Clean

RECEIVED

2017 APR 20 PM 1 58

DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO

BIG BOB'S FLOORING OUTLET

Franchise Disclosure Document

FRANCHISE DISCLOSURE DOCUMENT

BIG BOB S FLOORING OUTLET OF AMERICA, INC
A Missouri Corporation
470 Southbridge St
Auburn, MA 01501
Phone 508-762 1682 Fax 508 832-2929
Email info@floorsandmore org
Website www floorsandmore org

The Franchise offered is a BIG BOB S FLOORING OUTLET store The franchisee will operate a BIG BOB S FLOORING OUTLET store which will sell at retail 1st quality running line promotional goods, overruns, factory seconds, mill drops, blemished goods, off merchandise, cabin grades, scratch and dent, salvage, plunder, discontinued merchandise and mill seconds The franchisee is granted the right to operate three (3) stores in the Franchise Territory To retain this Franchise Territory, the franchisee must open a minimum of three (3) stores within the seven (7) year term of the first signed Franchise Agreement The franchisee may also purchase an Expansion Territory anywhere an offering is available

The total investment necessary to begin operation of a BIG BOB S FLOORING OUTLET franchise ranges from **$187,261 to $393,750** This includes $30,000 00 that must be paid to the franchisor or affiliate

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English Read this disclosure document and all 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**

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 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 Buying a Franchise. A Consumer Guide, 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, DC 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 April 15, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state **REGISTRATION OF A FRANCHISE BY A STATE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE DEPARTMENT OF LAW OR THAT IT HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT** Call the state franchise administrator listed in Exhibit D for information about the franchisor or about franchising in your state

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN WORCESTER COUNTY, MASSACHUSETTS OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN MASSACHUSETTS THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT MASSACHUSETTS LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 PLEASE NOTE YOU WILL BE REQUIRED TO OPERATE THREE STORE LOCATIONS TO REMAIN IN COMPLIANCE WITH THE FRANCHISE AGREEMENT

4 THE FRANCHISOR MAY AUTOMATICALLY SHIP APPROXIMATELY $1 928 00 IN SUPPLIES PER STORE ANNUALLY, EVEN IF THEY ARE NOT NEEDED OR THERE IS A CHEAPER SUPPLIER AVAILABLE

5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We do not use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise You should be sure to do your own investigation of the franchise

The effective dates for the state registrations appear on the next page

STATE EFFECTIVE DATES

The following states 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

The Franchise Disclosure Document is registered on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	04/20/2016
Illinois	04/30/2016
Indiana	Exempt
Michigan	04/11/2017
Minnesota	Exempt
New York	01/23/2017
Virginia	11/07/2015
Washington	11/12/2015

TABLE OF CONTENTS

TABLE OF CONTENTS (CONT)

EXHIBITS

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, we" or us' means BIG BOB S FLOORING OUTLET OF AMERICA INC , the franchisor You means the individual, corporation or partnership who buys the franchise If the franchisee will operate through a corporation or partnership, you' also includes the franchisee s owners or partners

We are a Missouri corporation We maintain our principal business office at 470 Southbridge Street Auburn, MA 01501 and our telephone number is 508-762-1682 We do business under the names 'Big Bob s Flooring Outlet', Big Bob s Outlet , and Big Bob's

Our predecessor commenced business on January 1, 1984 in unincorporated form They were incorporated in Missouri on August 3 1984 under the name "Big Bob's Used Carpet Shop of Missouri, Inc " In 1987 the predecessor changed their name to "Big Bob's Used Carpet Shops of America Inc " As of this writing our predecessor operates three stores in the Kansas City metropolitan area with their principal office located at the site of its store located at 10001 W 75th Street, Shawnee Mission Kansas and their phone number is 913-372-2627

In 1986 our predecessor began to license their trade names and service marks logotype, and its procedures and methods Any licenses granted have been converted to franchises more than ten years prior to the issue date of this document

On September 4 1992 our predecessor changed their name to Big Bob s Used Carpet Shops of Kansas City Inc (Big Bob s-Kansas City') On September 4 1992 we were incorporated taking our predecessor s name We changed our name to Big Bob's New & Used Carpet on June 1, 1995 In late 2004 to remain in step with the evolution of our franchise, we changed our name to Big Bob s Flooring Outlet This name change did not involve any change in corporate ownership, management, or policy Our formal corporate name is now Big Bob's Flooring Outlet Of America, Inc Our predecessor has now adopted the name Big Bob s New & Used Carpet Shops of Kansas City, Inc , doing business as Big Bob s Outlet, and to this day remains our predecessor

A written Agreement was entered into on September 4, 1992 whereby we acquired all the rights and interests in the logo types trademarks, service marks, trade names, and proprietary systems associated with the franchise business Under this agreement we also acquired any and all existing licensed rights of our predecessor

Our corporate parent is Floors & More, LLC Its principal business address is 470 Southbridge Street Auburn MA 01501

The principal business addresses of our agents for service of process are shown in Exhibit E

Your business will operate BIG BOB S FLOORING OUTLET store(s) for the retail and wholesale sale of 1st quality running line, promotional goods overruns, factory seconds, mill drops, blemished goods off merchandise, cabin grades, scratch and dent salvage plunder, discontinued merchandise and mill seconds substantially similar in appearance, format, organization and operation to our predecessor's stores You are granted an exclusive territory in which to operate your store(s) You are granted the right to operate at least three (3) stores in the Franchise Territory To retain this Franchise Territory you must open a minimum of three (3) stores within the seven (7) year term of the first signed Franchise Agreement If you do not open the three (3) stores in your exclusive territory within the seven (7) year term you must choose one of two options upon renewal of the Franchise Agreement First, you may pay a fee of Fifteen Hundred Dollars ($1 500 00) per location not opened, per month in default Second you may forfeit the Franchise Territory outside the existing store(s) Exclusive Store Area (Store Area) as described and delineated in Addendum B You may also purchase an Expansion Territory outside your current Franchise Territory anywhere an offering is available if you qualify Unless agreed otherwise only one (1) store is required to be opened in the Expansion Territory In addition, you are granted the right, license, and privilege to use our trade names and service marks, to employ our operating methods and procedures and to use our advertising and promotional methods and materials

Your operation will resemble our predecessor business and/or our model store(s) Big Bob's Flooring Outlet stores sell 1st quality running line promotional goods overruns, factory seconds, mill drops, blemished goods, off merchandise, cabin grades, scratch and dent, salvage, plunder, discontinued merchandise and mill seconds to the general public

Your store(s) should be located at a densely populated, highly visible location, preferably near other large retailers that generate substantial traffic Ordinarily, you will not be located in a regional mall and thus will not confront other businesses offering competitive goods or services within the same mall

The market for floor covering is fully developed Your competitors include retail floor covering stores, discount floor covering stores, home improvement stores mass merchants, and competitors that sell floor covering through the mail, telephone and Internet

Since 1984, our predecessor has continuously operated a business of the type to be operated by you Our management team came from and is intimately familiar with the operation of the business conducted by our predecessor and to be conducted by you

Neither we nor our predecessor have offered franchises in other lines of business Our predecessor does not engage in the business of offering franchises

Big Bob's Flooring Outlet of America, Inc is not aware of any regulation regarding the sale of floor covering that you must specifically comply with other than laws and regulations applicable to businesses in general

ITEM 2

BUSINESS EXPERIENCE

Vincent Virga Chief Executive Officer

Vincent Virga is our CEO since January of 2016 as well as the CEO of the affiliate franchisee Floors Today, LLC located in New England He owns 100% of Floors and More LLC which is the majority shareholder of Big Bob s Of America, Inc From 2011 to 2015, Vincent Virga owned and operated multiple floor covering companies in the Northeast including a Big Bob s Franchise

John Lomicky Director of Merchandising & Buying for Flooring

For the last 6 years John has served in this role for our affiliate Floors to Ceiling John has over 40 years experience in the Floor Covering industry including having worked in management of a large multi store retailer, having worked in National Accounts for one of the top 3 manufacturers of flooring and having worked for the industry's largest buying group as a buyer and a merchant His commitment to getting great value and extra benefits for our members is unparalleled

Ali Klement Director of Marketing & Member Services

For the last 6 years Ali has served in the marketing department of our affiliate Floors to Ceiling Having worked for over 18 years as a graphic designer, marketing manager and in managing a member services department, Ali s creativity and unique ideas, along with her excellent communication and interpersonal skills have enabled her to make a huge impact Well beloved and highly respected by our members she is known for her commitment to their success and her excellence in execution Ali strives to ensure a positive member experience and high member retention rates – through the creation and implementation of a successful advertising services program

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5

INITIAL FEES

You must pay an initial franchise fee of $30,000 00 This fee is uniform for each of you The initial franchise fee is not refundable under any circumstances This fee is payable as follows (i) Twenty Thousand Dollars ($20,000 00) is payable to Big Bob's Flooring Outlet of America Inc upon execution of the Franchise Agreement, and (ii) Ten Thousand Dollars ($10,000 00) is payable to Big Bob's Flooring Outlet of America, Inc within 15 days of signing a lease or purchasing the property for the initial store location The fee for the second and third store is paid within 15 days of signing a lease or purchasing the property for the additional store location(s) Big Bob's Flooring Outlet of America, Inc may charge you interest at the rate of 18% annually, or the maximum allowed by law on late payments, calculated from the date due until payment is received in full

ITEM 6

OTHER FEES (SEE NOTE 1)

Column 1	Column 2	Column 3	Column 4
Type of Fee	**Amount**	**Due Date**	**Remarks**
Continuing Royalty	Gross Sales in Dollars	Monthly	Gross Revenues
(Note 2)	0 00 - 60 000 00 = 2%	No Later than the 25th day of the next month	Includes all Revenues from Franchised Business
	60,000 01 - 180,000 00 = 3%		
	180,000 01 Plus = 2%		
	There is a monthly minimum royalty of $1 000 00		

Column 1	Column 2	Column 3	Column 4
Type of Fee	**Amount**	**Due Date**	**Remarks**
Additional Royalty	If for any 3 consecutive months your Purchases from approved vendors are less than 70% for the next six months you will pay additional royalties, until your Purchases from approved vendors are 70% or more for 3 consecutive months	No Later than the 25th day of the next month	Includes Purchases made from all of your flooring businesses
	50 1% to 69 99% = 5%		
	33 34% to 50% = 75%		
	Less than 33 33% = 1%		
Transfer	$5,000	Upon Demand	
Renewal (Note 3)	$5,000	Due When Billed	
Penalty for Failing to Open 2 Additional Stores within the 7 Year Contract Term (Note 3)	$1 500 per Store not opened, per month in default or forfeit Franchise Territory outside the existing store(s) exclusive Store Area	Due When Billed	Upon Renewal of Franchise Agreement
Expansion Territory Fee (Note 4)	$10,000 per Store	$5 000 Down $5,000 upon opening	Outside Territory $5,000 00 deposit reserves Expansion Territory for 18 months
Local Advertising Requirement	8% of Projected Annual Sales or $48,000 whichever is greater for first year	During 1st 180 days after open	4% of Projected Annual Sales or 4% of Previous Year s Sales, 12 Months thereafter
National Advertising	You will vote on the amount due You do not have to participate in National Advertising unless you elect to do so	Not yet established	Only after 100 Stores in Franchise System
Initial Training	Initial training for you and/ or your employee(s) is free		Initial training for you and/or your employee(s) is free You pay the travel/living expenses

Column 1	Column 2	Column 3	Column 4
Type of Fee	**Amount**	**Due Date**	**Remarks**
Additional Training	Currently we have no additional training programs However we reserve the right to charge you a fee for such a program if it is established in the future	Upon Demand	You pay the travel and living expenses Certain courses are optional and certain courses are mandatory
Annual Convention	Registration fee per attendee will be announced when the convention is announced to you		You pay the travel/ hotel expenses
Pay Per Click	$500 a Month	Due When Billed	You pay supplier
Interest	18% per annum or the maximum allowed by law	Upon Demand	Applies to all payments to us that you do not pay on time
Penalty for Late Royalty Payment and Penalty for Insufficient Payment	$50 per day per Royalty payment that is late and $50 per each returned insufficient payment, or the maximum amount permitted by applicable law	Upon Demand	Applies to all payments to us that you do not pay on time
Penalty for Late Required Reports	$50, or the maximum amount permitted by applicable law	Upon Demand	Applies to all required reports that you do not deliver on time
Semi-Annual Convention Penalty Fee	$1,000 for each year not in attendance	30 Days after scheduled convention date	Applies only to those employees that we require to attend

Notes

1 **Fees** The information in this Note applies to all items listed in this Table All fees are imposed by and are paid to Big Bob s Flooring Outlet of America, Inc, unless specified All fees are non refundable Most of the time all fees are uniform for each of you However, fees may vary depending on factors, such as the number of stores you contractually commit to open We do not have a set formula used to compute fees

2 **Royalty** The Royalty Fee applies to each store individually If you operate more than one (1) Big Bob's Flooring Outlet store, you shall then pay to Big Bob's Flooring Outlet of America, Inc a flat 2% royalty for every Big Bob's store that you operate "Gross Sales ' means all sales of goods and services sold, directly or indirectly, in connection with or through operation of your store that are paid for by any means If you purchase less than 70% of your products through approved vendors you will pay additional royalties

3 **Additional Stores** You must open at least 2 additional stores within the seven year contract term to retain the Franchise Territory If you do not open the additional 2 stores in your Franchise Territory within the seven-year term you may choose one of two (2) options upon renewal First, you may pay a fee of Fifteen Hundred Dollars ($1 500 00) per location not opened, per month in default Payment will be made via ACH Second, you may forfeit the Franchise Territory outside the existing store(s) exclusive Store Area (Store Area") as described and delineated in Addendum B

4 **Expansion Territory** The Expansion Territory Franchise Fee for the initial and all subsequent stores in the Expansion Territory shall be Ten Thousand Dollars ($10,000 00) The Franchise Fee for the Expansion Territory shall be paid as follows $5,000 00 non refundable deposit due when Big Bob s Flooring Outlet of America Inc grants the Expansion Territory and Addendum C is executed and attached to the Franchise Agreement The non refundable deposit of the Franchise Fee reserves the Expansion Territory for eighteen (18) months from the date you sign the amended Addendum A You must then open a store in the Expansion Territory within the eighteen (18) month time period to claim the Expansion Territory Should you fail to open the one (1) store within the eighteen (18) month time period, you shall either forfeit the Expansion Territory or renew the Expansion territory with the payment of Fifteen Hundred Dollars ($1,500 00)

Payment of the Fifteen Hundred Dollars ($1 500 00) shall occur monthly until you either open a store in the Expansion Territory or forfeit the territory all together You must give Big Bob s Flooring Outlet of America Inc 30 days written notice if you choose to forfeit, otherwise the Expansion Territory shall automatically renew on a monthly basis

ITEM 7

ESITMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	**Amount**	**Method of Pymt**	**When Due**	**Whom to Pay**
Initial Franchise Fee	$30,000	$20 000 Down, $10 000 Upon Securing Store Location	At Signing and Upon Securing Store Location	Us
Required Purchases (Note 1)	$46,700 $55 500	As Arranged	Upon Securing Store Location	Us and/or Suppliers
Training Expenses (Note 2)	$1,500	As Airlines Hotels Restaurants etc Require	As Required	To Service Provider
Real Estate Deposit (Note 3)	$0 - $30,000	As Arranged	Per Lease	Landlord
Real Estate Improvements	$0 - $25,000	As Arranged	As Required	Suppliers

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	**Amount**	**Method of Pymt**	**When Due**	**Whom to Pay**
Computers	$5,000 - $7 500	As Arranged	As Required	Suppliers
Equipment and Fixtures (Note 4)	$10 000 - $35,000	As Arranged	As Required	Suppliers
Opening Inventory (Note 5)	$40,000 $100 000 *	As Arranged	As Required	Suppliers
Signage (Note 6)	$5,000 $15,000	As Arranged	As Required	Suppliers
Initial Contract Advertising	$22,000	As Arranged	Per Agreement	Suppliers
Add'l Funds - 3 Months (Note 7)	$26,561 $71 250	As Incurred	Payroll Other Purchases	Employees, Suppliers of Goods & Services
Utility Deposits	$500 - $1,000	As Arranged	When Due	Utility Provider
		As Incurred	When Due	City or Municipality
TOTAL (Note 8)	**$187,261 - $393,750**			

Notes

1 **Required Purchases** The Franchise Agreement requires you to make the following required purchases (i)RFMS Software with a three (3) user license, CMM Module bar-coder, tri coder training and support, (ii) Basic Big Bob s Website and Mobile Website, including template and support, (iii)SEO (Search Engine Optimization) and PPC (Pay Per Click) including the initial setup of SEO and PPC as well as monthly SEO support fees and a minimum of $500 00 per month spent on PPC, (iv)Big Bob s University with four (4) user licenses, (v)Big Bob's Display System including Special Order Product Displays Pallet Toppers, SonoTubes (vi)In-Store Sign Package, including Interior Wayfinder Signs and Big Bob's Saying Sings/ Artwork Depending on if you already use RFMS Software for your existing business it is estimated that these required purchases run between $46,700 and $52 700 Whether these fees are refundable depends on the supplier

2 **Expenses in Training** The Franchise Agreement requires you to send at least one employee to a designated existing franchise location for training Although no charge is assessed for the training you must pay the costs for transportation and room and board incurred by your employee Depending on the distance traveled, length of stay, and quality of accommodations, these costs will vary

3 **Real Estate** Although you may operate your Big Bob's Flooring Outlet store in a location you already own or acquire in connection with the acquisition of your Franchise, we anticipate most of you will operate in premises that have been leased The estimates set forth in this Item are based on this assumption The typical Big Bob's Flooring Outlet store has between 6,000 and 10 000 square feet Depending on such factors as city, size, condition, and location of the leased premises rent should run between $50 000 and $180 000

per year Real estate deposits vary depending on whether you own the building Real estate improvements vary depending on the condition of the building

4 **Equipment** We anticipate that you will require the following equipment and fixtures for your Big Bob's Flooring Outlet store (i) forklift (ii) cutting machine, and (iii) front counter In addition, you will need office equipment and furniture according to your personal preferences which may include a computer, fax machine, copier adding machine, files desk, and chairs Depending on the amount, quality and condition of these items the cost of the equipment fixtures office equipment and furniture is estimated to run between $10 000 and $35 000

5 **Inventory** The amount of the opening inventory expense will vary depending on the size of the premises leased or purchased by you and your existing inventory resources if any We anticipate that if the area of your leased/purchased store is 6 000-10 000 sq ft For those already in the flooring business, you may utilize and share your inventory across all of the channels you operate in, greatly reducing this investment to $40 000 or less

6 **Signs** You will need outdoor signage showing the operation to be a Big Bob's Flooring Outlet store Required in-store signage is included in the In-Store Sign Package required to be purchased by you The outside sign cost will vary according to whether your landlord defrays some of the cost and the size of the signage

7 **Additional Funds** Your staffing needs and costs will vary depending on how much time your principal devotes to the store the amount of his compensation, and the prevailing wage rates in the area of the store We anticipate that you will require at least a store manager a salesperson, and a warehouse worker Conceivably, you will employ more sales personnel and warehouse workers These additional funds are necessary during the initial phase of the business Our experience finds this initial phase to be 3 months

8 We relied upon our predecessor s more than 18 years experience in the industry when preparing these figures You should review these figures carefully with a business advisor before making any decision to purchase the Franchise These figures are estimates and Big Bob s Flooring Outlet of America, Inc cannot guarantee that your expenses will not exceed these estimates or that you will not have additional expenses starting the business Your costs will depend on factors such as how much you follow our methods and procedures, your management skill experience and business acumen local economic conditions, the local market for our product the prevailing wage rate competition and the sales level reached during the initial period

No fees payable to Big Bob s Flooring Outlet of America, Inc are refundable

ITEM 8

RESTRICTION ON SOURCES OF PRODUCTS AND SERVICES

Interior Layout Big Bob's Flooring Outlet of America, Inc retains the right to disapprove your floor plans covering the interior of your store You must maintain and keep the interior premises of the store in a good, clean, and orderly condition

You must purchase the Big Bob Sample Display System ', including Special Order Product Displays, Pallet Toppers, and Sonotubes, and the Big Bob's in-Store Signage Package, including Interior Wayfinder Signs and Big Bob's Saying Signs/ Artwork Examples of these are in use at our predecessor's primary location and/ or our model store(s) Big Bob's Flooring Outlet of America, Inc may require you to purchase any replacement or additional samples through us and/or our supplier Big Bob s Flooring Outlet of America, Inc will designate the only approved supplier for these items

Big Bob's Flooring Outlet of America, Inc reserves the right to auto ship up to $1,500 00 per year in display systems to you per store You must pay the vendor directly for these display systems Big Bob s Flooring Outlet of America, Inc reserves the right to auto ship up to $3,000 00 of in store graphics and signage packages to you over the course of the seven-year contract per store You must pay us and/or the vendor directly for these in-store graphics and signage packages

We may enter your premises at any reasonable time and inspect your operation to ensure that you are operating and maintaining the business in accordance with all of the terms and conditions of the Franchise Agreement At all times you are obligated to conform to our "Standards of Operations" as stated in Section 8 of the Franchise Agreement

Exterior of Building Big Bob s Flooring Outlet of America, Inc retains the right to disapprove the exterior elevations of your store You must maintain and keep the exterior premises, and surrounding areas, of the store in a good, clean and orderly condition

Exterior Sign Big Bob s Flooring Outlet of America, Inc retains the right to disapprove the location and size of your exterior signs Only Big Bob s Flooring Outlet of America, Inc approved signs and logos are allowed

