall use commercially reasonable efforts to resolve the dispute via IDR during the IDR Period. This agreement to first attempt resolution of disputes internally through IDR will survive termination or expiration of this Agreement.

D. Mediation. At Franchisor's discretion, any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is any way related to the Development rights or any of the Franchised Businesses, may be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures. Mediation will be conducted in Ohio. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Franchisor and Developer. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this

Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. Franchisor will notify Developer of its election to submit any dispute to non-binding mediation within thirty (30) days of the end of the IDR Period or at the time Franchisor provides Developer with notice of a dispute, claim, or alleged cause of action, as applicable.

E. Arbitration. At Franchisor's sole discretion, any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is in any way related to the Development rights or any of the Franchised Businesses, may be resolved by submission to binding arbitration by and before a neutral attorney with substantive background in franchising referred by AAA and selected by the parties in accordance with the Federal Arbitration Act ("FAA") and the then-existing Commercial Arbitration Rules of the AAA. All hearings and other proceedings will take place in Ohio. Franchisor shall notify Developer of its election to submit any dispute to arbitration within thirty (30) days of a non-binding mediation determination pursuant to Section 19(D) above, or if Franchisor does not elect mediation under Section 19(D), within (i) thirty (30) days after the end of the IDR Period; or (ii) at the time Franchisor provides Developer with notice of a dispute, claim, or alleged cause of action, as applicable.

(1) The following shall supplement and, in the event of a conflict with any law or rule, including but not limited to the AAA Commercial Arbitration Rules, shall govern any dispute submitted to arbitration. The parties shall select one (1) arbitrator from the proposed list of arbitrators provided by the AAA, as applicable, who must have a substantive background in franchising. If the parties are unable to agree upon an arbitrator, each party to the dispute shall have fifteen (15) days from the transmittal date of the proposed list in which to strike names objected to, number the remaining names in order of preference, and return the list to the AAA. If a party does not return the list within the time specified, all persons named therein shall be deemed acceptable. From among the persons who have been approved on both lists, and in accordance with the designated order of mutual preference, the AAA, as applicable, shall invite the acceptance of an arbitrator to serve. If the parties fail to agree on any of the persons named, or if acceptable arbitrators are unable to act, or if for any other reason the appointment cannot be made from the submitted lists, the process of submitting lists shall continue until a suitable arbitrator is selected. In all aspects of conducting the arbitration and in rendering his or her decision, the arbitrator shall enforce and apply the substantive laws of the State of Ohio for interpretation of this Agreement, without regard to choice of law rules. The parties may conduct one seven-hour discovery deposition of a designated representative of the opposing party. Any party wishing to take such a deposition must describe with reasonable particularity, in the notice of deposition, the matters to be inquired into at the deposition, and the party producing the designated representative must designate one (1) or more officers, directors, or managing agents who consent to testify on its behalf. No other discovery depositions shall occur, unless the arbitrator find such additional depositions to be necessary after written request and an opportunity to be heard. Each party shall be permitted up to ten (10) interrogatories and reasonable requests for production of documents. Each party shall be entitled to file a motion to dismiss, a motion for summary judgment and reasonable motions in limine. The arbitrator shall permit a responding party a reasonable period of time to respond in writing to any such motions. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The arbitrator's award shall include an award of pre-hearing interest from the date upon which any damages were incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than one and one-half percent (1.5%) per month, or part of a month (unless a lower rate is required by law). The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, interest, and costs of investigation. In addition, the prevailing party shall be entitled to an award of its reasonable and necessary attorneys' fees. The arbitration hearings shall be completed within one hundred and fifty (150) days of the filing of the arbitration demand, unless the arbitrator, for good cause, must extend this deadline.

(2) The arbitrator shall have no authority to amend or modify the terms of the Agreement. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the parties. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District Court for the Northern District of Ohio, or any other court of general jurisdiction located in Ohio and, if confirmed, may be subsequently entered and/or docketed, including as a judgment, in any court having competent jurisdiction. Similarly, any appeals from and/or relating to any arbitration which may be brought in accordance with this Section 21 shall be heard before the United States District Court for the Northern District of Ohio, or any other court of general jurisdiction located in Ohio.

(3) The arbitration provisions of this Agreement shall survive any termination or expiration of this Agreement.

F. Limitations. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to Developer) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

G. Damages and Jury Waiver. Developer and Franchisor waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against each other and agree that, in the event of a dispute between them, each shall be limited to the recovery of actual damages sustained by it. Developer and Franchisor waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury.