Advertising You shall use Big Bob's Flooring Outlet of America, Inc s preferred Advertising Agency to assist you in advertising for the first year The Advertising Agency shall direct the expenditure of the budget and place advertisement ads among other duties After the expiration of the first year term that Big Bob s Flooring Outlet of America, Inc provides to you use of its preferred Advertising Agency, you may renew the use of the Advertising Agency and pay all costs associated throughout the duration of the Agreement. You shall purchase and maintain the Pay Per Click Package, including the initial setup of PPC as well as a minimum of $500 00 a month spent on PPC, with the provider that Big Bob s Flooring Outlet of America Inc selects Additional stores opened and stores in an Expansion Territory shall pay an additional $050 00 a month on PPC per store Big Bob's Flooring Outlet of America, Inc retains the right to disapprove the contents frequency and type of advertising created by you You must purchase a minimum amount of advertising each month—see Items 6 of the Disclosure Document and Section 8 of the Franchise Agreement concerning the amount to be purchased

Inventory & Product Purchases You must purchase inventory and product from approved Big Bob's Flooring Outlet of America, Inc suppliers that represent at least 70% of your Cost of Goods Sold (total product purchases excluding labor, freight and internal costs) 30% of your Cost Of Goods Sold may be purchased from other suppliers without our approval

Big Bob s Flooring Outlet of America, Inc shall have no liability to you for any damages caused or alleged to be caused by any floor covering provided or specified by Big Bob s Flooring Outlet of America, Inc Big Bob s Flooring Outlet of America, Inc disclaims any express or implied warranty, including, but not limited to, any warranty of merchantability or fitness for a particular purpose as to any floor covering provided or specified by Big Bob s Flooring Outlet of America, Inc

Insurance You must buy and maintain insurance policies protecting it and Big Bob's Flooring Outlet of America Inc and its officers and employees against any claim, loss, liability, or expense whatsoever from personal injury, bodily injury, death property damage, theft or other matters that arise or occur in connection with your store or the business conducted there whether the same occurs or arises on or off the premises of the store Additionally, installation sub-contractors must buy and maintain insurance policies of similar terms Big Bob s Flooring Outlet of America, Inc shall be an additional named insured on such policies which shall be written by insurance companies satisfactory to Big Bob s Flooring Outlet of America Inc and shall include

Kind of Insurance	Limits of Liability
Comprehensive general liability including products liability, for bodily injury	$1,000 000 each person $1,000 000 each accident
Comprehensive general liability including products liability, for property damage	$1,000 000 each accident $1,000 000 each aggregate

You must also insure your store, inventory, equipment, furnishings, and fixtures under broad form standard fire and extended coverage insurance policies in effect for similar businesses

You must provide any workmen s compensation insurance and social security unemployment compensation, and disability insurance the law requires and will, upon request provide evidence of those coverages to Big Bob s Flooring Outlet of America, Inc

Supplier We do not issue specifications We designate suppliers for inventory that represent at least 70% of your Cost Of Goods Sold (excluding labor, freight and internal costs) We are not approved suppliers for any of your goods other than retail items bearing our logo such as Big Bob signage, shirts, mugs, hats and sundries Your purchases for these logo items will be less than 2% of your total purchases While we are the only approved supplier for these logo items, you are not required to purchase these logo items Our affiliate is not an approved supplier for any of your goods No officer of Big Bob s Flooring Outlet of America Inc owns an interest in a supplier of any of your goods

We may retain an agent in Dalton Georgia or through our corporate office to assist and coordinate any floor covering purchase you ask us to in addition to the 70% of your Cost of Goods Sold that must be purchased through approved suppliers When you use us you are billed directly by the vendor and shipper and pay them directly You make no payment to us unless we broker a purchase to benefit all Franchises and pass on the cost to you A percentage of your purchase is returned by the vendor to us to assist in covering our expenses and to provide you with a rebate

Big Bob's Flooring Outlet of America Inc does not provide material benefits including, but not limited to, renewal or granting additional franchises, to a franchisee based on the franchisee s purchase of particular products or services or use of designated or approved suppliers

Required Purchases of Goods and Services You must maintain licenses for the Resource and Financial Management Systems, Inc (RFMS) software Big Bob's Flooring Outlet of America, Inc requires you to purchase a three (3) user license training support subscription CMM Module one (1) barcode scanner and one (1) tricoder for inventory control Additional stores opened and stores in an Expansion Territory shall be required to purchase an additional three (3) user license CMM Module, one (1) barcode scanner and one (1) tricoder for inventory control You must obtain the required hardware and necessary specifications to utilize the RFMS software You will need a Pentium-IV 3 0 Ghz or faster computer 4 GB or greater RAM with 40 GB or larger hard drive

You must purchase, utilize and maintain our Big Bob s Flooring Outlet basic website template and mobile website You must purchase and maintain support for your Big Bob s Flooring Outlet websites through the provider selected by Big Bob's Flooring Outlet of America, Inc for the duration of this Agreement You will have the ability to customize the template to make the website store specific You will also have add on options to create space for additional website services that are not included in this website package Additional stores opened and stores in an expansion territory shall be required to support these packages as well for each new store

The Proprietor is required to purchase and utilize Big Bob's Flooring Outlet of America, Inc s SEO (Search Engine Optimization) Package and PPC (Pay Per Click) Package The Packages include the initial setup of SEO and PPC as well as SEO support fees After the setup of SEO, you will be required to maintain and pay directly to the provider for the SEO Package throughout the duration of this Agreement After the setup of PPC you will be required to immediately maintain and support PPC for each of your locations at a minimum of $500 00 per month with the provider that Big Bob s Flooring Outlet of America, Inc selects Additional stores and expansion stores shall purchase additional SEO support fees for each new store and an additional $500 00 per month on PPC per store

You must purchase and maintain at least 4 user licenses in Big Bob s University for your initial store and any additional stores and expansion stores Using these licenses, four (4) of your employees may access the University for additional training during the term of the Franchise You may purchase additional licenses at any time at Big Bob's Flooring Outlet of America, Inc 's preferred pricing from the software provider

Approval of Alternative Suppliers Big Bob's Flooring Outlet of America, Inc may approve other suppliers of software, support and services who meet our standards and specifications for price quality performance and so forth You must submit a sample to Big Bob s Flooring Outlet of America, Inc for approval We will inspect to see if the sample is better and/ or equal than the approved supplier We will approve/ disapprove the sample within 2 weeks Approvals may be revoked if they should fall below our standards at any time

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a Site selection and acquisition/ lease	Section 3 of Franchise Agreement	Item 11
b Pre-opening purchase/ leases	N/A	N/A
c Site development and other pre-opening requirements	Sections 6, 7 and 8 of Franchise Agreement	Item 11
d Initial and ongoing training	Sections 6, 7 and 8 of Franchise Agreement	Item 11
e Opening	Section 8 of Franchise Agreement	Item 11
f Fees	Section 2 of Franchise Agreement	Items 5 and 6
g Compliance with standards and policies/ operating manual	Sections 6 7 and 8 of Franchise Agreement	Items 11 and 14
h Trademarks and proprietary information	Section 5 of Franchise Agreement	Items 13 and 14

Obligation	Section in Agreement	Disclosure Document Item
i Restrictions on products/ services offered	Sections 2 6, 7 and 8 of Franchise Agreement	Items 8 and 17
j Warranty and customer service requirements	None	None
k Territorial development and sales quotas	Section 3 of Franchise Agreement	Items 12 and 17
l Ongoing product/ service purchases	Sections 6 7 and 8 of Franchise Agreement	Item 8
m Maintenance, appearance and remodeling requirements	Section 8 of Franchise Agreement	Item 8
n Insurance	Section 8 of Franchise Agreement	Item 7
o Advertising	Section 8 of Franchise Agreement	Items 6 and 11
p Indemnification	Sections 5 and 8 of Franchise Agreement	None
q Owner s participation/ management/ staffing	None	Item 15
r Records and reports	Sections 2 and 8 of Franchise Agreement	Item 6
s Inspections and audits	Sections 3 5 6 7, and 8 of Franchise Agreement	Items 8 and 11
t Transfer	Sections 9 and 10 of Franchise Agreement	Item 17
u Renewal	Section 4 of Franchise Agreement	Item 17
v Post termination obligations	Sections 12, 13 14 of Franchise Agreement	Item 17
w Non-competition covenants	Section 14 of Franchise Agreement	Item 17
x Dispute resolution	None	None

ITEM 10

FINANCING

Neither we nor any affiliate currently offers, either directly or indirectly, any financing arrangements to you We do not guarantee any notes, leases or obligations of yours

ITEM 11

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

Except as listed below, Big Bob's Flooring Outlet of America, Inc is not required to provide you with any assistance

Pre-Opening Obligations

Before you open your store we will,

1 Designate and approve an exclusive territory for your store (Franchise Agreement, Section 3) To retain this exclusive territory, you must open a minimum of three (3) stores within the seven (7) year term of the first signed Franchise Agreement The franchise fee for the initial store is included in the Initial Franchise Fee The franchise fee for each new store opened in the exclusive territory is an additional Ten Thousand Dollars ($10,000 00) plus the required purchases If you do not open the additional 2 stores in your exclusive territory within the seven (7) year term you must choose one of two options upon renewal of the Franchise Agreement First you may pay a fee of Fifteen Hundred Dollars ($1 500 00) per location not opened, per month in default Second, you may forfeit the Franchise Territory outside the existing store(s) Exclusive Store Area (Store Area') as described and delineated in Addendum B The franchisee may also purchase an Expansion Territory anywhere an offering is available

2 Designate and approve an exclusive store area for your store (Franchise Agreement, Section 3)

3 We will provide you with an Operations Manual We retain the right to revise the manual at our discretion (Franchise Agreement Section 7) You will be given the opportunity to view the manual before you sign the Franchise Agreement Before you view the manual you must execute a Confidentiality Agreement A copy of this agreement is included in this Disclosure Document

4 We will provide you with an initial training program described in detail under Training Program" in this Item (Franchise Agreement, Section 7)

5 Prior to the opening of your store we will provide you with additional consultation and assistance that you deem necessary for your opening This additional on site assistance will be of no charge during the first year of business of the initial store After the first year of business, we will charge you a fee for this on-site assistance in the amount of $500 00 per day You will be responsible to pay all costs incurred for lodging and transportation of Big Bob s Flooring Outlet of America, Inc staff during any additional on-site consultation and training (Franchise Agreement Section 7)

6 We will provide you with all approved advertising to date, the sample display system, and the required in-store signage (Franchise Agreement Section 6) We pay the costs of these signs and have the vendor/ supplier ship them to your store We do not deliver or install the signs

7 We will arrange your required purchase of Big Bob's" Display Sample System and In-Store Signage Package (Franchise Agreement, Section 8) You are required to pay the costs of these display systems and signs and we will have the vendor/ supplier ship them to your store We do not deliver or install the signs

8 We allow you to select your own site within your approved exclusive territory We retain the right to disapprove the location (within 28 days after you notify us of the location of the site) prior to your executing the first lease or purchase agreement for your store If we cannot agree on a site, we will waive our disapproval rights and allow you to choose your site Thus there are no consequences if we cannot agree on a site It is strongly urged, however, that you consider our experienced opinion on site selection The factors that we might consider include general location and neighborhood, traffic patterns parking facilities, size and lease terms We do not own and/or lease the premises to you There is no time limit for your to locate or approve sites but we require that your store be open for business no later than the 9 months after the signing of the Franchise Agreement (Franchise Agreement, Sections 2 and 12) If you do not open for business within 9 months after signing the Franchise Agreement, a Five Hundred Dollar ($500 00) per month royalty must be paid to Big Bob's Flooring Outlet of America, Inc on the 25th of each month until you have commenced operations If you are still not open for business within 15 months after signing the Franchise Agreement, a One Thousand Dollar ($1,000 00) per month royalty must be paid to Big Bob's Flooring Outlet of America, Inc on the 25th of each month until you have commenced operations (Franchise Agreement, Section 2 and 12)

9 We will arrange the ordering of your required purchases of the Resource and Financial Management Systems, Inc (RFMS) Software no later than 60 days prior to the scheduled store opening This includes the 4 user license training, support subscription CMM Module 1 barcode scanner and 1 tri-coder for inventory control (Franchise Agreement Sections 6 and 7) Additional stores and expansion stores shall purchase the three (3) user license CMM Module bar coder tri-coder, and training for the first year for each store opened (Franchise Agreement, Sections 6 and 7)

Time to Open

We require that your store be open for business no later than the 9 months after the signing of the Franchise Agreement (Franchise Agreement Section 12) Franchisees typically open their shops 3 6 months after they sign a Franchise Agreement The factors that affect this time are the ability to obtain a lease, financing or building permits, zoning or local ordinances, weather conditions, inventory shortages, delayed installation of store facilities and completion of training If you do not open for business within 9 months after signing the Franchise Agreement, a Five Hundred Dollar ($500 00) per month royalty must be paid to Big Bob's Flooring Outlet of America, Inc on the 25th of each month until you have commenced operations If you are still not open for business within 15 months after signing the Franchise Agreement, a One Thousand Dollar ($1 000 00) per month royalty must be paid to Big Bob's Flooring Outlet of America, Inc on the 25th of each month until you have commenced operations (Franchise Agreement Section 2 and 12)

Obligations after opening

During the ongoing operation of your Big Bob's Flooring Outlet store we are required by the Franchise Agreement to provide the following assistance to you

1 We will furnish you with any updates or revisions to the Operations Manual (Franchise Agreement Section 7)

2 We will make available all approved advertising that we have produced and will produce From time to time we may provide you with advertising produced by other franchisees We may make available to you POP Materials We will furnish you with use of an advertising agency for first year of initial store (Franchise Agreement, Sections 7 and 8)

3 We will furnish you with any additional on-site assistance or consultation you request This assistance will be at your expense (Franchise Agreement, Section 7)

4 You or your employees may attend retraining or refresher courses at a designated existing franchise location These courses will basically resemble the initial training course There is no charge to you for these refresher courses, however you must pay the costs of room, board and travel associated with the attendance of the courses (Franchise Agreement, Section 7)

5 We will provide you with the waiver of the annual convention fee for the first year of your initial store, additional store, and expansion store (Franchise Agreement, Section 7)

6 We will conduct, as we deem advisable, inspections of your operation of the Franchised business (Franchise Agreement Section 8)

7 Whenever you ask us we will use our best efforts to help facilitate your floor covering purchases (Franchise Agreement, Sections 7 and 8)

8 We will arrange your purchase of 4 user licenses to access the Big Bob's University for your initial store, additional store, and expansion store Using these licenses 4 of your employees may access the University for additional training (Franchise Agreement, Section 8)

9 We will arrange your purchase of our basic website template and mobile site and for the initial store (Franchise Agreement, Section 7) We will arrange your purchase of support for the websites with our preferred vendor for your initial store, additional store, and expansion store (Franchise Agreement Section 8)

10 We will arrange your required purchase of the basic SEO (Search Engine Optimization) Package and PPC (Pay Per Click) Package for the initial store additional store and expansion The Package includes the initial setup of SEO and PPC as well as SEO support (Franchise Agreement, Section 8)

11 We will furnish you with paid in full of membership and subscription fees to both the World Floor Covering Association and the local Chamber of Commerce for first year of the initial store We will furnish you with paid in full subscriptions to the Floor Covering Weekly and the Floor Covering News magazines for first year of the initial store (Franchise Agreement Section 7)

Any duty or obligation imposed on us by the Franchise Agreement may be performed by any of our designees employees, or agents, as we may direct (Franchise Agreement, Section 7)

Advertising

We will provide you with all approved advertising that we have produced and produce, with the exception of custom advertising for a specific proprietor (Franchise Agreement, Section 7) You may use any or all of any portion of such advertising provided that you bear the cost of adapting the advertising for use in your locale We may create print, radio, television and/or Internet advertising

You may produce your own advertising We reserve the right to disapprove any advertising created and aired by you (Franchise Agreement, Section 7) You shall not advertise in another franchisee's franchise territories unless advertising jointly with this franchisee or with our permission (Franchise Agreement Section 8)

At this time, we do not have an advertising council composed of franchisees In the event at least 100 Big Bob s Flooring Outlet stores are operating nationwide and by a two-thirds majority stores within the system vote to initiate an advertising cooperative then and in that event the participating stores themselves shall create and administer and fund a national advertising campaign You will vote on the amount due You do not have to participate in National Advertising unless you elect to do so (Franchise Agreement, Section 2)

We may make available to you POP Materials You shall use our preferred Advertising Agency for one year (Franchise Agreement, Section 7) The advertising agency shall be responsible for directing the expenditure of the budget and placing advertisements

You are required to spend at least eight (8%) of projected annual sales or $48 000 00 whichever is greater, in advertising on local television, radio, newspapers or other media, during the first 180 days your store is open After that you are required to spend in every 12 month period at least four (4%) percent of your projected annual sales or at least four (4%) of the previous year s sales on local advertising (Franchise Agreement Section 8) Projected Annual Sales are solely calculated and determined by the franchisee and figured as to what they estimate sales to be for the next year increased based on the previous year s sales

We will arrange your purchase of the basic SEO (Search Engine Optimization) Package and PPC (Pay Per Click) Package The Package includes the initial setup of SEO and PPC (Pay Per Click) Package as well as

SEO support fees After the setup of PPC you will be required to immediately maintain and support PPC for each of your location(s) at a minimum of $500 00 per month with the provider that Big Bob s Flooring Outlet of America, Inc selects After the setup of SEO, you will be required to maintain and support the SEO package including support fees with the provider that Big Bob s Flooring Outlet of America Inc selects Additional stores and expansion stores shall purchase additional SEO support fees for each new store and an additional $500 00 per month on PPC per store (Franchise Agreement, Section 8)

We will arrange your purchase of the basic Big Bob's Website and Mobile Website, including template and support fees You will be required to purchase and maintain the support subscription directly with the provider for the continuation of support throughout the duration of the Franchise Agreement. Additional stores and expansion stores are required to add on support fees for each new store (Franchise Agreement, Section 8)

You have no obligation to conduct national advertising If there are ever 100 or more Big Bob's Flooring Outlet stores operating nationwide and by a 2/3 majority those stores vote to initiate such national advertising, then by that vote such a campaign will be created, administered and funded by the stores themselves, not by us (Franchise Agreement Section 2)

Software

Resource and Financial Management Systems, Inc (RFMS) Software is the standard for all our franchises and your installation and usage of the Software is required We will arrange your purchase of the RFMS Software Package no later than 60 days prior to the scheduled store opening unless you have already obtained such Software through other means (Franchise Agreement, Section 8) The RFMS Software Package includes a minimum of the following 3 user licenses training support subscription for the duration of the Franchise Agreement CMM Module 1 barcoder scanner and one tricoder for inventory control Additional stores and expansion stores are required to purchase an additional 4 user licenses, CMM Module 1 barcoder scanner 1 tricoder for inventory control, and training for each store opened You shall obtain the required hardware and necessary specifications to utilize the Software (Franchise Agreement, Section 8) If you do not already run RFMS in your current flooring operation a new user system would cost approximately $12,700 00 If you already run RFMS for your other flooring operation and need to add a second company for our franchise, the cost is approximately $9 900 00 for RFMS If you open an additional store or expansion store the cost is approximately $6,500 00 per store for RFMS The yearly support fee for the (4) user system currently costs between $1 761-$2,181 00 We have no contractual obligation to upgrade the Software or offer new software You shall obtain the required hardware and necessary specifications to utilize the Software (Franchise Agreement Section 8)

We are to have full access to all data generated in or by RFMS You must transmit all requested data from your computer systems and software as we request it You shall allow us to install secondary or third party software to facilitate our data collection and give us remote access to your computer systems (Franchise Agreement, Section 8)

Table of Contents of Operating Manual

You may view the Operating Manual before purchasing the franchise See Item 14 for more information

We will loan you a copy of our operating manual that contains mandatory and suggested specifications, standards, and procedures This manual is confidential and remains our property We have the right to revise or modify the manual and you shall receive copies of any updates or revisions (Franchise Agreement Section 7)

Training

Prior to the opening of the Franchised business you and/or your designated employee(s) must attend and complete to our satisfaction our initial Training Program for Franchisees offered by us Training must begin no later than thirty (30) days prior to the opening of your store (Franchise Agreement, Section 7)

All training will take place at a designated existing franchise location throughout the country—as specified by us (Franchise Agreement, Section 7) Training is conducted by a person from our corporate staff who will have experience in the floor covering industry including operating and managing one of our stores Training may be done by Vincent Virga who has over 30 years of experience at the executive level in the flooring industry

Training will be made available only at training classes scheduled by us and only to the extent there are openings available in the training sessions (Franchise Agreement, Section 7) This required initial training will be provided to you at no charge, however you will be responsible for any and all other expenses incurred including the costs of transportation, lodging meals and wages (Franchise Agreement Section 7)

You may send the same or additional employees for retraining or a refresher course at any time with our approval at no cost to you other than the expenses cited above No more than 2 of your employees may be in training at any one time (Franchise Agreement Section 7)

We may periodically offer additional training such as update courses and specialized training courses This additional training will be upon such terms and conditions as we deem necessary, including charging a fee for this training (Franchise Agreement Section 7) We will designate certain courses as optional and certain courses as mandatory

The initial Training Program lasts a minimum of 3 days You or your employee will work as a staff member of our franchisee's affiliate or predecessor's business (Franchise Agreement, Section 7)

TRAINING PROGRAM

	Hrs of Classroom Training	Hrs of on the Job Training	Location
Store Layout	1	0	Franchise Location
Buying	1	1	Franchise Location
Selling	1	8	Franchise Location
Merchandising	0	1	Franchise Location
Marketing	1	0	Franchise Location
Record keeping	0	2	Franchise Location
Hiring and Training Personnel	1	1	Franchise Location
Product Knowledge	1	2	Franchise Location
Suppliers	1	1	Franchise Location
	Hrs of Classroom Training	Hrs of on the Job Training	Location
Retail Sales	1	2	Franchise Location

Techniques			
Installation	0	1	Franchise Location
Problem Solving	1	2	Franchise Location

ITEM 12

TERRITORY

The Franchise Agreement grants you the right to operate at least three (3) stores only within your approved exclusive territory The territory will be determined by us depending on geographics and population of your metroplex For example, it may be city limits, county or counties, zip codes, street addresses, a specific mileage figure radius, highways, rivers or other designated boundaries Your franchise territory is defined on Addendum A to the Franchise Agreement You may relocate the franchised business only with our prior approval Our approval will be based upon a variety of factors including the viability of the then current location and demographics including, number of households, household income number of businesses and other factors we determine important relating to the proposed relocation