H. Cumulative Remedies. No right or remedy conferred upon or reserved to Franchisor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 21 shall survive expiration or earlier termination of this Agreement.

I. Attorneys' Fees. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys'; attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of, the proceeding. If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor) in connection with any failure by Developer to comply with this Agreement, Developer shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

20. MISCELLANEOUS

A. Counterparts and Signatures. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

B. **<u>Electronic Signatures</u>.** The counterparts of this agreement and all ancillary documents executed or delivered in connection with this agreement may be executed and signed by electronic signature by any of the parties to this agreement, and delivered by electronic or digital communications to any other party to this agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "i accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

C. **<u>Time</u>.** Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

D. **<u>Injunctive Relief</u>.** Developer recognizes that its failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to Franchisor and the System. Therefore, Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Developer, Franchisor shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by Franchisor shall be in addition to, and not in lieu of, all remedies and rights that Franchisor otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

E. **<u>Variations</u>.** Franchisor has the right, in its sole discretion, to waive, defer or permit variations from the standards of the System or any applicable agreement to any developer, franchisee, prospective developer or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. Franchisor has the right, in its sole discretion, to deny any such request Franchisor believes would not be in the best interests of the System.

F. **<u>Compliance with U.S. Laws</u>.**

(1) You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided above.

(2) Developer represents and warrants to Franchisor that, as of the date of this Agreement, neither Developer nor any person holding any ownership interest in Developer, controlled by Developer, or under common control with Developer is designated under any Anti-Terrorism Laws as a person with whom business may not be transacted by Franchisor, and that Developer: **(1)** does not, and hereafter shall not, engage in any terrorist activity; **(2)** is not affiliated with and does not support any individual or entity engaged in, contemplating or supporting terrorist activity; and **(3)** is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating or supporting terrorist activity, or to otherwise support or further any terrorist activity.

21. COVENANT OF GOOD FAITH; APPROVALS; BUSINESS JUDGMENT

A. <u>Covenant of Good Faith</u>. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

B. <u>Consent and Approvals Standard</u>. Whenever this Agreement requires our consent or approval, you must make a timely written request for such consent or approval, and the consent or approval must be in writing in order to bind us. Further and subject to applicable law, whenever in this Agreement we are permitted or required to act, make a decision or determination, or provide an approval or consent (i) in our "good faith determination", "good faith discretion", "determination in good faith", "reasonable determination", "reasonable discretion", "acting reasonably" or under another express reasonableness type standard, then we will act under such standard exercising our reasonable business judgment; and (ii) in our "determination", "sole determination", "discretion" or "sole discretion", then we have the absolute right to refuse any request you make or to withhold our consent or approval in our sole determination considering such interests and factors as we deem appropriate. Our decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, and even if the decision or action also promotes our financial or other individual interest, for example, by protecting or improving the goodwill of the brand, uniformity, quality, efficiency, modernization, or our competitive position in the marketplace. We may make determinations or exercise our discretion differently due to varying circumstances. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for consent or approval within the required period of time, we shall be deemed to have disapproved your request. If we deny consent or approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our consent or approval. You are not entitled to any other relief or damages for our denial of consent or approval.

22. REPRESENTATIONS

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

The below acknowledgment and statements that are contrary to the North American Securities Administrators Association, Inc.'s Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments shall not apply to prospective franchisees who are residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin or who seek to purchase a franchise located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Developer represents, acknowledges and warrants to Franchisor (and Developer agrees that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