To retain your exclusive territory, you must open a minimum of 3 stores within the 7 year term of the first signed Franchise Agreement The cost of opening the first store is included in the initial franchise fee The franchise fee for each new store opening in the territory is an additional $5 000 plus additional store required purchases If you do not open the minimum 3 stores in your franchise territory within the 7-year term you shall choose one of two options upon renewal of the Franchise Agreement First you may pay a fee of $1 500 per location not opened per month in default Second you may forfeit the franchise territory outside the existing store(s) exclusive store area Your exclusive store area will be determined by us depending on geographics and population of your metroplex For example, it may be city limits, county or counties, zip codes, street addresses a specific mileage figure, radius, highways, rivers or other designated boundaries Your exclusive store area is defined on Addendum B to the Franchise Agreement

Within your exclusive territory, during the term of the Franchise Agreement we will not establish or operate nor license any other person to establish or operate an outlet for the operation of a business similar to or competitive with yours unless you forfeit your exclusive territory Likewise, you have no right to locate within the exclusive territory of another Franchisee Other Franchisees or Licensees of ours or outlets owned by us and using trade names or trademarks used by you cannot be located within your exclusive territory, unless you forfeit your exclusive territory

The Franchise Agreement offers you expansion territory rights outside your exclusive territory after you receive our approval in writing and only after the following conditions have been met, a) your existing location has generated annual gross sales of at least $600,000 (on an annualized basis of any partial year [if you have been in business for less than a year we will take your sales divided by the months you have been in business and multiply this by 12 to determine your annualized basis]) and have been in business for at least 6 months b) you have paid all amounts due to us in a timely manner as our Agreement provides c) no audit of your financial records disclose two understatements equal to or in excess of 5% of your gross sales, d) you have signed Addendum C which describes the rights of the Expansion Territory within your current Franchise Agreement, and e) you pay a fee of $10 000 plus additional store required purchases for each additional store If you choose to purchase an Expansion Territory the Expansion Territory is exclusive so long as you are in compliance with the following paragraph

The Expansion Territory Franchise Fee for the initial and all subsequent stores in the Expansion Territory is $10,000 plus additional store required purchases Unless agreed otherwise only one (1) store is required to be opened in the Expansion Territory The Franchise Fee for the Expansion Territory shall be paid as follows $5,000 00 non-refundable deposit due when we grant the Expansion Territory and Addendum C is executed and attached to the Franchise Agreement and $5,000 due on opening The non refundable deposit of the Franchise Fee reserves the Expansion Territory for eighteen (18) months from the date you sign the amended Addendum A You must then open a store in the Expansion Territory within the eighteen (18) month time period to claim the Expansion Territory Should you fail to open the one (1) store within the eighteen (18) month time period, you shall either forfeit the Expansion Territory or renew the Expansion territory with the payment of Fifteen Hundred Dollars ($1,500 00) Payment of the Fifteen Hundred Dollars ($1 500 00) shall occur monthly until you either open a store in the Expansion Territory or forfeit the territory all together You must give us 30 days written notice if you choose to forfeit said territory otherwise the Expansion Territory shall automatically renew on a monthly basis The purchase and/ or renewal price of the Expansion Territory shall be paid using ACH

Except when advertising jointly with appropriate franchisees you are restricted from advertising and soliciting outside your territory without our prior approval You may not engage in any mail order solicitations, catalog sales, telemarketing, Internet or television solicitation programs or use any other media outside your territory without advertising jointly or without prior written approval We, nor any other franchisees, may solicit sales inside your territory, unless advertising jointly or if joint advertising is denied, not without our approval However, we do reserve the right to sell goods through alternative distribution including the Internet to consumers located anywhere including within your territory under our principal trademark or a different trademark We do not have to pay you any compensation for soliciting or accepting orders inside your territory You, as well as other franchisees and our corporate stores, are not restricted from selling products and services to customers residing outside your territory

You do not receive the right to acquire additional franchises within your area

There is no minimum sales quota You maintain rights to your territory even though the population increases

We nor our predecessor or affiliates operates or franchises the operation of or have any present plans or a policy to operate or franchise any business selling or leasing under different trademarks or trade names goods or services similar to or competitive with those offered for sale by your franchised business

Other than the expansion rights stated the Franchise Agreement does not provide you with any options, rights or first refusal, or similar rights to acquire additional franchises within or outside your exclusive territory

ITEM 13

TRADEMARKS

The principal BIG BOB S FLOORING OUTLET commercial symbol which we will license to you appears on the cover of this disclosure document

As used in this Disclosure Document and our Franchise Agreement, the term 'Trademarks includes our trademarks service marks trade names logos and commercial symbols and also includes our copyrighted materials and other intellectual property The principal Trademarks include those that you will use to identify the franchised business Big Bob s Flooring Outlet of America Inc knows of no superior prior rights or infringing uses that could materially affect the franchisee's use of the principal trademarks

The following is a description of the principal Trademarks which we will license to you

Mark	Registration No	Reg Date	Principal or Supplemental Register of The United States Patent and Trademark Office
Big Bob's Outlet (Logo)	4 171,258	7/10/12	Principal
Big Bob s Flooring Outlet' (Word)	4,175 744	7/17/12	Principal
Big Bob's Flooring Outlet (Logo)	3,025,215	12/13/05	Principal
Home of the Best Good Buys (No logo)	3,820,792	7/20/10	Principal
'Say Hello to Good Buys (No logo)	3,813,400	7/6/10	Principal
		In Canada	
Big Bob's Flooring Outlet (Word)	Application No 1560744		1/20/12
Big Bob's Flooring Outlet' (Design)	Application No 1560745		1/20/12

We have filed all required affidavits to maintain active Trademarks

There are currently no effective determination of any state or any court, the United Stated Patent and Trademark Office (USPTO) nor is there any pending interference opposition or cancellation proceeding, nor any pending material litigation involving any of the above proprietary marks, which may be relevant to their use in this state or in any other state

You must use all names and marks in full compliance with rules prescribed from time to time by us You are prohibited from using any name or mark as part of any corporate name or with any prefix, suffix, or other modifying words, terms designs, or symbols (other than logos licensed by us to you) In addition you may not use any name or mark in connection with the sale of any unauthorized product or service or in any other manner not explicitly authorized in writing by us

There are no agreements currently in effect that significantly limit our rights to use or license the use of the above-mentioned trademarks service marks, trade names, logotypes or other commercial symbols in any manner material for you

In the event of any infringement of, or challenge to, your use of any name or mark, by any third party you are obligated to immediately notify us in writing We will solely determine whether or not we wish to take any action against the third party You will have no right to make any demand or to prosecute any claim against the alleged infringer for the infringement

While we are not required by the Franchise Agreement to defend you against any infringement, unfair competition or other claim respecting your use of any name or mark we are obligated to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of the use of any name or mark and for all costs reasonably incurred by you in the defense of any such claim provided that you have notified us of such claim as described above and that you are blameless Punitive damages are not recoverable by you

Under the Franchise Agreement, you agree not to contest, directly or indirectly, our ownership title, right or interest in our names or marks trade secrets, methods procedures, industry relationships and advertising techniques which are part of our business or contest our sole right to register use or license others to use such names and marks trade secrets methods procedures and techniques

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We hold no patents We have registered no copyright with the United States Copyright Office However, we claim copyrights on certain forms advertisements, promotional materials and other written materials We also claim copyrights in the BIG BOB'S Confidential Operating Manual

Confidential Operating Manual

You must operate the franchised business in accordance with the standards, methods policies and procedures specified in the Manual one copy of which you will receive on loan from us for the term of the Franchise Agreement You may view this Operating Manual before you purchase the franchise

You must treat the Manual and any additions to it or any other approved materials for use in the operation of the franchised business, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential You must not copy, duplicate record or otherwise reproduce these materials in whole or in part or otherwise make them available to an unauthorized person The Manual will remain our sole property

We may from time to time revise the contents of the Manual and you must comply with each new or changed standard You must ensure the Manual is kept current and in the event of dispute, the Master copy maintained by us at our home office will be controlling

Confidential Information

You must not, during the term of the Franchise Agreement, any Renewal Term or after the term of the Agreement, communicate divulge, or use for the benefit of any other person, partnership association, or corporation any confidential information knowledge, or know-how concerning the methods of operation of the franchise business which may be communicated to you of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement You may divulge this confidential information only to those of your employees who must have access to it to operate the franchise business

At our request you must require employees having access to any of our confidential information to execute Non disclosure Agreements that they will maintain the confidentiality of information they receive in connection with their employment by you at the franchised business The Non-Disclosure Agreements must be in a form satisfactory to us

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We do not require you or a principal of yours to participate personally in the direct operation of your store We recommend that whoever will conduct the on premises supervision of the franchised business should attend our training program

If you are an individual, we recommend that you be the fully trained manager We do not impose any limitations as to who you may hire as the manager, except you must comply with all applicable laws and that you must not harm the goodwill associated with the system and the proprietary marks If the franchisee is a corporation or a partnership, the manager need not have an ownership interest in it We do not require you to place restrictions on your manager including, for example a confidentiality or non-competition agreement

You the legal owners of your entity (shareholders of a corporation partners of a partnership, members of a membership trustees of a trust or by the franchisee if the franchisee is an individual) and the entity's investors must sign a Unconditional Guaranty in the form of Addendum D to the Franchise Agreement guaranteeing your obligations to Big Bob s Floor Outlet of America Inc

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement provides that you must sell only 1st quality running line promotional goods, overruns, factory seconds mill drops, blemished goods off merchandise cabin grades scratch and dent, salvage, plunder, discontinued merchandise and mill seconds We have to right to change the types of authorized goods and services with no limitation on our right to make changes The floor coverings sold by you need not be approved by us You are prohibited from offering or selling products other than floor coverings unless otherwise approved in writing by us You are not limited in the customers to whom you may sell such goods or services (Franchise Agreement, Section 1)

ITEM 17

RENEWAL, TERMINATION, TRANSFER,

AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a Length of the franchise term	Section 4 1	7 years
b Renewal or extension	Section 4 2	Automatically renewed for additional period of 7 years under the terms and conditions of the then current form of the Franchise Agreement
c Requirement for franchisee to renew or extend	Section 4 2	Compliance with Franchise Agreement pay renewal fee, and execute then current Franchise Agreement This means that the renewal term will be under an agreement with terms and conditions that may be materially different from those in your original agreement
d Termination by franchisee	Section 11	Breach of Exclusive Territory advertising campaign, owning and defending trade names and trademarks death or disability
e Termination by franchisor without cause	None	
f Termination by franchisor with cause	Section 12	Breach of Franchise Agreement and other grounds, See Section 12
g Cause" defined - curable defaults	Section 12	Breach of Franchise Agreement - Example understating gross sales by 5% Cure time 30 days after written notice
h 'Cause - defined non-curable defaults	Section 12 THIS PROVISION MAY NOT BE ENFORCEABLE UNDER FEDERAL BANKRUPTCY LAW 11 U S C Section 101 et seq	Breach of Franchise Agreement - Example Voluntary bankruptcy or dissolution
i Franchisee's obligations on termination/ non-renewal	Section 13	De identification return manuals, payment of amounts due delivery of customer list, refrain from sale of inventory/assets to affiliates
Provision	**Section in franchise or other agreement**	**Summary**

k Transfer by franchisee - definition	Section 10	Includes transfer of interest in the Franchise, Franchise Agreement, and all rights
l Franchisor approval of transfer by franchisee	Section 10	We have right to approve
m Conditions for franchisor approval of transfer	Section 10	May be to a corporation upon death assuming of obligations all monies owed are paid no default transferee training requirements transferee execute new Franchise Agreement, transfer fee paid
n Franchisor's right of first refusal to acquire franchisee's business	None	
o Franchisor's option to purchase franchisee s business	Section 13 2	Upon termination we can buy inventory
p Death or disability of franchisee	Section 10	Heirs must accept conditions of assignments
q Non-competition covenants during the term of the franchise	Section 3 Section 14 1	Cannot relocate within exclusive territory of another Franchisee Prohibition on owning or operation of any similar business not with us during term
r Non competition covenants after the franchise is terminated or expires	Section 14 2	At site or not within 30 miles of any unit in system for 1 year
s Modification of agreement	Section 17 8	Must be in writing by both parties
t Integration/ merger clause	Section 17 1	Only the terms of the franchise agreement are binding (subject to state law) Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable
u Dispute resolution by arbitration or mediation	None	
v Choice of forum	Section 17 12	Litigation must be in state or federal court in Worcester County, Massachusetts (See State Additional Information Page if applicable)
Provision	**Section in franchise or other agreement**	**Summary**

w Choice of law	Section 17 12	The franchise agreement requires application of the laws of Massachusetts (See State Additional Information Page if applicable)

The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq) See the state addenda (if any) to the Franchise Agreement and Additional Information Page for specific state disclosures

ITEM 18

PUBLIC FIGURES

At this time, we do not use any public figure to promote our franchises, other than Big Bob himself (David Elyachar) We do not compensate or provide other benefits to Big Bob for our use of the public figure or his endorsement or recommendation Big Bob or his family are a minority shareholder of Big Bob's Flooring Outlet of America, Inc but is not involved in the management or control of Big Bob's Flooring Outlet of America Inc

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Big Bob's Flooring Outlet of America, Inc makes the following Financial Performance Representations

BIG BOB'S FLOORING OUTLET

FDD ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

Pro Forma Statement #1 - Individually owned single store franchises in operation as a Big Bob s Flooring Outlet Franchise for >10 years +
Year Ending December 31, 2013

	Store #1		Store #2		Store #3		Average	
INCOME	12 Months	% Total	12 Months	% Total	12 Months	% Total	12 Months	% Total
Sales (Note 1)	$ 3 261 823 74	100 00%	$2 510 159 45	100 00%	$1 464 240 06	100 00%	$ 2 412 074 42	100 00%
NET SALES	$ 3 261 823 74	100 00%	$2 510 159 45	100 00%	$1 464 240 06	100 00%	$ 2 412 074 42	100 00%
COST OF SALES								
Cost of Sales	$ 1 884 251 16	57 77%	$1 510 625 69	60 18%	$ 951 785 10	65 00%	$ 1 448 887 32	60 07%
TOTAL COST OF SALES	$ 1 884 251 16	57 77%	$1 510 625 69	60 18%	$ 951 785 10	65 00%	$ 1 448 887 32	60 07%
GROSS PROFIT	$ 1 377 572 58	42 23%	$ 999 533 76	39 82%	$ 512 454 96	35 00%	$ 963 187 10	39 93%
EXPENSES								
Personnel Cost	$ 621 722 86	19 06%	$ 368 983 72	14 70%	$ 190 577 43	13 02%	$ 393 761 34	16 32%
Advertising Cost	$ 136 575 40	4 19%	$ 90 026 85	3 59%	$ 67 593 41	4 62%	$ 98 065 22	4 07%
Occupancy Cost (Note 1)	$ 305 271 25	9 36%	$ 140 992 24	5 62%	$ 76 731 81	5 24%	$ 174 331 77	7 23%
Operating Cost	$ 181 455 49	5 56%	$ 173 047 85	6 89%	$ 109 806 20	7 50%	$ 154 769 85	6 42%
TOTAL EXPENSES	$ 1 245 025 00	38 17%	$ 773 050 66	30 80%	$ 444 708 85	30 37%	$ 820 928 17	34 03%
INCOME <LOSS> FROM OPERATIONS	$ 132 547 58	4 06%	$ 226 483 10	9 02%	$ 67 746 11	4 63%	$ 142 258 93	5 90%
MISC INCOME <EXPENSE>	$ 67 12	0 00%	$ (22 910 28)	0 91%	$ 15 183 95	1 04%	$ (2 553 07)	-0 11%
INCOME <LOSS> BEFORE TAXES/DEPR/INT (Note 2)	$ 132 614 70	4 07%	$ 203 572 82	8 11%	$ 82 930 06	5 66%	$ 139 705 86	5 79%

Note 1 Store #1 and Store #2 own the property the business rents from Rent is paid to a separate holding company and may be at a higher rate than standard because of this

Note 2 Includes entire Owner's Compensation package which was removed from expenses and added into profit as "What's left over Payroll taxes and insurance were adjusted accordingly

THESE SALES, PROFITS, OR EARNING WERE PROVIDED BY SPECIFIC FRANCHISEES WITHOUT AN AUDIT AND SHOULD NOT BE CONSIDERED AS THE ACTUAL OR POTENTIAL SALES, PROFITS, OR EARNINGS THAT WILL BE REALIZED BY ANY OTHER FRANCHISEE BIG BOB'S FLOORING OUTLET OF AMERICA, INC DOES NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN THESE SALES, PROFITS, OR EARNINGS

Pro Forma Statement #1 - Individually owned single store franchises in operation as a Big Bob's Flooring Outlet Franchise for >10 years +

Year Ending December 31, 2013

	Store #1		Store #2		Store #3		Total	
INCOME	12 Months	% Total	12 Months	% Total	12 Months	% Total	12 Months	% Total
Sales (Note 1)	$ 1 270 023 32	100 00%	$ 2 000 434 35	100 00%	$ 1 389 096 43	100 00%	$ 4 659 554 10	100 00%
NET SALES	$ 1 270 023 32	100 00%	$ 2 000 434 35	100 00%	$ 1 389 096 43	100 00%	$ 4 659 554 10	100 00%
COST OF SALES								
Cost of Sales	$ 704 236 66	55 45%	$1 159 055 08	57 94%	$ 765 721 81	55 12%	$ 2 629 013 55	56 42%
TOTAL COST OF SALES	$ 704 236 66	55 45%	$1 159 055 08	57 94%	$ 765 721 81	55 12%	$ 2 629 013 55	56 42%
GROSS PROFIT	$ 565 786 66	44 55%	$ 841 379 27	42 06%	$ 623 374 62	44 88%	$ 2 030 540 55	43 58%
EXPENSES								
Personnel Cost	$ 239 920 10	18 89%	$ 322 591 66	16 13%	$ 260 945 13	18 79%	$ 823 456 89	17 67%
Advertising Cost	$ 97 029 78	7 64%	$ 162 767 78	8 14%	$ 96 038 52	6 91%	$ 355 836 08	7 64%
Occupancy Cost	$ 131 447 41	10 35%	$ 198 856 89	9 94%	$ 152 106 06	10 95%	$ 482 410 36	10 35%
Operating Cost	$ 64 182 97	5 05%	$ 70 442 38	3 52%	$ 70 358 36	5 07%	$ 204 983 71	4 40%
TOTAL EXPENSES	$ 532 580 26	41 93%	$ 754 658 71	37 72%	$ 579 448 07	41 71%	$ 1 866 687 04	40 06%
INCOME <LOSS> FROM OPERATIONS	$ 33 206 40	2 61%	$ 86 720 56	4 34%	$ 43 926 55	3 16%	$ 163 853 51	3 52%
MISC INCOME <EXPENSE>	$ 11 049 75	0 87%	$ 16 693 08	0'83%	$ 12 805 28	0 92%	$ 40 548 11	0 87%
INCOME <LOSS> BEFORE TAXES/DEPR/INT	$ 44 256 15	3 48%	$ 103 413 64	5 17%	$ 56 731 83	4 08%	$ 204 401 62	4 39%

Note 1 Store #1-26 months in operation, Store #2-15 months in operation, Store #3-12 months in operation

Note 2 Includes entire Owner's/Officer Compensation package which was removed from expenses and added into profit as "What's left over" Payroll taxes and insurance were adjusted accordingly Owner is not on the front line making day-to-day sales

THESE SALES, PROFITS, OR EARNING WERE PROVIDED BY SPECIFIC FRANCHISEES WITHOUT AN AUDIT AND SHOULD NOT BE CONSIDERED AS THE ACTUAL OR POTENTIAL SALES, PROFITS, OR EARNINGS THAT WILL BE REALIZED BY ANY OTHER FRANCHISEE BIG BOB'S FLOORING OUTLET OF AMERICA, INC DOES NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN THESE SALES, PROFITS, OR EARNINGS

BIG BOB'S FLOORING OUTLET

FDD ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

Pro Forma Statement #1 Individually owned single store franchises in operation as a Big Bob's Flooring Outlet Franchise for >10 years +
Year Ending March 31 2014

	Store #1		Store #2		Store #3		Store #4		Store #5		Total	
INCOME	12 Months	% Total	12 Months	% Total	12 Months	% Total	12 Months	% Total	12 Months	% Total	12 Months	% Total
Sales (Note 1)	$ 1,214,403.00	100.00%	$ 1,867 641.00	100.00%	$ 828 772.00	100.00%	$ 1,488,077.00	100.00%	$ 1,336,661.00	100.00%	$ 6 735,554.00	100 00%
NET SALES	$ 1,214,403.00	100.00%	$ 1,867,641.00	100.00%	$ 828,772.00	100.00%	$ 1,488,077.00	100.00%	$ 1,336,661 00	100.00%	$ 6,735,554.00	100 00%
COST OF SALES												
Cost of Sales	$ 656,704 13	54 08%	$ 1 108,042.74	59.33%	$ 418 968.69	50.55%	$ 873,964.25	58.73%	$ 785,679.47	58 78%	$ 3,843,359.28	57.06%
TOTAL COST OF SALES	$ 656,704 13	54.08%	$ 1 108,042.74	59.33%	$ 418,968.69	50.55%	$ 873,964.25	58.73%	$ 785,679.47	58.78%	$ 3,843,359.28	57.06%
GROSS PROFIT	$ 557,698.87	45.92%	$ 759,598.26	40.67%	$ 409,803.31	49.45%	$ 614,112 75	41.27%	$ 550,981 53	41.22%	$ 2,892,194 72	42.94%
EXPENSES												
Personnel Cost	$ 216,361.80	17 82%	$ 251,905.68	13.49%	$ 215,354 16	25.98%	$ 258,545.52	17.37%	$ 201,371.40	15.07%	$ 1 143,538.56	16.98%
Advertising Cost	$ 36,226.00	2.98%	$ 38,557.00	2.06%	$ 43 961.00	5.30%	$ 46,255.00	3.11%	$ 36,554.00	2.73%	$ 201,553.00	2.99%
Occupancy Cost	$ 81 762.80	6.73%	$ 106,374.60	5 70%	$ 91 674.80	11.06%	$ 136,[illegible]86.80	9.16%	$ 136,079.60	10 18%	$ 552,179.00	8.20%
Operating Cost	$ 121,045 60	9.97%	$ 122,462.72	6.56%	$ 72,244.24	8 72%	$ 96,145 88	6.46%	$ 94,561.00	7 07%	$ 506,459.44	7.52%
TOTAL EXPENSES	$ 455,396.20	37.50%	$ 519,300.20	27.81%	$ 423,234.20	51.07%	$ 537,233.20	36.10%	$ 468,566.20	35 05%	$ 2,403,730.00	35.69%
INCOME <LOSS> FROM OPERATIONS	$ 102,302 67	8.42%	$ 240,298.06	12.87%	$ (13,430.89)	-1.62%	$ 76,879.55	5.17%	$ 82,415.33	6.17%	$ 488,464 72	7.25%
MISC INCOME <EXPENSE>	$ 524.80	0.04%	$ 1,040.80	0.06%	$ 1,038.80	0 13%	$ 1,230 80	0.08%	$ 307.80	0.02%	$ 4,143.00	0.06%
INCOME <LOSS> BEFORE TAXES/DEPR/INT (Note 2)	$ 102,827.47	8.47%	$ 241,338.86	12.92%	$ (12,392.09)	1.50%	$ 78,110.35	5.25%	$ 82,723.13	6.19%	$ 492,607 72	7.31%

Note 1 Store #3 moved locations February 2013 and because of this, incurred higher payroll costs than the normal operational budget calls for

Note 2 Includes entire Owner's/Officer Compensation package which was removed from expenses and added into profit as "What's left over" Payroll taxes and insurance were adjusted accordingly Owner is not on the front line making day-to-day sales

THESE SALES PROFITS OR EARNING WERE PROVIDED BY SPECIFIC FRANCHISEES WITHOUT AN AUDIT AND SHOULD NOT BE CONSIDERED AS THE ACTUAL OR POTENTIAL SALES PROFITS, OR EARNINGS THAT WILL BE REALIZED BY ANY OTHER FRANCHISEE. BIG BOB'S FLOORING OUTLET OF AMERICA, INC DOES NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN THESE SALES PROFITS, OR EARNINGS

Big Bob's Flooring Outlet of America, Inc 's Financial Performance Representations pertains to historic performance of a subset of existing franchised outlets There are 3 separate Financial Performance Representation Pro Forma statements included above that compare 3 different types of operations They are Pro Forma Statement #1 - Single store franchises in operation as a Big Bob's Flooring Outlet Franchise for 10 years +, Pro Forma Statement #2 - Multi-store franchise in operation as a Big Bob's Flooring Outlet Franchise for <3 years, Pro Forma Statement #3 - Multi-store franchise in operation as a Big Bob's Flooring Outlet Franchise for >10 years These Pro Forma statements have been derived from independent Franchisee Financial Statements to provide information relevant to a prospective franchisee Specific assumptions used in the presentation of these Pro Forma statements are indicated above and below each statement

In regards to Pro Forma Statement #1, out of 3 members surveyed and responded, 2 out of 3 or 66% achieved or surpassed the represented calculated average level of performance In regards to Pro

Forma Statement #2, out of 3 members surveyed and responded, 1 out of 3 or 33% achieved or surpassed the represented calculated average level of performance In regards to Pro Forma Statement #3, out of 1 member surveyed and responded, 2 out of 5 individual stores in the chain or 40% achieved or surpassed the represented calculated average level of performance All of these outlets are franchised outlets and, therefore, none of these outlets are company-owned The time period measured is 12 months ending December 31, 2013

Of the approximately 27 Big Bob's Flooring Outlet Franchise stores, 24 were open at least 12 months as of December 31, 2013 Approximately 58% had annual sales volumes in excess of $1,300,000, approximately 29% had annual sales volumes in excess of $1,500,000, and approximately 17% had annual sales volumes in excess of $1,700,000 during 2013 The average annual sales volume of Big Bob s Flooring Outlet Franchise stores open at least 12 months as of December 31, 2013, was $1,379,640 during 2013 The highest and lowest annual sales volume in 2013 for these Big Bob's Flooring Outlet Franchise stores was $3,551,584 and $586,110, respectively

The Pro Forma statements are based upon a total of 5 independent Big Bob's Flooring Outlet franchises representing 11 total stores that were open and operated by a franchisee for at least 12 months **A FRANCHISEE'S INDIVIDUAL FINANCIAL RESULTS MAY DIFFER FROM THE RESULTS STATED IN THE PRO FORMA STATEMENTS FOR THE REASONS DESCRIBED IN THIS ITEM OR FOR OTHER REASONS** Substantiation of the data used in preparing the earnings claims, including computations of all actual or average profit or earnings, will be made available to prospective franchisees upon reasonable request

It is disclosed and in the Notes in the statements that the information reported in these Pro Forma statements reflects the operating results before Owner's Compensation What's Left Over" for independent franchisee stores open for at least 12 months Therefore, the operating income figures appearing below should be construed as the financial results or "profit' before Owner s Compensation which might be experienced by a franchisee with a similar sales volume This shall not be an indication that any particular sales volume nor Owner's Compensation will be obtained An individual franchisee is also likely to experience operating expense variations including, but not limited to, general insurance, legal and accounting fees, labor costs, and store management costs and benefits (life and health insurance, etc) Additionally, market conditions, operational and management methods employed by a franchisee, different geographic areas of the country, and inventory price variations may significantly affect operating results The nature of these variables makes it difficult to estimate the financial results for any particular franchisee or location

THESE SALES, PROFITS, OR EARNING WERE PROVIDED BY SPECIFIC FRANCHISEES WITHOUT AN AUDIT AND SHOULD NOT BE CONSIDERED AS THE ACTUAL OR POTENTIAL SALES, PROFITS, OR EARNINGS THAT WILL BE REALIZED BY ANY OTHER FRANCHISEE BIG BOB'S FLOORING OUTLET OF AMERICA, INC DOES NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN THESE SALES, PROFITS, OR EARNINGS

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No 1

Systemwide Outlet Summary
For years 2013 to 2015

(Column 1) **Outlet Type**	(Column 2) **Year**	(Column 3) **Outlets at the Start of the Year**	(Column 4) **Outlets at the End of the Year**	(Column 5) **Net Change**
	2014	24	25	+1
Franchised	2015	25	25	0
	2016	25	25	0
Company Owned	2014	3	3	0
	2015	3	3	0
	2016	3	3	0
Total Outlets	2014	27	28	+1
	2015	28	28	0
	2016	28	28	0

Please see Exhibit G for a list of the names business addresses, and telephone numbers of all franchisee outlets

Please see Exhibit H for a list of names, city and state and business (or, if unknown, home) telephone numbers of every franchisee who ceased to do business under the franchise agreement or had an outlet terminated canceled, transferred or not renewed within the last fiscal year or who has not communicated with the franchisor within 10 weeks of the application date

If you buy this franchise your contact information may be disclosed to other buyers when you leave the franchise system

Some franchisees have signed confidentiality clauses during the last three years In some instances current and former franchisees sign provisions restricting their ability to speak openly about their experience with Big Bob s Flooring Outlet of America, Inc You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you

Big Bob's Flooring Outlet of America, Inc knows of no trademark specific franchisee organization associated with the franchise system being offered

Table No 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For years 2014 to 2016

None

Table No 3
Status of Franchise Outlets
For years 2013 to 2015

(Col 1) State	(Col 2) Year	(Col 3) Outlets at Start of Year	(Col 4) Outlets Opened	(Col 5) Terminations	(Col 6) Non-Renewals	(Col 7) Reacquired by Franchisor	(Col 8) Ceased Operations-Other Reasons	(Col 9) Outlets at End of Year
AK	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
AZ	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
CA	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
CO	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
CT	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
IL	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1

(Col 1) State	(Col 2) Year	(Col 3) Outlets at Start of Year	(Col 4) Outlets Opened	(Col 5) Terminations	(Col 6) Non-Renewals	(Col 7) Reacquired by Franchisor	(Col 8) Ceased Operations Other Reasons	(Col 9) Outlets At End of Year
IN	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
KS	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
KY	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
MA	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
MN	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
MO	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
OH	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4

(Col 1) State	(Col 2) Year	(Col 3) Outlets at Start of Year	(Col 4) Outlets Opened	(Col 5) Terminations	(Col 6) Non-Renewals	(Col 7) Reacquired by Franchisor	(Col 8) Ceased Opera-tions Other Reasons	(Col 9) Outlets at End of Year
OK	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
PA	2014	2	1	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
TX	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
VA	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1

TOTALS	2014	24	1	0	0	0	2	25
TOTALS	2015	25	0	0	0	0	0	25
TOTALS	2016	25	0	0	0	0	0	25

Table No 4

Status of Company Owned Outlets
For years 2014 to 2016

(Col 1) State	(Col 2) Year	(Col 3) Outlets at Start of Year	(Col 4) Outlets Opened	(Col 5) Outlets Reacquired From Franchisees	(Col 6) Outlets Closed	(Col 7) Outlets Sold to Franchisees	(Col 9) Outlets at End of the Year
KS	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
MO	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2
TOTALS	2014	3	0	0	0	0	3
TOTALS	2015	3	0	0	0	0	3
TOTALS	2016	3	0	0	0	0	3

Table No 5

Projected Openings as of December 31, 2015

(Column 1) State	(Column 2) Franchise Agreements Signed But Outlet Not Opened	(Column 3) Projected New Franchised Outlet In The Next Fiscal Year	(Column 4) Projected New Company-Owned Outlet In the Next Fiscal Year
AR		2	
MA		1	
NC	1	1	
NJ		1	
NM	1	1	
OH	1	1	
PA		2	
WI		1	
Total	3	10	

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are our audited fiscal year end financials for December 31 2014 and 2013 December 31, 2015 and 2014, and December 31, 2016 and 2015

ITEM 22

CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B These include the following

1 Franchise Agreement and the following Addendums
Addendum A Franchise Territory
Addendum B Store Area
Addendum C Expansion Territory
Addendum D Unconditional Guaranty
Addendum E ACH Authorization
Addendum F State Required Addendum

ITEM 23

RECEIPTS

Two detachable copies of an acknowledgment of your receipt of this disclosure document appear as an Exhibit I Please sign and return one copy to us and retain the other for your records

Notice Attached immediately in front of the exhibits outlined in item 22 and in back of this page are the State Additional Information Page(s) The State Additional Information Page(s) contain all the information, if any, that is required to be disclosed by your state franchise regulatory authority This information may modify the terms of the franchise agreement and the franchise disclosure document If there is no State Additional Information Page(s) attached no additional information is required by your state franchise regulatory authority

EXHIBIT A

BIG BOB'S FLOORING OUTLET OF AMERICA, INC

STATE ADDITIONAL INFORMATION PAGE

CALIFORNIA

The state of California requires that the following disclosure be included in the Franchise Disclosure Document Should there be a conflict between the Franchise Disclosure Document and the State Additional Information Page, the State Additional Information Page shall control

1 THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

2 Section 31125 of the California Corporations Code requires us to give you a disclosure document in a form containing the information that the commissioner may by rule or order require before a solicitation of a proposed material modification of an existing franchise

3 OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

4 The text of Item 3 is hereby deleted and is substituted for the following

None of the Franchisor, its predecessor, a person identified in Item 2 above, or an affiliate offering franchises under the Franchisor's principal trademark (the "Franchisor Persons) has any administrative criminal or civil action pending against that person alleging a felony, a violation of the franchise, antitrust or securities law, fraud embezzlement, fraudulent conversion, misappropriation of property unfair or deceptive practices or comparable civil or misdemeanor allegations In addition none of the Franchisor Persons is subject to any pending actions other than routine litigation incidental to the business which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations

None of the Franchisor Persons has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, or unfair or deceptive practices or comparable allegations

None of the Franchisor Persons is subject to any currently effective injunction or restrictive order or decree relating to the franchise or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency None of the Franchisor Persons is a member of a national securities association or has issued securities traded on any national securities exchange as defined in the Securities and Exchange Act of 1934 None of the Franchisor Persons is subject to a currently effective injunctive or restrictive order relation to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

None of the Franchisor Persons is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, 15 U S C A 78a *et seq* suspending or expelling such persons from membership in such association or exchange

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

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

7 The franchise agreement contains a covenant not to complete which extends beyond the termination of the franchise This provision may not be enforceable under California law

8 The franchise agreement requires application of the laws of Kansas This provision may not be enforceable under California law

9 The Franchise Disclosure Document permits the franchisor to disclaim express and/or implied warranties concerning inventory that the franchisor provides and/or specifies This provision may or may not be enforceable under California state law

10 Any provision in the Franchise Agreement restricting venue to a forum outside of California is void with respect to any claim arising under or relating to a franchise agreement involving a franchise business operating within California

11 The franchise agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

FRANCHISE AGREEMENT

for

BIG BOB'S FLOORING OUTLET®

TABLE OF CONTENTS

LIST OF ADDENDUMS

BIG BOB'S FLOORING OUTLET OF AMERICA
<u>FRANCHISE AGREEMENT</u>

THIS FRANCHISE AGREEMENT ("Agreement") ıs made and entered ınto by and between franchısor BIG BOB'S FLOORING OUTLET OF AMERICA, INC , a Massachusetts corporatıon wıth ıts busıness address at 470 Southbrıdge Street, Auburn, MA 01501 ("BBOA '), and franchısee __________________, a __________________________ Company wıth ıts busıness address at ____('Proprıetor')

Each party named above, other than BBOA, ıs called the "Proprıetor" ın thıs Agreement and, ıf there ıs more than one "Proprıetor," all references to that term ın thıs Agreement shall mean each Proprıetor ındıvıdually and all Proprıetors together

<u>RECITALS</u>

1 BBOA has orıgınated, developed, and perfected a proprıetary system (the "System") of sellıng 1st qualıty runnıng lıne, promotıonal goods, overruns, and plunder floor coverıng under the trade names and servıce marks 'Bıg Bob's Floorıng Outlet", "Bıg Bob's Outlet", and "Bıg Bob's " Plunder ıs defined ın thıs Agreement as mıll seconds, dıscontınued, drops, or any runnıng lıne first qualıty floorıng that ıs beıng sold below wholesale cost

2 BBOA has ınvested tıme, effort, and money and wıll contınue to ınvest tıme, effort, and money ın publıcızıng and promotıng the trade names and servıce marks and developıng goodwıll thereunder The System ıncludes dıstınctıve advertısıng and promotıon, merchandızıng, ınstructıon and advıce on ınventory acquısıtıon and prıcıng, and busıness practıces, procedures, and polıcıes

3 BBOA ıs now ın the busıness of grantıng franchıses to proprıetors who wısh to operate stores under ıts trade names and servıce marks and ın accordance wıth the precepts of the Bıg Bob's System BBOA wıshes to grant a Franchıse to the Proprıetor and to assıst the Proprıetor ın operatıon of the Proprıetor's ' Bıg Bob's Floorıng Outlet" store

4 The Proprıetor recognızes the value of the System, the assocıatıon of the trade names and servıce marks wıth the System, and the ımportance to BBOA and all proprıetors of protectıng and maıntaınıng the goodwıll assocıated wıth the trade names, the servıce marks and the System

5 The Proprıetor now wants to operate three (3) stores that sell 1st qualıty runnıng lıne, promotıonal goods, overruns, plunder floor coverıng at retaıl and/ or wholesale ın the Franchıse Terrıtory under BBOA's trade names and servıce marks and use BBOA's methods and procedures The Proprıetor ıs wıllıng to submıt to BBOA's recommendatıons and/ or requırements and to operate ın accordance wıth standards set by BBOA

____
Proprıetor Inıtıals

AGREEMENT

Acknowledging the above recitals, BBOA and the Proprietor agree as follows, each in exchange for the obligations taken on by the other below

1 Grant and Acceptance of Franchise

1 1 Franchise Grant and Acceptance Subject to compliance by the Proprietor with all provisions of this Agreement, BBOA hereby grants to the Proprietor, and the Proprietor hereby accepts from BBOA, the right, license and privilege to operate three (3) Big Bob's Flooring Outlet stores at the designated Franchise Locations in the designated Franchise Territory under the trade name "Big Bob's Flooring Outlet " This Franchise must be held and maintained in a legal entity approved by BBOA BBOA requires the personal guarantees of the entity, the legal owners of the entity, whether shareholders of a corporation, partners of a partnership, members of a membership, trustees of a trust, or by the Proprietor if the Proprietor is an individual, and the entity's investors The Proprietor, as well as the legal owners and investors of the Proprietor, understand and hereby agree to sign the personal guarantee described and delineated in Addendum D

BBOA also hereby grants to the Proprietor, and the Proprietor hereby accepts from BBOA, the right, license, and privilege to use BBOA's trade names, service marks, distinctive logotypes, and to employ BBOA's procedures and methods in connection therewith The rights, licenses, and privileges granted to the Proprietor in this Agreement together constitute the "Franchise, and the business to be operated by the Proprietor in accordance with the Agreement constitutes the "Franchise Business "

1 2 Limitation of Grant The Proprietor shall not operate any business other than the sale of 1st quality running line, promotional goods, overruns, plunder floor covering at retail and/ or wholesale or engage in any other business activity at the approved Franchise location without BBOA's prior written consent

The Franchise is nontransferable, personal, and covers this store and any subsequent stores under this Agreement and any future agreement between the Proprietor and BBOA, as well as all stores that resemble the System, for the entire relationship between BBOA and the Proprietor

The Franchise granted to the Proprietor is subject to any and all laws and regulations of any kind BBOA may unilaterally make changes in the Franchise, the System and/ or this Agreement to assure compliance with any and all laws and regulations of any kind BBOA shall not be liable to the Proprietor for any changes in the scope or grant of the Franchise and/ or this Agreement due to changes in laws and regulations or the compliance with the same

2 Fees

2 1 Initial Franchise Fee

A Amount of Fee Upon signing this Agreement for a New Franchise, the Proprietor shall pay in cash to BBOA an Initial Franchise Fee of Thirty Thousand Dollars ($30,000 00) The Franchise Fee shall be paid as follows $20,000 00 deposit due upon execution of this Agreement and $10,000 00 due within 15 days of signing a lease or purchasing the property for the initial store location The Initial Franchise Fee is not refundable

Upon payment in full of the entire Initial Franchise Fee to BBOA, as well as upon payment in full for each new store opened in the Franchise Territory and the Expansion Territory, the Proprietor shall be entitled to the following, subject to the terms and conditions outlined in Sections 6 and 8

(i) Geographical Territory Rights, as specified in Addendum A and B, and all rights specified in Sections 1 through 4 of this Agreement,

(ii) Advertising and POP Materials Access,

(iii) *Advertising Agency for first year— initial store only,

(iv) Site Selection Assistance,

(v) *Store Set-Up Assistance and Onsite Training,

(vi) Proprietor Orientation,

(vii) Managers Training,

(viii) *Convention Registration Fee— one (1) attendee fee waived for first year of initial store— additional stores opened and stores in an Expansion Territory shall each receive one (1) attendee fee waived for first year,

(ix) Post Opening Visits,

(x) Membership to World Floor Covering Association for first year— initial store only,

(xi) Subscriptions to Floor Covering Weekly and Floor Covering News for first year— initial store only,

(xii) Membership to local Chamber of Commerce for first year— initial store only

Proprietor Initials

* Items listed above that contain an asterisk are provided by BBOA to the Proprietor for the first year only After the first year, the Proprietor is only required to maintain membership to the World Floor Covering Association directly with the provider

2 2 Royalties

A Amount of Fee The Proprietor shall pay to BBOA monthly a non-refundable royalty fee for each store the Proprietor operates This fee shall be in accordance with the royalty fee schedules to follow The royalty fee is based on the gross sales of the Proprietor's individual stores and the percentage of purchases from approved suppliers However, a minimum of One Thousand Dollars ($1,000 00) per month in royalties must be paid to BBOA regardless of actual sales volume for each store the Proprietor operates

If the Proprietor has not commenced operation of the Proprietor's initial store on or before the 9 months after the signing of this Franchise Agreement, a Five Hundred Dollar ($500 00) per month royalty must be paid to BBOA on the 25th of each month until the initial store has commenced operation If the Proprietor still has not commenced operation of the Proprietor's initial store by the 15 months after the signing of this Franchise Agreement, a One Thousand Dollar ($1,000 00) per month royalty must be paid to BBOA on the 25th of each month until the initial store has commenced operation Payment shall be made through the ACH Payment System as described in subparagraph D

Should the Proprietor obtain more than one (1) Big Bob's Flooring Outlet store, the Proprietor shall pay to BBOA a flat 2% royalty for every Big Bob's store that the Proprietor operates However, if Purchases from approved suppliers is less than 70% for 3 consecutive months or more than additional Royalties are calculated below in Subparagraph B

The royalty fees shall be paid via the ACH Payment System The details of that System are explained below in Subparagraph D Past due royalties will bear interest at the rate of 18% per annum, or the maximum allowed by law BBOA reserves the right to assess up to Fifty Dollars ($50 00) a day on the Proprietor for all past due royalties

B Fee Schedule

Gross Sales			Percentage
0	-	$60,000 00	2%
$60,000 01	-	$180,000 00	3%
$180,000 01	-	$+ Over	2%

If Purchases from approved suppliers is less than 70% for 3 consecutive months or more than additional Royalties are calculated as follows based on average percentage of purchases through approved suppliers

Percentage Approved Purchases			Percentage
50 01%	-	69 99%	50%
33 34%	-	50,00%	75%
Less than 33 33%			1 0%