We have made no promise or representation to you as to the renewal of this Agreement or the grant of a new or renewal area development franchise after the end of the Initial Term set forth in this Agreement.	INITIAL HERE: ____________
The Development Fee is non-refundable under any circumstances.	INITIAL HERE: ____________
This Agreement and our Franchise Disclosure Document, or "FDD", have been in your possession for at least 14 days before you signed this Agreement and before your payment of any monies to us, refundable or otherwise, and that any unilateral, material changes to this Agreement were memorialized in writing in this Agreement for at least 7 days before you signed this Agreement, or as otherwise required by state law.	INITIAL HERE: ____________
(a) You have read and understand this Agreement and our Franchise Disclosure Document; (b) We have advised you to consult with your own attorneys, accountants, or other advisers about the potential benefits and risks of entering into this Agreement; (c) You have had ample opportunity to consult with advisors of your own choosing; and (d) Our attorneys have not advised or represented you with respect to this Agreement or the relationship created hereby.	INITIAL HERE: ____________
You have conducted an independent investigation of the business contemplated by this Agreement, and you acknowledge that, like any other business, an investment in the Franchise involves unavoidable business risks. You acknowledge that the success of the Franchise is primarily dependent upon the business abilities and efforts of you and your Implementer and Personnel.	INITIAL HERE: ____________
You have not received any representation, warranty or guarantee, express or implied, from us or any of our officers, directors, shareholders, employees, or agents, as to the potential revenues, income, profits, volume, or success of the business venture contemplated by this Agreement. You acknowledge that you have read this Agreement and our Franchise Disclosure Document, and that you have no knowledge of any representation by us or any of our officers, directors, shareholders, employees, or agents that are contrary to the statements made in our Franchise Disclosure Document or contrary to the terms hereof. We expressly disclaim the making of any warranty, guarantee, or representations of this type.	INITIAL HERE: ____________
This Agreement, the documents referred to herein, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, constitute the entire, full and complete agreement and understanding between us and you and supersede any and all prior agreements, no other	INITIAL HERE: ____________

representations, promises, warranties or agreements have induced you to execute this Agreement. You further acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, “side-deals”, rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, and any oral or written representations, including those that are inconsistent with the terms of this Agreement or our Franchise Disclosure Document.

Developer has not received from Franchisor or its affiliates, or anyone acting on their behalf, any representations of Developer’s potential sales, expenses, income, profit or loss and has not received either from Franchisor or its affiliates, or anyone acting on their behalf, any representation other than those contained in the Alterations Express Franchise Disclosure Document provided to Developer as inducements to enter this Agreement.	INITIAL HERE: _____________
Even though this Agreement contains provisions requiring Developer to develop the Franchised Businesses in compliance with the System: (1) Franchisor and its affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of Developer’s business or employment decisions; and (2) Developer and Franchisor do not intend for Franchisor or its affiliates to incur any liability in connection with or arising from any aspect of the System or Developer’s use of the System, whether or not in accordance with the requirements of the Development Manuals.	INITIAL HERE: _____________
Franchisor makes no express or implied warranties or representations that Developer will achieve any degree of success in the development or operation of Franchised Businesses and that success in the development and operation of Franchised Businesses depends ultimately on Developer’s efforts and abilities and on other factors, including, but not limited to, market and other economic conditions, Developer’s financial condition and competition.	INITIAL HERE: _____________
You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.	INITIAL HERE: _____________

[Signature page follows]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Area Development Agreement as of the day and year first above written.

Franchisor: Alterations Express Franchising, Inc.	Developer: ______________________________
BY: ________________________________	BY: ________________________________
(signature)	(signature)
Name:	Name:
Title:	Title:
Date:	Date:
	________________________________
	Owner Operating Principal
	________________________________
	Owner
	________________________________
	Owner

GUARANTY AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Alterations Express Area Development Agreement dated as of ________________ ("Agreement") by Alterations Express Franchising, Inc. ("Alterations Express"), entered into with ____ ("Developer"), the undersigned ("Guarantors"), each of whom is an equityholder, shareholder, partner, member or owner or spouse of an equityholder, shareholder, partner, member or owner personally and unconditionally: **(1)** guarantee to Alterations Express and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Developer shall **(a)** punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and **(b)** punctually pay all other monies owed to Alterations Express and/or its affiliates; **(2)** agree personally to be bound by each and every provision in the Agreement, including, without limitation, the provisions of Sections 9 and 13; and **(3)** agree personally to be liable for the breach of each and every provision in the Agreement, including, without limitation, Section 9.

Each of the undersigned waives: **(a)** acceptance and notice of acceptance by Alterations Express of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(c)** 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 Developer or any other person as a condition of liability; **(e)** all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the execution of and performance under this Guaranty by the undersigned; **(f)** any law or statute which requires that Alterations Express make demand upon, assert claims against or collect from Developer or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Developer or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; **(g)** any and all other notices and legal or equitable defenses to which he may be entitled; and **(h)** any and all right to have any legal action under this Guaranty decided by a jury.