* Minimum royalty amount is One Thousand Dollars ($1,000 00) monthly

C Timing of Payment The amount of the first month's fee shall be computed from the first day the Proprietor opens the store through the last day of the first calendar month the store is open The amount of subsequent payments of the fee shall be computed for each calendar month that follows, based on gross sales for that month

D ACH Payment System The Proprietor shall authorize BBOA to direct debit the Proprietor s bank account via the ACH Payment System ("ACH") for payment of royalties, all invoices, and other liabilities due to BBOA The Proprietor understands and hereby agrees to sign the ACH Authorization described in Addendum E, and shall notify BBOA of any changes regarding the Proprietor's authorized bank account thirty (30) days before the Proprietor's next ACH payment is due The Proprietor must submit the required documents used for royalty calculations to BBOA by the 20th of each month Royalty payments are due on the 25th of each month, or the next business day should the 25th fall on a weekend or holiday Using ACH, BBOA will withdrawal from the Proprietor's bank account on the 25th of each month the royalties, as well as any and all invoices and other liabilities, due at that time to BBOA

If the Proprietor does not submit the required documents used for royalty calculations by the 20th of each month, BBOA still has the right to initiate an ACH withdrawal on the 25th of the month, or the next business day should the 25th fall on a weekend or holiday BBOA will calculate this royalty withdrawal based upon the Proprietor's previous twelve (12) month's largest reported sales month

If at any time an ACH is returned unpaid by the Proprietor's banking institution, the Proprietor shall be charged Fifty Dollars ($50 00) for each returned payment The Proprietor shall then have seven (7) days to cure said deficiency After the seven (7) days, BBOA will again initiate a withdrawal from the Proprietor's bank account via the ACH The returned payment fee of Fifty Dollars ($50 00) will be included in the ACH withdrawal

E Concurrent Reports For each calendar month the store is open, the Proprietor shall prepare and submit a monthly royalty and a vendor purchase report as proscribed by BBOA The royalty report and vendor purchase report are due by the 20th of each month The Proprietor shall also provide BBOA with a RFMS 'Job Cost Analysis" report and a "Delivered Sales Analysis" report, including the "Labor Charge Summary", for every store the Proprietor operates as well as a copy of the state sales tax return applicable to the store(s) for that month The Proprietor shall submit to BBOA the RFMS Job Cost Analysis Report", the "Delivered Sales Analysis" report, and the state sales tax return by the 20th of each month for the previous month's sales (the state sales tax return shall be due on the same day the return is due to the taxing authority should the taxing authority's due date fall after our due date)

For each of the first twelve (12) calendar months after the store is open, the copy of the monthly sales tax return must be accompanied by a statement of profit and loss for the store for the same month in a form satisfactory to BBOA After the end of the first twelve calendar months the store is open, the Proprietor shall submit a statement of profit and loss annually for the Proprietor's tax year

BBOA reserves the right to require the Proprietor to prepare and submit additional reports that BBOA deems necessary for the effective operation of the franchise The Proprietor must timely provide to BBOA all required reports If the Proprietor fails to provide all the required reports and/ or fails to provide those reports on time, BBOA will assess a fine on the Proprietor of $50 00, reduced, if necessary, to the extent such payment exceeds the amount permitted by any applicable laws

F <u>'Gross Sales" Defined</u> "Gross Sales" in this Agreement means all sales of goods and services sold, directly or indirectly, in connection with or through operation of the Proprietor's store that are paid for by cash, check, charge, or exchange of goods or services The intent of this definition is to capture all sources of revenue which the Proprietor receives through or as a result of operating the franchised store "Gross sales" does not include sales tax properly collected by the Proprietor and paid to any governmental entity, or any installation costs passed on to and paid for by the Proprietor's customers In the event any profit whatsoever is made by the Proprietor on installations, Gross Sales shall include the profit on all such installations and shall be added to each monthly Gross Sales Total respectively, rather than be calculated as a separate Gross Sales Figure Profit shall not be calculated for purposes of avoiding Royalties, but shall be determined by approved and accepted accounting methods If the Proprietor utilizes a related or affiliate entity or company to perform the installations, profit from any such installation shall likewise be detailed and included in all monthly Royalty Reports and Payments The Gross Profit amount from these situations shall likewise be added into the monthly Gross Sales Report and Payment due from the Big Bob's operation Sales to be paid for in installments shall count as a separate sale in the gross amount of each installment payment in the month that payment is due, regardless of whether the payment is actually received

G "Purchases" Defined "Purchases" in this Agreement means all products purchased in order to generate ' Gross Sales" as defined above, normally listed under Cost Of Goods Sold, with the exception of any freight, any internal costs, or any labor whether paid through payroll or on a subcontract basis Percentage of purchases through approved vendors is determined by taking the purchases outlined, divided by the purchases reported by approved vendors for BBOA For example, if the purchases reported by the franchisee were $100 and the purchases reported by BBOA were $75, then the percentage purchases through approved vendors would be 75%

2 3 Advertising Promotion National BBOA shall have no obligation to conduct national advertising In the event at least 100 Big Bob's Flooring Outlet stores are operating nationwide and by a two-thirds majority stores within the system vote to initiate such advertising, then and in that event the participating stores themselves shall create and administer and fund such a campaign

3 Location of Franchise

3 1 Location BBOA grants the Proprietor the exclusive right to operate a minimum of three (3) Big Bob's Flooring Outlet stores in and for the area(s) as determined by BBOA, depending on geographics and population of the metroplex The exclusive Franchise Territory ("Franchise Territory") for purposes of this Agreement is described and delineated in Addendum A BBOA may describe this Franchise Territory by using zip codes, street addresses, county lines, radius, highways, rivers or any other method deemed appropriate by BBOA

The Proprietor shall select the location of the store The Proprietor shall submit to BBOA the proposed location of the store at least 28 days before the Proprietor's contractual commitment to that location by lease, purchase, or otherwise BBOA retains the right to disapprove of the location prior to the Proprietor's contractual commitment to that location by lease, purchase, or otherwise BBOA may require data from the Proprietor concerning the location of the store prior to BBOA exercising the right to disapprove Should BBOA request such data, the Proprietor shall submit all data requested in writing within 14 days of such request Data may include, but is not limited to population density, average household incomes, median home values, home ownership rates, traffic counts, site square footage, sign requirements of Leaser/ Landlord, local ordinances, occupancy costs, realtor prospectus and real estate comparables within 20 miles radius of the proposed site(s)

The Proprietor's selection of the location and the Proprietor's determination of whether or not such location will be successful and/or profitable are within the sole discretion of the Proprietor BBOA shall have no liability as a result of the location being or becoming unsuccessful or unprofitable

3 2 Retaining Territory To retain this Franchise Territory, the Proprietor must open a minimum of three (3) stores within the seven (7) year term of the first signed Franchise Agreement The franchise fee for the initial store is included in the Initial Franchise Fee The franchise fee for each new store opened in the Franchise Territory is an additional Ten Thousand Dollars ($10,000 00) plus additional store required purchases as specified in Section 6 of this Agreement A $5,000 payment is due to BBOA within 15 day of signing a lease or purchasing the property for the additional store location(s) and the balance upon opening The Proprietor shall duly execute an addendum to this Agreement for each new store opened If the Proprietor does not open the minimum 3 stores in the Proprietor's Franchise Territory within the seven (7) year term, the Proprietor shall choose one of two options upon renewal of the Franchise Agreement First, the Proprietor may pay a fee of Fifteen Hundred Dollars ($1,500 00) per location not opened, per month in default Payment will be made via ACH Second, the Proprietor may forfeit the Franchise Territory outside the existing store(s) exclusive Store Area (Store Area") as described and delineated in Addendum B BBOA may describe this Exclusive Store Area by using zip codes, street addresses, county lines, radius, highways, rivers or any other method deemed appropriate by BBOA Should the Proprietor choose to forfeit its Franchise Territory, Addendum A will be amended and revised accordingly

BBOA retains the same rights as outlined in Section 3 1 and Section 8 regarding the location and specifications of the additional stores, including the right to disapprove the Franchise Location prior to the Proprietor's contractual commitment to that location, and the right to disapprove the floor plans, exterior elevations and drawings for the exterior signs Without BBOA's prior written consent, the Proprietor may neither relocate the site of its store nor establish an additional outlet within its exclusive Franchise Territory Within the Proprietor's exclusive Franchise Territory and without the Proprietor's prior written consent, BBOA shall not operate a company-owned outlet or grant a franchise for the operation of a business similar to or competitive with the Proprietor's store BBOA is not obligated to monitor that no other proprietor conducts operations within the Proprietor's Franchise Territory The Proprietor shall have no right to locate outside its territory

3 3 Name The Proprietor shall name the retail store it operates under this Agreement 'Big Bob's Flooring Outlet"

3 4 Expansion Territory Rights The Proprietor shall have the option to purchase additional Single Store Expansion Territories ('Expansion Territory') outside the Proprietor's current Franchise Territory anywhere the franchisor has an offering available if all of the following conditions are met (i) The Proprietor's existing operation has generated annual gross sales of at least Six Hundred Thousand Dollars ($600,000 00) (on an annualized basis for any partial year [if you have been in business for less than a year we will take your sales divided by the months you have been in business and multiply this by 12 to determine your annualized basis]) and has been in

business for at least six months, (ii) the Proprietor has paid in a timely fashion all amounts due to BBOA under the Franchise Agreement, (iii) no audit of the Proprietor's financial records disclosed two understatements equal to or in excess of five percent (5%) of the Proprietor's gross sales, (iv) the Proprietor has signed Addendum C which describes the rights of the Expansion Territory within the Proprietor's current Franchise Agreement, and (v) the Proprietor pays a Franchise Fee of Ten Thousand Dollars ($10,000 00) plus additional store required purchases as Specified in Section 6 of this Agreement for each additional store that the Proprietor opens

The Expansion Territory Franchise Fee for the initial and all subsequent stores in the Expansion Territory shall be Ten Thousand Dollars ($10,000 00) plus additional store required purchases as Specified in Section 6 of this Agreement The Franchise Fee for the Expansion Territory shall be paid as follows $5,000 00 non-refundable deposit due when BBOA grants the Expansion Territory and Addendum C is executed and attached to the Franchise Agreement and $5,000 upon opening The non-refundable deposit of the Franchise Fee reserves the Expansion Territory for eighteen (18) months from the date the Proprietor signs the amended Addendum A The Proprietor must then open a store in the Expansion Territory within the eighteen (18) month time period to claim the Expansion Territory Should the Proprietor fail to open the one (1) store within the eighteen (18) month time period, the Proprietor shall either forfeit the Expansion Territory or renew the Expansion territory with the payment of Fifteen Hundred Dollars ($1,500 00) Payment of the Fifteen Hundred Dollars ($1,500 00) shall occur monthly until the Proprietor either opens a store in the Expansion Territory or forfeits the territory all together The Proprietor must give BBOA 30 days written notice if the Proprietor chooses to forfeit, otherwise the Expansion Territory shall automatically renew on a monthly basis The purchase and/ or renewal price of the Expansion Territory shall be paid using ACH

The location of the Expansion Territory shall be negotiated between the Proprietor and BBOA The exclusive Expansion Territory for purposes of this Agreement shall be described and delineated in Addendum C, when exercised BBOA may describe this Expansion Territory by using zip codes, street addresses, county lines, radius, highways, rivers or any other method deemed appropriate by BBOA

All additional stores must utilize all requirements within this Agreement If the Proprietor refuses to exercise this option, BBOA may grant the proposed new territory to a different proprietor

4 <u>Term of Agreement and Renewal</u>

4 1 <u>Initial Term</u> The initial term of the Franchise granted to the Proprietor begins on the 'Effective Date" and lasts for seven (7) years, unless terminated sooner under the provisions of this Agreement

Proprietor Initials

4 2 Renewal When the initial term ends, the Franchise is automatically renewed for an additional period of seven (7) years if the Proprietor is in full compliance with the terms of this Agreement as solely determined by BBOA BBOA will send the Proprietor written notice if the Proprietor is not in full compliance with the Agreement and provide the Proprietor with an opportunity to cure the deficiencies before the expiration of the initial term of the Franchise BBOA shall not unreasonably withhold the right to renew

If the Proprietor does not wish to renew the Franchise, the Proprietor must send written notice of the Proprietor's intent to not renew to BBOA at least one hundred and eighty (180) days prior to the expiration of the initial term

The Proprietor must pay to BBOA a renewal fee of Five Thousand Dollars ($5,000 00) on or before the first day of the renewal term If the Franchise is renewed, the terms and conditions of the renewal term will be the then current form of the Franchise Agreement, which, at the sole discretion of BBOA, may contain terms and conditions substantially different from the terms and conditions in this Agreement As such, the Proprietor must sign the then current form of the Franchise Agreement on or before the first day of the renewal term and return the same to BBOA However, the terms and conditions of the renewal terms will be the then current form of the Franchise Agreement regardless, even if the Proprietor does not return the signed current form of the Franchise Agreement

BBOA will waive the renewal fee if the Proprietor has remitted all fees to BBOA pursuant to the terms of the Franchise Agreement and the Proprietor has opened a minimum of 3 stores within the 7-year term of the Franchise Agreement

If the Proprietor chooses not to renew the Franchise, the Proprietor may not assign, transfer, sell or in any manner convey any rights licensed hereunder or any obligations incurred herewith to any party, including heirs and assignments The Proprietor must also comply with all post-termination obligations as outlined in Section 13, including the obligation to return both the customer list to BBOA as well as any and all materials produced by BBOA

5 Licensed Marks

5 1 License BBOA hereby grants to the Proprietor the non-exclusive right and license to use the trade names, trademarks, service marks, logotypes and designs, colors and color patterns, and trade dress (the "Licensed Marks") and business methods of BBOA that BBOA from time to time authorizes for use in connection with the System, but such use shall at all times be in compliance with the specifications and designations announced from time to time by BBOA BBOA may itself use and license others to use the Licensed Marks provided that such use is not in violation of any of the terms of this Agreement

5 2 Defense In the event of any infringement of, or challenge to, the Proprietor's use of any Licensed Mark, the Proprietor shall notify BBOA of the existence of any such claims within seventy-two (72) hours after being advised thereof in writing BBOA shall have sole discretion to take such action as it deems appropriate in connection with the defense, settlement, and handling of a claim for infringement or unfair competition BBOA shall indemnify the Proprietor against, and reimburse the Proprietor for, all damages for which the Proprietor is held liable in any proceeding arising out of the use of any name or mark and for all costs reasonably incurred by the Proprietor in the defense of any such claim, provided BBOA has received proper notice of such claim

The Proprietor shall not be required to engage in any litigation in defense of any name or mark, provided the Proprietor is blameless Punitive damages are not covered under this defense The Proprietor acknowledges that BBOA will select the attorney in this defense The Proprietor further acknowledges and waives any right of disqualification of said attorney, in the event this same attorney proceeds against the Proprietor in any unrelated matter

5 3 Use of the Licensed Marks The Licensed Marks and any goodwill associated therewith are at all times the property of BBOA All use of any Licensed Mark by the Proprietor and all goodwill generated by use of any Licensed Mark (whether that use is by the Proprietor or BBOA) shall inure to the benefit of BBOA The Proprietor shall not use any Licensed Mark as part of any corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols The Proprietor shall use the Licensed Marks at all times solely in connection with operation of a Big Bob's Flooring Outlet store, shall not use any Licensed Mark in connection with the sale of any unauthorized product or service, shall not market products or services or otherwise operate under the System without identification to and with the Licensed Marks and shall not use any other marks in association with any Licensed Mark or in association with the operation of the Franchised Business without the prior written consent of BBOA

5 4 Franchise Challenges The Proprietor shall not contest or challenge the validity of any Licensed Mark or the ownership thereof by BBOA

5 5 BBOA's Right of Approval BBOA reserves the right to approve in advance all public uses of the Licensed Marks other than uses on materials prepared by or for BBOA The Proprietor's use in signs or advertisement of BBOA logo's, trademarks, licenses, name, registered names, likeness, and all other Licensed Marks must be approved in writing by BBOA before use, whether in printed or electronic form Even if the use is approved by BBOA, BBOA may require the Proprietor to discontinue this usage should BBOA disapprove at any time

5 6 Change of Licensed Marks The Proprietor agrees to comply with the directives of BBOA with respect to changes, cessation of use, substitution, or adoption of new Licensed Marks within thirty (30) days after notice of the

requirement, unless BBOA agrees that a longer time is appropriate for compliance BBOA specifically agrees that should this directive require a change in the outside store signage, the Proprietor shall have two (2) years to make such change, unless BBOA reimburses the Proprietor in full, and then said store signage shall be placed immediately

5 7 <u>BBOA's Right of Entry</u> BBOA may enter the Proprietor's place of business from time to time with or without prior notice at any reasonable time during normal business hours and inspect the Proprietor's operation of the Franchised Business to ensure that the Proprietor is operating and maintaining the business in accordance with all of the terms and conditions of this Agreement Upon such entry BBOA shall be entitled to review records of sales, inventory, payrolls, sales tax computations, federal and state tax returns, balance sheets, and profit and loss statements BBOA shall have the right to have remote access to the RFMS System or any other POS or Operating Software used to run and maintain the Franchise Operation that is in use by the Proprietor

6 <u>Required Purchases</u>

Prior to the opening of the Proprietor's initial store as well as any additional stores or stores in an Expansion Territory, the Proprietor shall purchase the following required purchases

(i) RFMS Software System with a three (3) user license, CMM Module, bar-coder, tri-coder, training and support fees— additional stores opened and stores in an Expansion Territory shall be required to purchase an additional three (3) user license, CMM Module, bar-coder, tri-coder, and training,

(ii) Basic BBOA Website and Mobile Website, including template and support fees— additional stores opened and stores in an Expansion Territory shall be required to add on support fees for each new store,

(iii) SEO (Search Engine Optimization) Package and PPC (Pay Per Click) Package, including the initial setup of SEO and PPC as well as monthly SEO support fees and a minimum of Five Hundred Dollars ($500 00) per month spent on PPC—additional stores opened and stores in an Expansion Territory shall purchase additional SEO support fees for each new store and an additional Five Hundred Dollars ($500 00) per month on PPC per store,

(iv) Big Bob's University with four (4) user licenses—additional stores opened and stores in an Expansion Territory shall purchase an additional four (4) user licenses,

(v) "Big Bob's" Display Sample Systems, including Special Order Product Displays, Pallet Toppers, and SonoTubes,

(vi) In-Store Sign Package, including Interior Wayfinder Signs and Big Bob's Saying Signs/Artwork

7 Obligations of BBOA

7 1 Opportunity to Inspect BBOA shall afford the Proprietor full opportunity to inspect all aspects of the physical arrangements and characteristics of BBOA's model store(s), at the Proprietor's expense, and the Proprietor may, without approval or permission from BBOA, copy, reproduce, or emulate any of those arrangements or characteristics in its store

7 2 Training

A Initial Training BBOA shall train the Proprietor and/or the employees designated by the Proprietor and approved by BBOA Training must begin no later than thirty (30) days before store opening The training will take place at a designated existing franchise location throughout the country— as specified by BBOA Training will last a minimum of 3 days based on the prior experience of the Proprietor and/or the employees designated by the Proprietor Training will be made available only at training classes scheduled by BBOA and only to the extent there are openings available in the training sessions The training period is mandatory

The training must be completed by at least one (1) person prior to the opening of the Proprietor's store In the course of the training, the Proprietor's employee(s) will work for all intents and purposes as a "staff member" of BBOA's, and BBOA will train the person in the following aspects of the Proprietor's business, where applicable buying and selling all floorings, merchandising, marketing, record keeping and reporting, hiring and training personnel, product knowledge, suppliers, retail sales techniques, installation, and problem solving

The Proprietor and/or employee(s) will also receive a copy of BBOA's manual of policies and procedures (the 'Manual"), and copies of its business forms, both of which BBOA shall have the right to revise or modify at any time, as it sees fit The Proprietor shall receive copies of any updates or revisions The Manual and the business forms shall not belong to the Proprietor, shall remain property of BBOA, and shall be returned to BBOA on termination or expiration of the Franchise

The training program is applicable to the initial franchise store, as well as any additional stores and expansion stores, however, the Proprietor shall bear the cost of travel and living expenses incurred by any of its employees participating in the training The Proprietor may send the same or additional employees for retraining or a refresher course at any time, provided that BBOA's approval has been obtained and no more than two employees of the Proprietor are in training with BBOA at one time

B Managers Training BBOA may offer to the managers or proprietor's assistants of the Proprietor's franchise Managers Training This program may be held at a designated existing franchise location throughout the country— as specified by BBOA

C Additional Training BBOA may offer to the Proprietor and its employees additional training, such as update courses and specialized training courses, as BBOA deems necessary in its sole discretion The additional training will be upon such terms and conditions as BBOA deems necessary including, but not limited to, charging a fee for such training BBOA may provide the training in the manner and format as determined by BBOA, including, but not limited to, training via the Internet This program may be held at a designated existing franchise location throughout the country— as specified by BBOA

7 3 Big Bob's Convention BBOA may annually host a Big Bob's Convention Should BBOA choose to host such a convention, it is the Proprietor's obligation to attend, as outlined in Section 8 One (1) attendee fee shall be waived for first year of initial store Additional stores opened and stores in an Expansion Territory shall also each receive one (1) attendee fee waived for first year

7 4 Advertising BBOA shall make available to the Proprietor all approved advertising that BBOA has produced and produces during the term of this Agreement, with the exception of custom produced advertising for a specific proprietor BBOA may also make available to the Proprietor POP Materials BBOA shall also provide to the Proprietor use of its preferred Advertising Agency for one (1) year for the initial store only

From time to time BBOA may provide the Proprietor with advertising produced by other proprietor's The Proprietor shall have full right to use any portion of this advertising, provided that (i) the Proprietor bears the costs, if any, of adapting the advertising for use in the Proprietor's locale, (ii) the Proprietor takes whatever steps the law may require to protect, preserve, and give notice of BBOA's copyright in the advertising and BBOA's rights in its service marks as they may appear in the advertising

The Proprietor may also produce its own advertising BBOA owns all advertising that the Proprietor produces and said ownership shall begin immediately upon production The Proprietor must provide to BBOA an exact copy of the advertising it purports to advertise before the distribution date BBOA reserves the right to disapprove, for any reason whatsoever, any advertising created and distributed, aired, mailed, or made available to the public through any other means by the Proprietor BBOA may exercise this right of disapproval at any time, including both before the advertisement is distributed and after by mandating the discontinuation of use

7 5 Initial Assistance Prior to the opening of the store, BBOA may provide the Proprietor with assistance on site selection and conversion Prior to and after the opening of the store, BBOA may provide the Proprietor with store set-up assistance, which may include opening visit(s) After these opening visit(s), BBOA may also provide the Proprietor with review visit(s) At any time, BBOA may provide assistance on any matter BBOA determines in its reasonable discretion is appropriate

7 6 Additional Assistance and Consultation At the option of the Proprietor, prior to and after the opening of the Proprietor's store, BBOA shall provide additional consultation and assistance, upon reasonable notice, for the establishment and operation of the Proprietor's business At the option of the Proprietor, BBOA will provide on-site assistance to the Proprietor This assistance will be of no charge during the first year of business of the initial store After the first year of business, BBOA will charge the Proprietor Five Hundred Dollars ($500 00) per day, per person, for this on-site assistance The Proprietor will also be responsible to pay all costs incurred for lodging and transportation of BBOA staff during any additional on-site consultation and training BBOA reserves the right to waive all or a portion of the fee(s) at BBOA's sole discretion

7 7 Memberships and Subscriptions BBOA shall provide to the Proprietor payment of membership fees to both the World Floor Covering Association and the local Chamber of Commerce for the first year of the initial store After the first year term, the Proprietor must renew the membership to the World Floor Covering Association annually and pay all costs associated, and may renew the membership to the local Chamber of Commerce annually and pay all costs associated BBOA shall also provide to the Proprietor subscriptions to the Floor Covering Weekly and the Floor Covering News magazines for the first year of the initial store After the first year subscription expires, the Proprietor may renew the subscription annually and pay all costs associated

7 8 Variances of Standards Complete uniformity under varying conditions may not be possible or practical Thus, BBOA specifically reserves the right, in its sole discretion, to vary standards for any proprietor based upon the varying conditions The Proprietor shall have no recourse against BBOA on account of any variation granted to any other proprietor and shall not be entitled to require BBOA to grant the Proprietor a like or similar variation

7 9 Limitation on BBOA's Liability BBOA's approval rights, disapproval rights, assistance, systems, training, and other services, which BBOA does, may, or will provide to the Proprietor, are all without liability to BBOA of any nature BBOA makes no representations or warranties of any kind, of any nature that such services will create a successful or profitable business for the Proprietor or will not have a negative or unprofitable impact on the Proprietor's business The Proprietor is solely responsible for the success of the Franchise and the Proprietor's business operations

Proprietor Initials

8 Obligations of Proprietor

8 1 Standards of Operation During the term of the Franchise, BBOA may from time to time set or change uniform standards for all its franchisees These standards or changes may apply to products sold, equipment, furnishings and fixtures, display requirements, signage, merchandising, repair and maintenance, and any services offered Such standards or changes shall become a part of this Agreement upon BBOA's giving notice of them as this Agreement provides The Proprietor shall at all times conform to any such standards or changes and it will keep its employees fully informed of them

8 2 Methods of Operation In operating its store, the Proprietor shall use the forms and system of business records prescribed by BBOA BBOA must approve in writing any variations from those forms and that system

8 3 Resource and Financial Management Systems, Inc RFMS software is the standard for all Big Bob's Franchises and the Proprietor's purchase and usage of the software is required BBOA requires the Proprietor to purchase the arranged RFMS Software Package from RFMS, Inc no later than 60 days prior to the scheduled store opening, unless the Proprietor has already obtained such RFMS Software through other means The RFMS Software Package shall include a minimum of the following three (3) user licenses, training, support subscription for the duration of this Agreement, CMM Module, one (1) barcode scanner and one (1) tricoder for inventory control The Proprietor may purchase additional licenses directly from the provider BBOA is not responsible for the performance or maintenance of the RFMS Software Additional stores and expansion stores are required to purchase an additional three (3) user licenses, CMM Module, one (1) barcode scanner, one (1) tricoder for inventory control, and training for each store opened

The Proprietor shall obtain the required hardware and necessary specifications to utilize the RFMS software The Proprietor and its employees must input all business transactions into the software Business transactions includes, but is not limited to, sales tickets, purchase orders, inventory, accounts payable, accounts receivable, customer lists, vendor/ supplier data, and product files

All new installations of RFMS software are required to use approved BBOA "Product Codes" in RFMS Existing installations of RFMS software and version upgrades may continue to use legacy product codes in RFMS

The Proprietor may not use other software, besides RFMS from RFMS, Inc , to conduct, measure, operate or manage the franchise business without BBOA's prior written consent BBOA is to have full access to all data generated in or by RFMS and other approved software The Proprietor must transmit all requested data from the

Proprietor Initials

Proprietor's computer systems and software as it is requested by BBOA to BBOA and/or its approved third party contractors

The Proprietor shall allow BBOA to install secondary or third party software to facilitate BBOA data collection and to give BBOA remote access to the Proprietor's computer systems This software will be used only for data retrieval relevant to the BBOA Outlet and remote training of the Proprietor's staff

8 4 Bank Account The Proprietor shall maintain a bank account(s) in its name used for the Franchise Business The Proprietor understands and hereby agrees to sign the ACH Authorization described in Addendum E and shall notify BBOA of any changes regarding the Proprietor's authorized bank account within thirty (30) days before the Proprietor's next ACH payment is due

8 5 Training

A Initial Training The Proprietor shall attend the initial training at the designated franchise location prior to store opening, as specified in Section 7 2 The Proprietor shall utilize the Big Bob's training materials

Construction of the store shall be completed, with inventory purchased and equipment installed, and the store shall be open for business by no later than 30 days after completion of the training program, unless approved by BBOA

B Additional Training The Proprietor shall attend any and all update courses and specialized training courses that BBOA determines is necessary to protect the BBOA name and to promote the public image and acceptance of the BBOA product The Proprietor shall pay all expenses relating to the additional training

8 6 Convention The Proprietor shall annually attend or send at least one member of the Proprietor's management team to the BBOA Annual Convention at the Proprietor's expense should BBOA choose to host such a convention Should the Proprietor or one member of the Proprietor's management team not attend this Annual Convention, One Thousand Dollars ($1,000 00) will be assessed by BBOA This assessment shall be paid via ACH 30 days after the scheduled convention date

8 7 Big Bob's University The Proprietor and its employees shall participate in the Big Bob's University BBOA requires the Proprietor to purchase and maintain four (4) licenses to access the Big Bob's University for the duration of this Agreement Additional stores opened and stores in an Expansion Territory shall be required to purchase an additional four (4) licenses for the duration of this Agreement for each store opened Using these licenses, four (4) employees of the Proprietor may access the University for additional training The Proprietor may purchase additional licenses at any time at BBOA's preferred pricing from the software provider

Proprietor Initials

8 8 Display Systems & In-Store Signage BBOA requires the Proprietor to purchase the "Big Bob's" Display Sample System, including the Special Order Product Displays, Pallet Toppers and SonoTubes In the event this Sample System is retired by BBOA, new samples will be provided to the Proprietor at the Proprietor's expense The new samples will be billed by BBOA and/or the vendor/supplier The Proprietor must utilize these Display Systems BBOA also requires the Proprietor to purchase the Display Sample Systems for each additional store and expansion store that the Proprietor opens

As part of the Display Sample System, BBOA reserves the right to auto-ship up to Fifteen Hundred Dollars ($1,500 00) per year in Display Systems to the Proprietor, per store

BBOA also requires the Proprietor to purchase the required In-Store Signage Package, including Interior Wayfinder Signs and Big Bob's Saying Signs/Artwork, for the initial store, additional stores, and the expansion stores BBOA may at any time upgrade any and all in-store graphics and signage packages, as it deems necessary at the Proprietor's expense BBOA reserves the right to auto-ship up to Three Thousand Dollars ($3,000 00) of in-store graphics and signage packages over the course of the seven (7) year contract, per store to the Proprietor

The Proprietor shall be obligated to pay the costs of the auto-ship program for Display Systems and In-Store Signage Packages The cost of these items will be placed on the Proprietor's account The Proprietor shall be obligated to pay BBOA and/or the vendor/supplier directly for these Display Systems and In-Store Signage Packages If the Display Systems and In-Store Signage Packages are billed directly by BBOA, the Proprietor is obligated to pay BBOA via ACH BBOA will initiate the ACH within 30 days after shipment

8 9 Basic BBOA Website, Mobile Website, Search Engine Optimization, and Pay Per Click BBOA requires the Proprietor to purchase the Basic BBOA Website and Mobile Website, including template and support fees The Proprietor will have the ability to customize the template to make the website store specific The Proprietor will also have add-on options to create space for additional website services that are not included in this website package The Proprietor will be required to purchase and maintain the support subscription directly with the provider for the continuation of support throughout the duration of this Agreement Additional stores and expansion stores shall be required to add on support fees for each new store

The Proprietor is required to continually use the BBOA Website BBOA has the right to disapprove any content or advertisement on the BBOA Website that BBOA determines, in its sole discretion, may harm the BBOA trade name BBOA from time to time may make changes to the website template and the website format as BBOA sees fit.

If the Proprietor does not operate or maintain the Big Bob's Website and Mobile Website, BBOA shall notify the Proprietor in writing of the deficiency If the Proprietor does not cure the deficiency within thirty (30) days, or notify BBOA as to why such deficiency cannot be cured, BBOA may terminate the Franchise

BBOA shall also require the Proprietor to purchase the basic SEO (Search Engine Optimization) Package and PPC (Pay Per Click) Package The Package includes the initial setup of SEO and PPC as well as SEO support fees After the setup of PPC, the Proprietor will be required to immediately maintain and support PPC for each of its location(s) at a minimum of Five Hundred Dollars ($500 00) per month with the provider that BBOA selects After the setup of SEO, the Proprietor will be required to maintain and support the SEO package, including support fees, with the provider that BBOA selects Additional stores and expansion stores shall purchase additional SEO support fees for each new store and an additional Five Hundred Dollars ($500 00) per month on PPC per store

8 10 Memberships and Subscriptions There are no required memberships or subscriptions at this time

8 11 Construction, Equipment, and Opening The Proprietor will construct and equip its store in accordance with plans reviewed by BBOA prior to construction The provided Display System and In-Store Signage must be utilized with all costs paid Subject to local laws, regulations, covenants, conditions, and restrictions, the Proprietor shall exert its best efforts to use BBOA's suggested color scheme for the store During the term of the Franchise, the Proprietor shall inform BBOA in writing of any alteration or modification to the construction or equipment of the store

8 12 Floor Plans, Exterior Elevations, and Exterior Signs The Proprietor shall submit a detailed drawing containing the floor plans and exterior elevations of the proposed new store to BBOA prior to the contractual commitment to the Franchise Location by lease, purchase, or otherwise The Proprietor shall also submit a detailed drawing with specifications for the location and size of all exterior signs Only BBOA approved signs and logos are allowed BBOA may disapprove, for any reason whatsoever, the store layout and purported signs on the Proprietor's premises

8 13 Right to Review Plans After the selection of the site and the submission of the Proprietor's floor plans, exterior elevations and drawings for the exterior signs to BBOA, the Proprietor may start preparing for the opening of the store Before the opening of the store, BBOA has the right to a final inspection of said premises This final inspection may include a video walk through of the store As a result of this final inspection, BBOA may disapprove, for any reason whatsoever, the store BBOA shall state those reasons in writing The Proprietor

shall have an opportunity to cure said defects If said defects are not cured within 30 days of notice of the same, the Proprietor shall not be allowed to open the store

8 14 Continuous Operation After the Proprietor's store opens, and for the remainder of the term of the Franchise, the Proprietor shall operate its store continuously at the address contracted for The Proprietor will use its best efforts in the conduct of its business at the store and in managing its employees so that they will be productive, courteous, and helpful to the public BBOA must approve any change in store location in writing

8 15 Maintenance and Repair At all times, the Proprietor shall maintain the interior and exterior of the store and the surrounding grounds, including all inventory, structures, furnishings, fixtures, equipment and decorations, in good, clean, and orderly condition, satisfactory to BBOA

8 16 Books and Records The Proprietor shall keep at its store or corporate headquarters adequate records of the business operation BBOA's authorized representatives may examine or audit those records at any reasonable time These records shall include, but shall not be limited to, income tax returns, sales tax returns, numerical invoices, purchase records, sales records, daily recaps of sales, employment records, profit and loss statements, balance sheets, inventory, inventory reports, customer list, and other records normally maintained by businesses

The Proprietor shall use any forms, system of business records, and accounting methods and procedures that BBOA may prescribe and shall furnish BBOA any reports BBOA requires at the times and on the forms that BBOA specifies

8 17 Right of Entry and Inspection BBOA shall have the right to enter the Proprietor's store at any time during normal business hours to examine the store, confer with the Proprietor and its employees, customers, vendors, and installers, and inspect equipment, inventory, merchandise, furnishings, fixtures, operating methods, and books and records

8 18 Advertising

A Advertising Requirements During the one hundred eighty (180) day period following the opening of the Proprietor's store, the Proprietor should spend at least 8% of projected sales or at least Forty-Eight Thousand Dollars ($48,000 00), whichever is greater, on advertising on local television, radio, newspapers, or other media In every twelve (12) month period that follows the initial one hundred eighty (180) days the Proprietor's store is open, the Proprietor must spend at least 4% percent of its projected sales or at least 4% of the previous year's sales to advertise each BBOA Outlet To satisfy the advertising requirement, the Proprietor must use BBOA advertising campaign materials, such as television commercials, radio spots, and other printed materials BBOA may require written proof of such advertising

The Proprietor must use BBOA's preferred Advertising Agency to assist the Proprietor in advertising for the first year of the initial store The Advertising Agency shall direct the expenditure of the budget and place advertisement ads, among other duties After the expiration of the first-year term that BBOA provides to the Proprietor use of its preferred Advertising Agency, the Proprietor may renew the use of the Advertising Agency and pay all costs associated throughout the duration of the Agreement

B <u>Advertising Restrictions</u> The Proprietor shall use its best efforts to advertise solely in its own exclusive Franchise Territory, as outlined in Addendum A Thus, the Proprietor shall use its best efforts not to advertise in other proprietors' exclusive franchise territories However, the Proprietor's store may be located in an area in which other BBOA proprietors and/ or BBOA owned stores are or will be located in the future Should such situation arise, the stores may have overlapping advertising areas If the Proprietor would like to advertise in an advertising area that overlaps with another proprietor's exclusive franchise territory, the Proprietor must first ask for joint cooperation from the neighboring proprietor The Proprietor shall obtain that approval or refusal in writing If the neighboring proprietor refuses to cooperate with the advertisement, the Proprietor shall then ask for BBOA approval BBOA approval shall allow the Proprietor to advertise in another franchise territory, even without permission from the territory's proprietor BBOA is not responsible or liable for overlap in territories Advertisement in this section only does not include social media

8 19 <u>Purchases and Vendors</u>

A <u>Purchases</u> The Proprietor shall maintain inventory and purchase levels where at least 70% are purchased from approved vendors The Proprietor shall purchase inventory and products from approved BBOA vendors through Big Bob's account numbers that represents at least 70% of all purchases made for BBOA locations If the Proprietor does not purchase the minimum 70% of purchases through approved BBOA vendors for 3 consecutive months, then the Proprietor will pay an additional royalty as outlined in the royalty schedule for the next 6 months until purchases are above 70% for 3 consecutive months

BBOA may retain an agent in Dalton, Georgia, or through our corporate office to coordinate and facilitate any purchase and delivery by our members of floor coverings The Proprietor is billed directly by the vendor and the shipper The Proprietor makes no payments to BBOA A percentage of the purchase is returned to BBOA by the vendor to cover the expenses of the service and to provide a rebate to the Proprietor The Proprietor must open new accounts with vendors under the BBOA's group account in order for BBOA and vendors to track purchases made and to calculate rebates accordingly If the Proprietor owns multiple floor covering businesses, of which some are not BBOA then the Proprietor must insure that their total purchases of products through approved BBOA vendors across all groups achieves the minimums outlined in the royalty schedule or pay the additional royalties

Within ninety (90) days from the opening of the Proprietor's store, the Proprietor shall take pictures of the store's inventory and compile a list of said inventory in an inventory report The Proprietor shall submit to BBOA the pictures and inventory report upon compilation BBOA may request additional pictures and inventory reports at any time, as deemed necessary by BBOA

B <u>Vendors</u> The Proprietor must set up and maintain Big Bob's accounts with a majority of BBOA approved vendors The Proprietor must have Big Bob's accounts with BBOA approved vendors that the Proprietor is doing business with The Proprietor will be excused from setting up Big Bob's accounts with BBOA approved vendors that the Proprietor is doing business with if the Proprietor is unable to do so after a good faith effort Failure to either set up, attempt to set up, or maintain Big Bob's accounts with BBOA approved vendors that the Proprietor is doing business with may place the Proprietor in default of the franchise agreement

The Proprietor must supply to BBOA immediately upon activation all account numbers for all BBOA approved suppliers and vendors Notification must also be provided to BBOA for any change(s) to said accounts, including, but not limited to, status, ownership, additions, sub accounts, termination, closure of accounts or credit holds

* BBOA is not the owner or operator of any floor covering supplier Thus, BBOA does not own, operate or sell to any of its members floor covering Members are not obligated to purchase floor covering directly from BBOA BBOA from time to time may broker deals as it sees fit for the benefit of the Franchises

8 20 <u>Indemnity</u> Both during and after termination of this Agreement and the Franchise, the Proprietor shall protect, save, and keep BBOA harmless and indemnify BBOA against and from any and all claims, demands, losses, costs, damages, suits, judgments, penalties, expenses, and liabilities of any kind or nature that arise out of or in connection with the Proprietor's store or the business conducted there, including, but not limited to, claims for discrimination suits of any nature, whether initiated by an employee or patron of the Proprietor, wages and taxes and for infringement by the Proprietor of patents, trademarks, service marks, and trade names of others The Proprietor has no obligation to indemnify BBOA for any claims pertaining to the licensed marks so long as the Proprietor is free of blame

8 21 Insurance

A Insurance Requirements In addition to its obligations to indemnify, the Proprietor must buy and maintain insurance policies protecting it and BBOA and their officers and employees against any claim, loss, liability, or expense whatsoever from personal injury, bodily injury, death, property damage, theft or other matters that arise or occur in connection with the Proprietor's store or the business conducted there, whether the same occurs or arises on or off the premises of the store Additionally, installation sub-contractors must buy and maintain insurance policies of similar terms BBOA shall be an additional named insured on such policies, which shall be written by insurance companies satisfactory to BBOA and shall include

Kind of Insurance	Limits of Liability
Comprehensive general liability, including products liability,	$1,000,000 each person
for bodily injury	$1,000,000 each accident
Comprehensive general liability,	$1,000,000 each accident
including products liability, for property damage	$1,000,000 each aggregate

* Insurance maintained by BBOA shall not limit this insurance in any way

B Certificates Prior to five days before the opening of the Proprietor's store, the Proprietor shall provide BBOA certificates from insurers that show compliance with these requirements for insurance The certificates shall say that the policies will not be canceled or altered without at least ten days' prior written notice by the insurers to BBOA The Proprietor shall maintain and provide BBOA with current certificates at all times

C Additional Insurance The Proprietor shall also insure its store, inventory, equipment, furnishings, and fixtures under broad form standard fire and extended coverage insurance policies in effect for similar businesses

The Proprietor will provide any workmen's compensation insurance and social security, unemployment compensation, and disability insurance the law requires and will, upon request, provide evidence of those coverage's to BBOA

8 22 Compliance with Laws In conducting its business, the Proprietor shall comply with all laws, ordinances, regulations, and other requirements of any governmental entity and will obtain all permits, licenses, and other consents that the government requires for operation of its business All personnel operating forklifts or any other type of machinery requiring certification or licensing must comply with all local, state and federal law The Proprietor shall promptly pay when due all taxes

levied or assessed against it in connection with its store, inventory, or business In the event of any genuine dispute regarding liability for taxes, the Proprietor may contest the validity or amount of the tax as the taxing authority prescribes However, the Proprietor will never permit the sale or seizure of its store, equipment, or inventory for taxes At all times the Proprietor shall engage in fair and equal employment practices, and shall maintain a procedure for dealing with discrimination and harassment instances of any nature

8 23 <u>Payment of Obligations</u> The Proprietor shall pay promptly when due all obligations the Proprietor owes at any time during the term of the Franchise or Agreement BBOA requires and will obtain personal guarantee(s) from the Proprietor and the Proprietor's legal owners and/ or investors regarding this payment The Proprietor and the Proprietor's legal owners and/ or investors will sign an attached addendum labeled Unconditional Guaranty Payment method shall be ACH on the 25th day of each month based on the previous month's charges for royalties and any other applicable items, including fines, assessments or other costs incurred to BBOA

BBOA reserves the right to charge an interest rate of 18% annually, or the maximum allowed by law, on all monies owed to BBOA that are not timely paid This includes interest on attorney's fees incurred by BBOA in the collection of money or any of its agencies After a default in payment, the Proprietor is afforded seven (7) days to cure said default After the seven (7) days, said interest will start accruing

Failure to pay charges when due shall immediately give rise to the Breach provisions as contained in Section 12 of this Agreement After termination of this agreement, BBOA retains all rights to collect such monies, including interest, attorney's fees, and collection fees, from the Proprietor and the Proprietor's partners/ and or investors, even if said parties declare bankruptcy