Each of the undersigned consents and agrees that: **(i)** his direct and immediate liability under this Guaranty shall be joint and several; **(ii)** he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; **(iii)** such liability shall not be contingent or conditioned upon pursuit by Alterations Express of any remedies against Developer or any other person; **(iv)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Alterations Express may from time to time grant to Developer 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 and for so long thereafter as there are monies or obligations owing from Developer to Alterations Express or its affiliates under the Agreement; and **(v)** monies received from any source by Alterations Express for application toward payment of the obligations under the Agreement and under this Guaranty may be applied in any manner or order deemed appropriate by Alterations Express. In addition, if any of the undersigned ceases to be a member of the Continuity Group, a 10% Owner, an officer or director of Developer or own any interest in Developer prior to termination or expiration of the Agreement, that person agrees that his obligations under this Guaranty shall continue to remain in force and effect unless Alterations Express in its sole discretion, in writing, releases that person from this Guaranty. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 10.C. shall remain in force and effect for a period of thirty-six (36) months after any such release by Alterations Express. A release by Alterations Express of any of the undersigned shall not affect the obligations of any other Guarantor.

Further, each and every Guarantor (on behalf of himself and his heirs, representatives, successors and assigns) (collectively, "Releasors") freely and without any influence forever releases and covenants not to sue Alterations Express, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents, members, managers and employees, in their corporate and individual capacities from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "claims"), that any Releasor now owns or holds or may in the future own or hold based on, arising out of or relating to, in whole or in part, any fact, event, conduct or omission occurring on or before the date of the Agreement, including, without limitation, claims arising under any laws, rules and ordinances and claims arising out of, or relating to the Agreement and all other agreements between any Releasor and Alterations Express or its parent, subsidiaries or affiliates, the sale of any franchise to and Releasor, the development and operation of the Franchised Businesses and the development and operation of all other Businesses operated by any Releasor that are franchised or licensed by Alterations Express or its parent, subsidiaries or affiliates. Each Guarantor (on behalf of the Releasors) expressly agrees that fair consideration has been given by Alterations Express for this release and understands that this is a negotiated, complete and final release of all claims.

If Alterations Express brings an action to enforce this Guaranty in a judicial proceeding or arbitration, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If Alterations Express utilizes legal counsel (including in-house counsel employed by Alterations Express or its affiliates) in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Alterations Express for any of the above-listed costs and expenses incurred by it.

If any of the following events occur, a default ("Default") under this Guaranty shall exist: **(a)** failure of timely payment or performance of the obligations under this Guaranty; **(b)** breach of any agreement or representation contained or referred to in this Guaranty; **(c)** the dissolution of, termination of, existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or **(d)** the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice. Upon the death of one of the undersigned, the estate shall be bound by this Guaranty for all obligations existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.

This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Alterations Express' interests in and rights under this Guaranty are freely assignable, in whole or in part, by Alterations Express. Any assignment shall not release the undersigned from this Guaranty.

Sections 19 and 20 of the Agreement are incorporated by reference into this Guaranty and all capitalized terms that are not defined in this Guaranty shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal.

GUARANTOR(S):

Name: ______________________________ **(signature)**	**Name:** ______________________________ **(signature)**
Name: ______________________________ **(signature)**	**Name:** ______________________________ **(signature)**
Name: ______________________________ **(signature)**	**Name:** ______________________________ **(signature)**
Name: ______________________________ **(signature)**	**Name:** ______________________________ **(signature)**

APPENDIX A

Name of Developer Business Entity: ____________________

Mailing and Email Address for Notice: ____________________

Owner-Operator: ____________________

All Owners of Developer Business Entity	Name, Email and Mailing Address	Percentage Interest
		_________ %
		__________%
		__________%
		__________ %

Development Area:

Developer's rights in the Development Area shall be subject to the limitations described in Section 2. Unless otherwise specified, all street boundaries shall be deemed to include both sides of the street.

Developer shall develop and continue to operate a minimum of ___________________ Franchised Businesses in the Development Area, in accordance with the following schedule:

Number of New Businesses To Open	**Cumulative Number of Businesses to be Open**	**Lease to Be Signed by Date**	**Date Business Must be Opened**
1			
2			
3			

Exhibit D

List of Franchisees

None.

Exhibit E

List of Former Franchisees

None.