8 24 <u>Confidential Information</u> The Proprietor realizes that, by reason of this Agreement, it will acquire or have access to information relating to the operation of BBOA's business of a confidential or secret nature, belonging to BBOA, and of great value to BBOA Therefore, both during and after the term of this Agreement, the Proprietor will not divulge or in any manner make available to any person or firm without the prior written consent of BBOA any information, techniques, combinations of techniques, methods, systems, or products used, to include the cost of such products and the vendors utilized in purchasing or obtaining such products, divulged, or developed by BBOA, all of such information, techniques, methods, systems, relationships, resources, strategies and products being considered secret and confidential The Proprietor may disclose confidential information to employees who have signed non-disclosure agreements in a form acceptable to BBOA

Additionally, any amounts due or any dealings and/ or agreements that BBOA makes with the Proprietor as it relates to the franchisor-franchisee relationship shall be kept confidential at all times The Proprietor is not to divulge or discuss any of said information to any other proprietors, vendors or employees The Proprietor shall divulge such confidential information only to such employees as must have access to it in order to operate the franchised business Failure by the Proprietor to keep this information confidential may lead to harm of BBOA's franchise system and may result in BBOA exercising its rights and remedies by termination of the Proprietor's contract and taking any and all legal actions available The Proprietor shall owe BBOA for all damages suffered or incurred by the Proprietor, and all costs and expenses, including reasonable attorney's fees

8 25 Publicity BBOA shall have the right to photograph and video record the Proprietor's store, exterior and interior, and the operations of the Proprietor at and through that store and to use any such photographs for publicity or advertising The Proprietor shall cooperate in securing such photographs and the consent of persons pictured

8 26 Use of Proprietor's Name The Proprietor shall not use its own corporate name in conjunction with its store

The Proprietor must post at least one placard in its store with the following legend "This Big Bob's Flooring Outlet store is owned and operated by [the Proprietor's corporate name] pursuant to a franchise granted by Big Bob's Flooring Outlet of America Inc For information about franchising, visit www bigbobsflooring com "

9 Assignment by BBOA BBOA, at its sole discretion, may assign its rights, title, and interests in the franchise and such assignment shall inure to the benefit of any assignee or legal successor

10 Assignment by Proprietor

10 1 Prohibition Against Assignment The interests of the Proprietor in this Agreement and the Franchise are personal Unless the Proprietor complies with the provisions of this Section 10, during the term of the Franchise, the Proprietor shall not, without the prior written consent of BBOA, mortgage, pledge, or otherwise grant a security interest in or sell, assign, transfer, lease, or sublease (i) its rights under the Franchise or the Agreement, (ii) the Big Bob's store, (iii) or any inventory or assets other than that sold in the ordinary course of business, equipment, furnishings, or fixtures in the store to any party, including heirs and assignments BBOA consent shall not be unreasonably withheld If BBOA consents to a proposed assignment, the proposed assignee must meet, agree to and execute BBOA's then current Franchise Agreement for new proprietors that are in effect at the time of the proposed transfer

10 2 Assignment to a Corporation The Proprietor may assign the Franchise Agreement to a corporation in which the Proprietor owns all of the issued and outstanding capital stock provided that (i) the Proprietor or a manager

Proprietor Initials

approved by BBOA actively manages the corporation and continues to devote his best efforts and full and exclusive time to the day-to-day operation and development of the Franchise and the business of the Big Bob's Flooring Outlet store, (ii) the corporation is newly organized and its activities are confined exclusively to acting as Big Bob's Flooring Outlet under the Franchise Agreement, (iii) the corporation executes a document in such form as shall be approved by BBOA in which it agrees to become a party to and be bound by all the provisions of the Franchise Agreement, (iv) the Proprietor remains personally liable in all respects under the Franchise Agreement and the Proprietor executes on a form approved by BBOA a personal guaranty and agreement not to sell, assign, pledge, mortgage, or otherwise transfer or encumber the stock, and (v) all stock certificates representing shares in the corporation bear a legend that they are subject to the terms of the Franchise Agreement (vi) the Proprietor or the assignee has paid to BBOA Fifteen Hundred Dollars ($1,500 00) as to reimbursement for its reasonable legal and accounting fees, credit, and investigation charges and expenses incurred as a consequence of such assignment

10 3 Permitted Assignment on Death If the Proprietor dies and his personal representative does not desire to sell the Big Bob's Flooring Outlet store, and if under controlling local law the deceased Proprietor's interest in the Big Bob's Flooring Outlet store, the Franchise and this Agreement are distributable to heirs or legatees who are members of his immediate family and who otherwise would qualify as assignees, then, such attempted assignment by operation of law or will shall not be deemed in violation of the Franchise Agreement provided that such heirs or legatees accept the conditions imposed on otherwise permitted assignments, as set forth in Section 10 4 The heirs or legatees shall pay to BBOA Five Thousand Dollars ($5,000 00) as to reimbursement for its reasonable legal and accounting fees, credit, and investigation charges and expenses incurred as a consequence of such assignment

10 4 Other Permitted Assignments Consent to an assignment otherwise permitted or permissible as reasonable may be refused by BBOA unless prior to the effective date of the assignment (i) all obligations of the Proprietor in connection with Big Bob's Flooring Outlet have been assumed by the assignee, (ii) all ascertained or liquidated debts of the Proprietor in connection with Big Bob's Flooring Outlet have been paid or otherwise provided for, (iii) the Proprietor is not in default under any provision of the Franchise Agreement, (iv) the assignee has completed the training program required of new operators, or has retained management approved by BBOA,(v) the assignee has executed BBOA's then current Franchise Agreement for a new term of seven (7) years, and (vi) the Proprietor or the assignee has paid to BBOA Five Thousand Dollars ($5,000 00) as to reimbursement for its reasonable legal and accounting fees, credit, and investigation charges and expenses incurred as a consequence of such assignment

11 Default by BBOA Termination by Proprietor The Proprietor may terminate the Franchise and this Agreement on the following grounds

11 1 BBOA Breach If the Proprietor is in compliance with the terms of this Franchise Agreement and BBOA breaches a material obligation, the Proprietor shall provide BBOA written notice that specifies the date and nature of the breach BBOA shall then have sixty (60) days after receiving the written notice from the Proprietor to cure the breach (or commence cure of the breach if the breach cannot reasonably be cured in such time) If BBOA fails to cure said breach within the sixty (60) days, the Proprietor may terminate the Franchise, effective (10) days after delivery to BBOA of written notice of such termination

BBOA's material obligations shall be deemed to be (i) the grant of an exclusive territory to the Proprietor, (ii) the initiation of an advertising campaign pursuant to Section 2 3 hereof, and (iii) the ownership and defending of the trade name and service mark licensed to the Proprietor

11 2 Death or Disability The Proprietor may also terminate the Franchise, if the principal shareholder (the shareholder owning more than 51% of the voting and all other classes of stock of the Proprietor) or managing general partner of the Proprietor dies or becomes permanently disabled and, because of either of such events, the Proprietor ceases operations A termination resulting from the death or permanent disability of the principal shareholder or managing general partner shall be effective thirty (30) days after written notice of such event is received by BBOA

11 3 Local Law Termination by BBOA for any of the preceding reasons shall ordinarily be effective on the giving of notice by BBOA as this agreement provides However, if local law requires prior or additional notice, termination shall be effective at the end of the minimum period for notice that the law specifies

12 Default by Proprietor Termination by BBOA

BBOA may terminate this Agreement and the Franchise, upon written notice to the Proprietor of termination specifying the grounds therefore if the Proprietor or Franchise

12 1 Inability to Pay Obligations Makes an assignment for the benefit of creditors or an admission of its inability to pay its obligations as they become due For purposes of this paragraph, inability to pay shall be defined as the Proprietor being late in paying any vendor (without justifiable cause as solely determined by BBOA) more than 90 days beyond payment due date

12 2 Bankruptcy Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar relief under any law, or admitting or failing to contest the material allegations of any pleading filed against him, or is adjudicated bankrupt or insolvent

Proprietor Initials

12 3 Possession of Premises Suffers cancellation of or fails to renew or extend the lease or sublease for, or otherwise fails to maintain possession of, the premises occupied by a minimum of one (1) Big Bob's Flooring Outlet store and fails to secure a suitable alternative premise within sixty (60) days that is approved by BBOA

12 4 Failure to Submit Reports On three (3) occasions fails within a 12-month period to submit when due all required reports, including, but not limited to monthly royalty reports, monthly sales tax reports, monthly or annual financial statements, and/ or fails to submit those reports on time

12 5 Inaccurate Information Submits two (2) or more monthly or annual financial statements, other information, sales or income tax returns or supporting records to BBOA that understate by five percent (5%) or more the gross sales of the Big Bob's Flooring Outlet store or materially distorts any other material information

12 6 Violation of Laws or Ordinances Violates and fails to cure after notice or consistently violates any health or safety law, ordinance or regulation or operates the Big Bob's Flooring Outlet store in a manner that presents a health or safety hazard to its customers or the public

12 7 Assignment Makes an unauthorized assignment of the Franchise Agreement, the Franchise or ownership of the Proprietor

12 8 Misstatements on Application Has made any material misrepresentations or misstatements on its application and/or credit worthiness for the Franchise or with respect to the ownership or operation of the Proprietor

12 9 Commencement of Operations Has not commenced operation of the Proprietor's initial store on or before the 18 months after the signing of the Franchise Agreement and/or fails to pay the commencement fees as described in 2 2 A

12 10 Failure to Adhere Fails to carry out any material provision of the Franchise Agreement or any specification, standard or operating procedure described by BBOA and does not correct such failure within thirty (30) days after written notice

12 11 Other This Agreement contains additional provisions that specify that the breach of the provision may result in default by the Proprietor and termination by BBOA Subject to applicable state and/ or federal franchise laws, each of the following defaults that are not cured within the applicable cure period, may result in termination of this Agreement by BBOA as contained in this Section These provisions include

A Failure to continuously operate at the contracted location

B Failure to set up and/ or attempt to set up and/ or maintain Big Bob's accounts with BBOA vendors that the Proprietor is doing business with

C Failure to continuously operate and/ or maintain the Big Bob's Website, RFMS Software, Social Media Package, Big Bob's University, and BBOA Display System

D Failure to pay when due the royalty and advertising fees as required by BBOA

E Failure to maintain a bank account and give BBOA ACH authorization at all times

F Failure to keep the information contained in Section 8 23, labeled Confidential Information, strictly confidential

G Failure to disclose the criminal background and credit history of all investors, owners or Proprietors applying for franchise rights

* **Termination by BBOA** for any of the preceding reasons shall ordinarily be effective on the giving of 30-day advance notice by BBOA as this Agreement provides However, if local law requires additional notice, termination shall be effective at the end of the minimum period for notice that the law specifies

12 12 BBOA's Legal Remedies Should the Proprietor default in the performance of this Agreement, BBOA may bring an action in equity to enforce the Agreement, whether by specific performance or otherwise, or it may treat the Agreement as breached, in which case BBOA shall be entitled to recover from the Proprietor any damages BBOA may have suffered as a result of the breach Upon breach, BBOA has the first rights, above any other party, to collect monies owed Should BBOA have to refer any event of default to counsel, it shall be entitled, to the extent the law permits, to recover its reasonable attorneys' fees from the Proprietor, whether or not litigation results, and any court costs it incurs Proprietor will also be liable for all collection costs associated with default as a result of non-payment of royalties

BBOA's remedies under this section for the Proprietor's default shall not be exclusive but shall be cumulative with any other remedies to which BBOA may be entitled, at law or in equity Any legal remedies provided for BBOA under this paragraph are also afforded the Proprietor

13 Post-Termination Obligations of Proprietor

13 1 Duties of the Proprietor Upon termination of the Franchise, the Proprietor shall

A Pay all royalties, and other charges due BBOA, as well as all sums due to all floor covering vendors

B Return to BBOA all Manuals and all training, management, and promotional aids, including, but not limited to, all radio and television advertising

C Provide to BBOA a RFMS backup disk, exact copy and/or original customer list After providing the customer list, the Proprietor shall then destroy any and all copies and/ or originals of the customer list contained in any and all formats

D Cease doing business and holding itself out as a proprietor of BBOA, including notifying the telephone company and listing agencies of the termination or expiration of the Proprietor's right to use all telephone numbers and all classified and other directory listings of the Big Bob's Flooring Outlet and to authorize same to transfer to BBOA all such numbers and directory listings

E Cease using the BBOA proprietary methods of business, specifically all those deemed to include the purchasing, processing, and sale of 1st quality cash & carry' running line, promotional goods, overruns, and plunder floor covering,, and the procedures associated therewith as well as all trade names and service marks

F Cease using forms of advertising associated with, "Big Bob's", 'Big Bob's Outlet", and 'Big Bob's Flooring Outlet"

G If the Proprietor retains possession of the premises, the Proprietor must refrain from the sale of any type of floor covering, with the exception of converting the premises to a "samples only" 1st quality floor covering store with no inventory, and make reasonable modifications in the exterior and interior decor to BBOA's satisfaction to minimize its identification as a Big Bob's Flooring Outlet Store

H The Proprietor must refrain from the sale of any of its inventory to a business similar to BBOA that sells 1st quality "cash & carry' running line, promotional goods, overruns, and plunder floor covering that the Proprietor is affiliated with in any way, including family relationships The Proprietor must also refrain from the sale of any of its assets to a business similar to BBOA that sells 1st quality "cash & carry" running line, promotional goods, overruns, and plunder floor covering that the Proprietor is affiliated with in any way, including family relationships

I At BBOA's option, the Proprietor shall assign to BBOA the business telephone number(s) for the Big Bob's Flooring Outlet store and any intellectual property including customer information, domain names, trademarks, or patents the Proprietor as secured related to the business The Proprietor shall execute any and all documents that are necessary for the telephone and intellectual Property transfer The Proprietor appoints BBOA as the Proprietor's agent to effect such transfer with the applicable telephone company and intellectual property holders The Proprietor shall be liable for all telephone charges and intellectual property charges incurred prior to such transfer

J The Proprietor shall cease using any domain names or web sites associated with the BBOA Marks BBOA has the first right to obtain the Proprietor's Website URL should it contain the Big Bob's name, any associated Internet function using the Big Bob's name, all social media that contains Big Bob's name, including, but not limited to, Facebook, YouTube and Twitter, and the Proprietor's place page and Google maps site

K Abide by the provisions of the covenant not to compete as described below and contained in the Franchise Agreement

L If the Proprietor fails to comply with any of the foregoing obligations, the Proprietor must pay to BBOA any costs or expenses incurred by BBOA to rectify such failure, including any reasonable attorneys' fees incurred by BBOA

13 2 BBOA's Inventory Purchase/Offset Rights At the expiration of the Proprietor's franchise, by expiration of the initial term, cessation, termination, or otherwise, BBOA has the first option to purchase the Proprietor's inventory, unless a bank or other lending institution owns such inventory The price of the inventory when purchased from the Proprietor shall be ninety percent (90%) of its cost, as shown on the Proprietor's books and records, plus freight charges

BBOA, at its sole discretion, may use this option to offset any unpaid or past due royalties, or any other payments due to BBOA, at time of termination BBOA may use the full amount of inventory received or a portion to offset these past dues in lieu of payment to the Proprietor for the inventory BBOA shall exercise this option by notice to the Proprietor within a reasonable time after BBOA has examined the Proprietor's inventory and the Proprietor's books and records Should a bank or other lending institution own such inventory, BBOA may negotiate with the bank to obtain the inventory at a negotiated price

13 3 No Payment for Goodwill Upon termination of or refusal to renew or extend the Franchise Agreement, BBOA is not obligated to pay any amount to the Proprietor for the equity or goodwill the Proprietor may have established either prior to or during the operation of the Proprietor's Big Bob's Flooring Outlet store

14 Covenants Not To Compete

14 1 During the Term of the Franchise The Proprietor shall not during the term of the Franchise engage as an owner, partner, director, officer, employee, consultant, agent, independent contractor or in any other capacity in any other business selling 1st quality running line, promotional goods, overruns, and plunder floor covering, (except for other Big Bob's Flooring Outlet stores under Franchise Agreements entered into between BBOA and the Proprietor) without the prior written approval of BBOA Such approval will not be unreasonably withheld

14 2 After Termination or Expiration of the Franchise The Proprietor shall not within a thirty (30) mile radius of any Big Bob's Flooring Outlet stores (existing as of the date of termination) or at the then existing location of the Proprietor at termination, engage directly or indirectly by virtue of being an owner, proprietor, partner, director, officer, stockholder, employee, manager, consultant, independent contractor, salesperson, representative, investor or agent or in any other capacity, or through family relationships, or by financing and/ or investing, or by consulting, advising or assisting, or be associated in any retail business selling new carpet, promotional goods, overruns, factory seconds, mill drops, blemished goods, off merchandise, cabin grades, scratch and dent, salvage, plunder, discontinued merchandise, mill seconds, or an inventory cash and carry floor covering operation, for a period of one (1) year after termination or expiration of the Franchise, with the exception of a running line 1st quality 'sample store" with no inventory This restriction applies regardless of how or why the Franchise is terminated BBOA may partially or fully waive the foregoing restriction, however, BBOA need not meet any obligations as a condition of the enforcement of the covenant not to compete

After termination or expiration of the franchise, regardless of the reason for termination or expiration, the Proprietor may not at any time be engaged as an owner, partner, director, officer, employee, manager, consultant, salesperson, representative, investor or agent or in any other capacity with a business that resembles the Big Bob's Flooring Outlet in any manner Specifically, the Proprietor may not replicate BBOA's IE color scheme, likeness, advertising content, selling promotional goods, overruns, and plunder floor covering

14 3 Severability and Modification If any of the restrictions contained in 13 1 and 13 2 are determined to be unlawful or unreasonable by a court of competent jurisdiction due to the time or geographic scope, then the restrictions shall be amended to provide that such restrictions apply for the maximum time and geographic scope permitted by law of said state as determined by the court The parties expressly permit the said court to modify the restrictions for the sole purpose of making it enforceable Any modification will apply to that state only and shall not be applicable to other states

Proprietor Initials

15 Rights in Equity The Proprietor acknowledges that irreparable damage will result to BBOA in the event of the breach by the Proprietor of the covenants contained in Section 8 relating to confidential information, in Section 12 relating to effect of termination, and in Section 14 relating to non-competition In the event of a breach of such covenants, BBOA shall be entitled, in addition to any other legal or equitable damages and remedies to which it may be entitled or which may be available, to specific performance with respect to the provisions of those sections or an injunction to restrain the violation of those sections by the Proprietor, or to both, plus attorney's fees and court costs incurred in obtaining such relief In the event that BBOA brings an action for enforcement of the provisions of those sections, or if in any other action, regardless of the person initiating the action, the court shall find that any part of any of those sections is unreasonable as to time, area, or activity covered, then the court shall make a finding as to what is reasonable and shall enforce this Agreement by judgment or decree to the extent of such finding If the Proprietor shall breach any of the provisions of Section 14 regarding non-competition after termination, then, in that event, the period during which that covenant applies shall commence not on the date of Proprietor's termination, but on the first day after the violation on which the Proprietor is no longer in violation of any of the provisions of Section 14

16 Benefits of Approvals and Disapprovals All provisions in this agreement permitting or requiring BBOA to be informed of, give consent to, or approve or disapprove decisions, actions, programs, suppliers, vendors, or other undertakings, arrangements, or transactions by, of, or for the Proprietor are solely for the protection of BBOA's goodwill, trade name, and service marks and not for the benefit of the Proprietor By being informed, consenting, or approving or disapproving under the provisions of this Agreement, BBOA makes no representations or warranties, express or implied, regarding the merits, advisability, prospects, likelihood of success, or any other aspect of the underlying decision, action, program, supplier, vendor, or other undertaking, arrangement, or transaction of the Proprietor The Proprietor enters into such underlying undertaking, arrangement, or transaction solely at its own risk

17 General Conditions

17 1 Entire Agreement This agreement, along with the Addendums, contains the entire agreement of BBOA and the Proprietor, superseding all other representations, inducements, promises, or agreements between them, oral or otherwise, prior or contemporaneous Nothing in the Agreement or in any related agreement is intended to disclaim the representations BBOA made in the franchise disclosure document

17 2 Course of Dealing or Usage of Trade No previous course of dealing or usage of trade shall be admissible by the Proprietor to explain, modify or contradict this Agreement, except as specifically set forth in the Agreement

17 3 Time is of the Essence Time is of the essence of this Agreement

17 4 Independence of Proprietor The Proprietor is and shall be, at all times during the term of this Agreement, an independent contractor and not an agent or employee of BBOA The Proprietor is not a partner or joint venturer with BBOA The Proprietor shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, or employee of BBOA The Proprietor shall have no right or authority to bind or obligate BBOA in any way, and the Proprietor shall not attempt to do so

17 5 Non-Waiver No failure of BBOA to exercise any power or right this agreement gives or to insist upon compliance with any obligation under this Agreement, and no custom or practice of BBOA and the Proprietor that varies from the terms of this Agreement, shall waive BBOA's right to demand full compliance with this Agreement

17 6 Severability In the event any court holds one or more clauses of this Agreement void or unenforceable, BBOA and the Proprietor shall treat that clause or those clauses as separate and shall treat the remainder of this Agreement as valid and in full force and effect Should any term of this Agreement be considered void and inconsistent with the franchise laws of the state wherein the Proprietor's store is located, then any term or part thereof so void shall be void and any inconsistency shall be construed and governed by that state's law to the extent the term or portion is void or inconsistent The terms of the Agreement shall be adjusted to comply with any and all rulings of a court of competent jurisdiction

17 7 Remedies Any specific right or remedy this Agreement sets forth legal, equitable, or otherwise shall not be exclusive but shall be cumulative with all other rights and remedies the Agreement and the law provide

17 8 Modifications This Agreement may be modified, amended, or changed only by a written document signed by both BBOA and the Proprietor

17 9 Attorney's Fees If it is necessary for BBOA to enforce the terms of this Agreement, and BBOA prevails, BBOA shall be entitled to recover, in addition to any other relief, its reasonable costs, including its attorney's fees, incurred in connection with the enforcement proceeding