Exhibit F
Operations Manual Table of Contents

OPERATIONS MANUAL
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Exhibit G
List of State Administrators

California California Department of Financial Protection and Innovation 320 West 4th St., Suite 750 Los Angeles, CA 90013-2344 (213) 736-2741 Toll Free: 1-866-275-2677	**Michigan** Consumer Protection Division Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117	**South Dakota** Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501
Connecticut Department of Banking, Securities Investment Division 260 Constitution Plaza Hartford, CT 06103	**Minnesota** Minnesota Dept. of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-3165 (651) 296-4026	**Texas** Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887
Florida Florida Department of Agriculture And Consumer Services 407 S. Calhoun Street Tallahassee, FL 32399-6700	**New York** New York Department of Law, Investor Protection and Securities 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236	**Utah** Department of Commerce 160 East 300 South SM Box 146704 Salt Lake City, UT 84114-6704
Hawaii Business Registration Div. Dept. of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**Nebraska** Department of Banking and Finance 1230 "0" Street Suite 400 PD. Box 95006 Lincoln, NE 68509-5009	**Virginia** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
Illinois Chief, Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62707 (217) 782-4465	**North Dakota** North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505 (701) 328-2910	**Washington** Department of Financial Institutions Securities Division PO BOX 41200 Olympia, WA 98507-9033 (106) 753-6928
Indiana Deputy Commissioner, Franchise Division Indiana Securities Commission Secretary of State 302 W. Washington St, Room E-111 Indianapolis, IN 46204 (317) 232-6681	**Oregon** Department of Insurance & Finance Corporate Securities and Franchise Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	**Wisconsin** Securities and Franchise Registration Wisconsin Securities Commission P.O. Box 1768 Madison, WI 53701 (608) 266-8559
Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, MD 21202-2020 (410) 576-6360	**Rhode Island** Chief Securities Examiner Department of Business Regulation Securities Division Franchise Section 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 277-3048	

<u>Exhibit H</u>

List of Agents for Service of Process

CALIFORNIA California Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500	**MARYLAND** Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**RHODE ISLAND** Director of Depart. of Business Regulation Suite 232 233 Richmond Street Providence, Rhode Island 02903-4232 (401) 277-3048
CONNECTICUT Connecticut Department of Banking, Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 06103	**MICHIGAN** Dept. of Commerce, Corp'ns & Securities Bur. 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48910 (517) 373-7117	**SOUTH DAKOTA** Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501
HAWAII Comm'r Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**MINNESOTA** Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-4026	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**NEW YORK** New York Secretary of State 99 Washington Avenue Albany, New York 12231	**WASHINGTON** Director of Depart. of Financial Institutions General Administration Building -Securities Division – 3[14] Floor 150 Israel Road, S. W. Tumwater, Washington 98501 (360) 902-8760
INDIANA Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681	**NORTH DAKOTA** North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505 (701) 328-2910	**WISCONSIN** Commissioner of Securities 345 West Washington Avenue Fourth Floor Madison, Wisconsin 53703 (608) 261-9555

Exhibit I
Franchisee Disclosure Acknowledgement Statement

This Questionnaire does not apply to franchises who intend to operate the franchised business in the State of California.

Do not sign this Statement of Prospective Franchisee Questionnaire if you are a resident of Maryland or the business it to be operated in Maryland. This Exhibit I does not apply to Maryland franchisees.

You are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of an Alterations Express (the "Franchised Business") with Alterations Express Franchising, Inc. (the "Franchisor"). The purpose of this Questionnaire is for us to conduct certain factfinding related to the offer and sale of the Franchised Business.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

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

The below acknowledgment and statements that are contrary to the North American Securities Administrators Association, Inc.'s Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments shall not apply to prospective franchisees who are residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin or who seek to purchase a franchise located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes_____ No_____

2. I had my first face-to-face meeting with a Franchisor representative on ____________, 20___.

3. Did you receive a copy of our Franchise Disclosure Document at least 14 calendar days before signing the Franchise Agreement (including the exhibits, addenda, attachments and related agreements like the franchise agreement)?

Yes_____ No_____

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

Yes_____ No_____

5. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes_____ No_____

If No, do you wish to have more time to do so?

Yes_____ No_____

6. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes_____ No_____

7. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business that is contrary, different from or in addition to the information contained in the Disclosure Document?

Yes_____ No_____

8. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary, different from or in addition to the information contained in the Disclosure Document?

Yes_____ No_____

9. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary, different from or in addition to the information contained in the Disclosure Document?

Yes_____ No_____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes_____ No_____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or Franchise Agreement?

Yes_____ No_____

12. Have you entered into any binding agreement with the Franchisor concerning the purchase of this Franchised Business prior to today?

Yes_____ No_____

13. Have you paid any money to the Franchisor concerning the purchase of this Franchised Business prior to today?

Yes_____ No_____

14. Have you spoken to any other franchisee(s) of this system before deciding to purchase this Franchised Business? If so, who? ____

If you have answered No to question 3, or Yes to any one of questions 6-13, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 3, and No to each of questions 6-13, please leave the following lines blank.

____
____
____
____
____

I signed the Franchise Agreement and Addendum (if any) on _____________, 20___ and acknowledge that neither the Franchise Agreement nor the Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

____
____

B. You acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other antiterrorism measures (the "Anti-Terrorism Measures"). Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

IN WITNESS WHEREOF, the undersigned has executed this Acknowledgement Statement effective as of the date of the Franchise Agreement.

Name of Franchisee

BY:___________________________________

Name:_________________________________

Exhibit J
State Addenda to Disclosure Document

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE CONNECTICUT BUSINESS OPPORTUNITY INVESTMENT ACT

DISCLOSURES REQUIREMENT BY CONNECTICUT LAW

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

Notwithstanding anything to the contrary in the disclosure document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Connecticut:

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

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

3. Item 2 of the Disclosure Document is amended to provide that each seller's current address is the address of Alterations Express Franchising, Inc. which is 850 McKay Ct., Youngstown, OH 44512.

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE INDIANA FRANCHISE DECEPTIVE FRANCHISE PRACTICES ACT

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

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

2. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Ohio law if such provision are in conflict with Indiana law.

3. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

4. Item 12 and Section 2.3 of the Franchise Agreement are subject to Indiana Code § 23-2-2.7-1(2) and § 23-2-2.7-2(4) which prohibit us from competing unfairly with you within a reasonable area.

5. No release language set forth in the Disclosure Document or Franchise Agreement, including but not limited to Item 17 or Section 16 thereof, respectively, shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

6. Section 21.1 of the Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.

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

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE MICHIGAN FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Michigan:

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

2. A prohibition on your right to join an association of franchisees.

3. A requirement that you assent to a release, assignment, novation, waiver or estoppel which deprives you of rights and protections provided in this Act. This shall not preclude you, after entering into a license agreement, from settling any and all claims.

4. A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

5. A provision that permits us to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the license of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the license or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.

6. A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

7. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

8. A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

a. The failure of the proposed transferee to meet our then current reasonable qualifications or standards.

b. The fact that the proposed transferee is a competitor of us or sub-franchisor.

c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

d. The failure of you or the proposed transferee to pay any sums we are owed or to cure any default in the license agreement existing at the time of the proposed transfer.

9. A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the license agreement and has failed to cure the breach in the manner provided in subdivision (c).

10. A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provisions has been made for providing the required contractual service.

THE FACT THAT THERE IS A NOTICE OF THIS DISCLOSURE DOCUMENT ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 525 W. OTTAWA STREET, 670 G. MENNAN WILLIAMS BLDG., LANSING, MICHIGAN 48933 (517) 272-7117.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

State	Effective Date
Indiana	
Michigan	

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

Exhibit K
Receipts

RECEIPT
(OUR COPY)

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

If we offer you a franchise, we 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.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit H.

The franchisor is Alterations Express Franchising, Inc., at 850 McKay Ct., Youngstown, OH 44512, or 907-302-3964. The franchise sellers are Frank Rondinelli, Jennifer Rondinelli, and Egidio Rondinelli.

Issuance Date: February 20, 2026. The Issuance Date is not the Effective Date. See State Effective Dates Page to determine if your state's Effective Date varies from the Issuance Date.

We authorize the agents listed on Exhibit H to receive service of process in the respective states.

I received a disclosure document dated February 20, 2026, that included the following Exhibits:

A. Financial Statements
B. Franchise Agreement
C. Area Development Agreement
D. List of Franchisees
E. List of Former Franchisees
F. Operations Manual
G. List of State Administrators
H. List of Agents for Service of Process
I. Franchise Disclosure Acknowledgement Statement
J. State Addenda to Disclosure Document
K. Receipts

____
Date Received

____
Prospective Franchisee Signature

____
Prospective Franchisee Printed Name

Mail signed and dated Receipt to Alterations Express Franchising, Inc. at 850 McKay Ct., Youngstown, OH 44512 or email to franchising@alterations-express.com.

RECEIPT
(YOUR COPY)

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

If we offer you a franchise, we 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.

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Prospective Franchisee Signature

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Prospective Franchisee Printed Name

Mail signed and dated Receipt to Alterations Express Franchising, Inc. at 850 McKay Ct., Youngstown, OH 44512 or email to franchising@alterations-express.com.