17 10 Notices All notices this Agreement requires or permits shall have been given if written, deposited in the United States mail in a sealed envelope with postage prepaid and certified, registered or any other method of delivery that requires a signature at acceptance, and addressed to BBOA or the Proprietor, as the case may be, at the address set forth at the beginning of this Agreement, or at any other addresses that BBOA or the Proprietor have provided the other by notice given as herein provided For purposes of this paragraph electronic communications (email) shall satisfy the notice requirement, effective as of the date and time of the

communication All such notices shall be evidenced by the retention of a copy of the communication Should the proprietor choose to use email to satisfy the notice requirement, the Proprietor shall also send a separate paper copy through certified, registered or any other method of delivery that requires a signature at acceptance

17 11 Titles of Paragraphs The various titles of the paragraphs in this Agreement are used solely for convenience and are not to be used to interpret or construe any word, clause, paragraph, or subparagraph of this Agreement

17 12 Governing Law, Jurisdiction, and Venue This Agreement shall be governed and interpreted in all respects according to the laws of the State of Massachusetts All actions or proceedings arising out of or in connection with this Agreement shall be tried and litigated exclusively in the State and Federal courts located in the County of Worcester, State of Massachusetts In the event BBOA must bring a legal or equitable action to enforce any of its rights under this Agreement, the Proprietor consents to the personal jurisdiction of the State or Federal courts of Massachusetts for the purpose of such action and agrees that venue will be proper anywhere in that state

17 13 Criminal Background and Credit History Prior to the opening of the franchise, the Proprietor shall disclose to BBOA the criminal record and credit history of all investors, owners, and/ or Proprietors applying for franchise rights Failure to truthfully disclose this information will result in termination of the franchise as provided in Section 12 The investors, owners, and/ or Proprietors acknowledge that BBOA will conduct this criminal background and credit check and the investors, owners, and/ or Proprietors hereby waive any rights to keep that information confidential as between the investors, owners, and/ or Proprietors and BBOA BBOA will not disclose this information to third parties

17 14 State Required Addendum If the Franchise is located in a state that requires certain terms and conditions be included in this Agreement, such terms and conditions will be found on the State Required Addendum attached to this Agreement

17 15 Unconditional Guaranty The Proprietor, the legal owners of the Proprietor (shareholders of a corporation, partners of a partnership, members of a membership, trustees of a trust, or by the Proprietor if the Proprietor is an individual), and the Proprietor's investors must execute the Unconditional Guaranty described and delineated in Addendum D

17 16 Authority The person signing on behalf of the Proprietor hereby represents and warrants that he or she is an authorized agent of the Proprietor with the authority to enter into this Agreement and bind the Proprietor to the Agreement's terms Should this person lack the authority to bind the Proprietor, he or she will be subject to individual responsibility under this Agreement

____

Proprietor Initials

IN WITNESS WHEREOF, BBOA and the Proprietor acknowledge having read this Agreement, understand and consent to be bound by all of its terms, restrictions, and conditions BBOA and the Proprietor agree that the Agreement shall become effective _____ day of ________, 20____ ("Effective Date")

FRANCHISOR	FRANCHISEE
BIG BOB'S FLOORING OUTLET OF AMERICA, INC	______________________
By ____________________________	By ____________________________
Title ____________________________	Title ____________________________
Signature Date __________________	Signature Date __________________

____
Proprietor Initials

STATE OF ________________)
) SS
COUNTY OF ______________)

On this ___ day of __________, 20__, before me, a Notary Public, personally appeared ______________________(PROPRIETOR AGENT), who, being known to me and under oath, did state that the foregoing Agreement was signed by him/ her in his/ her capacity as _____________________(AGENT'S TITLE) under all appropriate authority of ______________________(ENTITY NAME) as the free act and deed of said Proprietor

IN WITNESS WHEREOF, I have hereunto subscribed my hand and seal in the County and State aforesaid as of the day and year first above written

____
Notary Public

My Commission Expires

STATE OF ________________)
) SS
COUNTY OF ______________)

On this ___ day of __________, 20__, before me, a Notary Public, personally appeared ______________________(BBOA'S AGENT), who, being known to me and under oath, did state that the foregoing Agreement was signed by him/ her in his/ her capacity as ______________________(AGENT'S TITLE) under all appropriate authority of Big Bob's Flooring Outlet of America, Inc , as the free act and deed of said corporation

IN WITNESS WHEREOF, I have hereunto subscribed my hand and seal in the County and State aforesaid as of the day and year first above written

____
Notary Public

My Commission Expires

____
Proprietor Initials

ADDENDUM A

FRANCHISE TERRITORY

Franchise Territory

FRANCHISOR	FRANCHISEE
BBOA	PROPRIETOR
By ____________________	By ____________________
Title ____________________	Title ____________________
Signature Date _______________	Signature Date _______________

ADDENDUM B

STORE AREA

Store Area

Attachment A to Addendum B contains the locations of the franchise store(s)

FRANCHISOR	FRANCHISEE
BBOA	PROPRIETOR
By ________________________	By ________________________
Title ________________________	Title ________________________
Signature Date __________________	Signature Date __________________

ATTACHMENT A

STORE LOCATIONS

This Attachment A to Addendum B of the Franchise Agreement dated _________ ____, 20___, contains the locations of the franchise store(s) This Attachment A shall supersede all previous Attachment A(s) executed by the parties

The following are the locations of the franchise store(s)

FRANCHISOR	FRANCHISEE
BBOA	PROPRIETOR
By ______________________________	By ______________________________
Title ____________________________	Title ____________________________
Signature Date ___________________	Signature Date ___________________

ADDENDUM C

EXPANSION TERRITORY

Expansion Territory

FRANCHISOR	FRANCHISEE
BBOA	PROPRIETOR
By ______________________________	By ______________________________
Title ____________________________	Title ____________________________
Signature Date _____________________	Signature Date _____________________

ADDENDUM D

UNCONDITIONAL GUARANTY
AND ASSUMPTION OF THE PROPRIETOR'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by BBOA (Franchisor) of the franchise agreement (the "Agreement") dated ________________, 20___ between BBOA and the Proprietor (Franchisee), each of the undersigned hereby personally and unconditionally (1) guarantees to BBOA and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Proprietor shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement

I Each of the undersigned waives

(1) Acceptance and notice of acceptance by BBOA, of the foregoing undertakings,

(2) Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed,

(3) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed,

(4) Any right he or she may have to require that an action be brought against the Proprietor or any other person as a condition of liability, and

(5) Any and all other notices and legal or equitable defenses to which he may be entitled

II Each of the undersigned consents and agrees that

(1) His or her direct and immediate liability under this guaranty shall be joint and several,

(2) He or she shall render any payment or performance required under the Agreement upon demand if the Proprietor fails or refuses to do so punctually,

(3) Such liability shall not be contingent or conditioned upon pursuit by BBOA of any remedies against the Proprietor or any other person and

(4) Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which BBOA may from time to time grant to the Proprietor 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 terms of the Agreement

III Miscellaneous provisions

(1) This Guaranty shall be binding upon the Guarantor and his successors, transferees, assigns, estate, heirs and personal representatives and shall inure to the benefit of and be enforceable by BBOA and their respective successors, transferees and assigns

(2) No failure on the part of BBOA to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right The remedies herein provided are cumulative and not exclusive of any remedies provided by law

(3) Guarantor agrees to pay to BBOA any attorney's fees, as well as all costs and expenses of collection, whether by suit or any other means, in the enforcement of any Obligations of the Proprietor or Guarantor under this Unconditional Guaranty

(4) This guaranty is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the State of Kansas and shall be in all respects governed, construed, applied and enforced in accordance with the laws of said State

(5) Each Guarantor voluntarily and intentionally waives any right to a trial by jury in any action, claim or lawsuit filed in any tribunal arising out of and in connection with this Unconditional Guaranty

(6) Each Guarantor represents and warrants that said Guarantor has full authority to enter into and execute the terms and conditions of the Unconditional Guaranty, and this Unconditional Guaranty shall be binding on the Guarantor

IN WITNESS WHEREOF, each of the undersigned has here affixed his or her signature on the same day and year as the Agreement was executed

GUARANTOR(S)	PERCENTAGE OF OWNERSHIP OF THE PROPRIETOR
______________________________	__________%
______________________________	__________%
______________________________	__________%
______________________________	__________%
______________________________	__________%

STATE OF ______________________)

) SS

COUNTY OF ____________________)

Subscribed and sworn to before me, a Notary Public this ____ day of ___________, 20___

____

Notary Public

My Commission Expires

STATE OF ______________________)

) SS

COUNTY OF ____________________)

Subscribed and sworn to before me, a Notary Public this ____ day of ___________, 20___

____

Notary Public

My Commission Expires

ADDENDUM E

ACH AUTHORIZATION FORM

I (we) (ACCOUNT HOLDER) hereby authorize Big Bob s Flooring Outlet of America Inc (THE COMPANY) to initiate entries to my (our) checking/ savings accounts at the financial institution listed below (THE FINANCIAL INSTITUTION) I (we) authorize THE FINANCIAL INSTITUTUION to accept and debit the amount of such entries to my (our account) via the Automated Clearing House system This authority will remain in effect until THE COMPANY is notified by me (us) in writing to cancel it in such time as to afford THE COMPANY and THE FINANCIAL INSTITUTION a reasonable opportunity to act on it

---

The Company Authorized to Credit/ Debit Account

_______________________________ _______________________

The Company Name | The Company Phone Number

____

Address of Company – Street City State & Zip

Account Holder Information

_______________________________ _______________________

Account Holder Name | Account Holder DBA Name

_______________________________ _______________________

Address of Account Holder – Street City State & Zip | Account Holder Phone

---

Account Holder's Financial Institution Information

____

Name of Financial Institution

____

Address of Financial Institution – Branch, City, State & Zip

Financial Institution Routing Number ________________ Account Number ________________

Business Checking/ Personal Checking/ Savings (Please Circle One)

Account Holder Signature

_______________________________ _______________________

Signature of Account Holder | Date

____

Name and Title of Account Holder

ADDENDUM F

STATE REQUIRED ADDENDUM

CALIFORNIA

The State of California requires that the following terms and conditions be included in the Franchise Agreement Should there be a conflict between the terms and conditions of the Franchise Agreement and the terms and conditions of the State Required Addendum, the State Required Addendum shall control

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

2 Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise

3 OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

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

5 California Business and Professions Code Section 20035 provide certain rights to BBOA concerning the purchase of the Proprietor's inventory upon termination or nonrenewal Should the Franchise Agreement contain a provision that is inconsistent with the California state law, the California state law will control

6 The franchise agreement contains a covenant not to complete which extends beyond the termination of the franchise This provision may not be enforceable under California law

7 The franchise agreement requires application of the laws of Kansas This provision may not be enforceable under California law

8 California state law may not permit BBOA to disclaim express and/ or implied warranties Should this provision exist in California, sections in the Franchise Agreement permitting BBOA to disclaim express and/ or implied warranties may be unenforceable

9 Any provision in the Franchise Agreement restricting venue to a forum outside of California is void with respect to any claim arising under or relating to a franchise agreement involving a franchise business operating within California

10 The franchise agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

GUARANTEE OF PERFORMANCE

For value received Floors & More LLC located at 470 Southbridge St Auburn MA 01501 absolutely and unconditionally guarantees the performance by Big Bob s Flooring Outlet of America Inc located at 470 Southbridge St Auburn MA 01501 of all of the obligations of Big Bog s Flooring Outlet of America Inc under its franchise registration in the State of California dated April 20 2017 and of its Franchise Agreement

This guarantee continues until all obligations of Big Bog s Flooring Outlet of America Inc under the franchise registration and franchise agreement are satisfied Floors & More LLC is not discharged from liability if a claim by the franchisee against Big Bob s Flooring Outlet of America Inc remains outstanding Notice of acceptance is waived Notice of default on the part of Big Bob s Flooring Outlet of America Inc is not waived This guarantee is binding on Floors & More LLC and on its successors and assignees

Floors & More, LLC executes this guarantee at 470 Southbridge St Auburn, MA 01501 on the 19th day of April 2017

Floors & More, LLC
(Parent)

By [signature]

Title Managing Partner

CliftonLarsonAllen

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

Big Bob's Flooring Outlet of America, Inc

CliftonLarsonAllen LLP consents to the use in the Franchise Disclosure Document issued by Big Bob's Flooring Outlet of America, Inc ("Franchisor") on April 15, 2016, of our report dated May 5, 2016, relating to the financial statements of Franchisor for the period ending December 31, 2015

CliftonLarsonAllen LLP

Overland Park, Kansas
Dated this 10th day of March, 2016

EXHIBIT D

STATE ADMINISTRATORS

CALIFORNIA
Department of Business Oversight
Securities Regulation Division
One Sansome Street, Suite 600
San Francisco, CA 94104-4428
(866) 275-2677

CONNECTICUT
State of Connecticut
Department of Banking
Hartford, CT 06103
Bismarck, North Dakota 58505

HAWAII
Director
Hawaii Department of Commerce
and Consumer Affairs
1010 Richards Street
Honolulu Hawaii 96813

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield Illinois 62706

INDIANA
Indiana Secretary of State
302 West Washington, Room E-111
Indianapolis Indiana 46204

IOWA
Iowa Securities Bureau
340 E Maple Street
Des Moines, Iowa 50319

MARYLAND
Office of the Attorney General
Securities Division
200 St Paul Place
Baltimore, Maryland 21202 2020

MICHIGAN
Michigan Department of Commerce
Corporations and Securities Bureau
670 Law Building
Lansing, Michigan 48913

NEW YORK
Secretary of State of the State of New York
162 Washington Avenue
Albany, New York 12231

NORTH DAKOTA
Securities Commissioner
State of North Dakota
Capitol Building

RHODE ISLAND
Director of Business Regulations
Suite 232
233 Richmond Street
Providence, Rhode Island 02903-4232

SOUTH DAKOTA
Director of Division of Securities
118 West Capitol Avenue
Pierre South Dakota 57501-2017

VIRGINIA
State Corporation Commission
1300 E Main Street
Richmond Virginia 23219

WASHINGTON
Department of Financial Institutions
Securities Division
P O Box 9033
Olympia, Washington 98507 9033

WISCONSIN
Office of the Commissioner of Securities
P O Box 1768
Madison, Wisconsin 53701

MINNESOTA
Commissioner of Commerce
133 East Seventh Street
260 Constitution Plaza
St Paul, Minnesota 55101

EXHIBIT E

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
C T Corporation Systems
Registered Office
Los Angeles CA 90017

CONNECTICUT
Banking Commissioner
of the State of Connecticut
260 Constitution Plaza
Hartford CT 06103

ILLINOIS
Illinois Attorney General
500 S Second St
Springfield IL 62706

INDIANA
Indiana Secretary of State
201 State House
Indianapolis, IN 46204

IOWA
Iowa Securities Commission
340 E Maple Street
Des Moines, Iowa 50319

KANSAS
Marion L Stern
952 E Lincoln Lane
Gardner KS 66030

LOUISIANA
C T Corporation Systems
8550 United Plaza Boulevard
Baton Rouge LA 70809

MARYLAND
Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, MD 21202

MINNESOTA
C T Corporation System
Registered Office
100 South Fifth Street Suite 1075
c/o C T Corporation System
Minneapolis MN 55402

MISSOURI
Marion L Stern
3920 S Noland Road
Independence, MO 64055

NEW YORK
C T Corporation Systems
111 Eighth Avenue
New York, NY 10011

NORTH CAROLINA
Secretary of State
2 South Salisbury Str
Old Revenue Complex
Raleigh NC 27601

OHIO
C T Corporation System
1300 East 9th Street
Cleveland OH 44114

OKLAHOMA
The Corporation Company
1833 South Morgan Road
Oklahoma City, OK 73128

RHODE ISLAND
Director of Business Regulations
233 Richmond Street
Suite 232
Providence RI 02903-4232

TEXAS
C T Corporation System
Registered Office
1999 Bryan Street, Suite 900
Dallas TX 75201-3136

VIRGINIA
Clerk of the State
Corporation Commission
1300 E Main Street 1st Floor
Richmond VA 23219
William J Bridge
c/o CT Corporation System
4701 Cox Road, Suite 301
Glen Allen VA 23060-6802

WASHINGTON
C-T Corporation Systems
Registered Office
520 Pike Street
Seattle, WA 98101

WISCONSIN
44 E Mifflin Street
Madison, WI 5370

EXHIBIT F
CONFIDENTIALITY/NON -COMPETITION AGREEMENT

This Agreement dated this ______ day of _____ 20__, between Big Bob's Flooring Outlet of America Inc (hereinafter referred to as BB) and_________________________, is as follows

WHEREAS ______________, in accordance with the terms of the Disclosure Document of which this Confidentiality Agreement is a part, is being afforded the opportunity to view the Operations Manual of BB,

WHEREAS _______________, understands and acknowledges that in viewing said Operations Manual, ______________________ will become privy to information such as sources of supply methods of operation, record keeping, advertising marketing and salesman techniques and other valuable information of BB,

WHEREAS _______________, BB is desirous of executing a Confidentiality Agreement in regards to the privileged information ___________________ will receive from viewing the Operations Manual as outlined above and

WHEREAS ________________, is willing to execute a Confidentiality Agreement in accordance with the terms and conditions contained herein

NOW THEREFORE it is agreed by the parties as follows

1 In the event that __________________ shall breach or default the Franchise Agreement with BB, prior to the opening of a franchise location or at any time thereafter it is agreed that ___________________ shall not divulge, make available or make use of in any manner whatsoever any of the confidential or secret information contained in said Operations Manual for a period of two years

2 It is agreed for the purpose of further protecting this confidential and/or secret information, that for two years subsequent to any breach default termination or expiration of the Franchise Agreement will not within any of the 50 states in the continental US or any of the provinces in Canada, directly or indirectly engage, assist, or have any active or inactive interest in, whether as an owner, employee, proprietor, partner, stock holder, consultant officer director, agent or any combination of the above any business relating to sale of 1st quality running line, promotional goods overruns factory seconds mill drops, blemished goods, off merchandise cabin grades scratch and dent, salvage, plunder, discontinued merchandise and mill seconds

3 It is agreed by ___________________ that for any breech of this Confidentiality Agreement whatsoever, BB will be entitled to recover not only compensatory damages but punitive damages, attorney s fees and all costs expended in recovering the damages

4 It is further agreed that in any event of a breech that the proper jurisdiction for BB bringing this action shall be the state of Massachusetts

The terms and conditions of this Confidentiality Agreement are fully understood and agreed to

___________________________ ___________________________

Big Bob's Flooring Outlet Prospective Franchisee

EXHIBIT G

All current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2015

Franchisee State	Franchisee Name	Address of Franchisee	Phone
Alaska	Pat Bell	660 E Dowling Anchorage, AK 99518	907/561 2121
Arizona	Brad Millner	1821 S Arizona Ave Yuma, AZ 85365	520/314-4384
California	Bart Robinson	3713 Hammer Lane Stockton, CA 95215	209/951-9400
Colorado	Guy Ferrell	2540 S Academy Colorado Springs, CO 80916	719/391-9501
Connecticut	Vincent Virga	110A Slater Street Manchester, CT 06040	860/288 8616
Illinois	Mike Douglas	200 Alder Drive North Aurora, IL 60542	630/897-2627
Indiana	Stan Feldman	6935 Lake Plaza Drive Indianapolis, IN 46220	317/288-8662
	Wayne Gore	4675 S First Street Terre Haute, IN 47802	812/299-9500
Kansas	Adam Elychar	10001 West 75th Street Shawnee Mission, KS 66204	913/362-2627
	Aaron Pirner	1900 E Pawnee Wichita, KS 67211	316/264-2627
Kentucky	Ken Weisbacher	3819 Winston Ave Covington, KY 41015	606/261-8000
Massachusetts	Vincent Virga	470 Southbridge Street Auburn, MA 01501	508/ 762-1680
		421 Bedford Street Whitman, MA 02382	781/333-5341
		10 Highland Avenue Seekonk, MA 02771	774/402-3388
		568 Providence Highway Norwood, MA 02062	774/430-0993
Minnesota	Jack & Becky Zezza	4560 Central Avenue NE Minneapolis, MN 55421	763/574 2545
Missouri	Adam Elychar	3920 S Noland Independence, MO 64055	816/461-5000
		3715 N Belt Highway Saint Joseph, MO 64506	816/232-2627
New Mexico	Martin Lucero	Albuquerque, NM	
Ohio	Ken Weisbacher	6960 Colerain Ave Cincinnati, OH 45239	513/521 7900

Franchisee State	Franchisee Name	Address of Franchisee	Phone
Ohio	Ken Weisbacher	3906 Linden Ave Dayton, OH 45432	513/253-7700
		82 N Wilson Rd Columbus, OH 43204	614/276-5800
		3819 Winston Ave Covington, KY 41015	859/261-8000
		3467 Highland Ave Cincinnati, OH 45123	513/531-8282
	Pat Williams	Akron, Ohio	
Oklahoma	Mitch Dunnam	6220 S I-35 Service Road Oklahoma City OK 73149-2108	405/702-0011
Pennsylvania	Tom Garvey	495 Lycoming Mall Circle Muncy, PA 17756	570/546-8366
	Scott Appel	6305 Allentown Blvd Harrisburg, PA 17112	717/585-6729
		820 Plaza Blvd Lancaster, PA 17601	717/826-9083
Texas	Steve Malone	418 S Padre Island Corpus Christy, TX 78405	361/289-2627
Virginia	Tara Tyler	2318 York Crossing Dr Hayes, VA 23072	804/642 3077

EXHIBIT H

This Exhibit lists the name city and state, and the current business telephone number, (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or has not communicated with us within 10 weeks of the issuance date of this offering circular If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

Franchisees have signed confidentiality clauses during the last three years

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Big Bob's Flooring Outlet of America, Inc You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you

This Exhibit also lists contact information for trademark specific franchisee association(s) Big Bob s Flooring Outlet of America, Inc has not created, sponsored, or endorsed a trademark specific franchisee association nor is it aware of any independent franchisee organization

Receipt

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

If Big Bob's Flooring Outlet of America, Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale New York State Law requires us to provide you with this disclosure document by the earliest of the first personal meeting or 10 business days before the signing of a binding agreement or 10 business days before a payment to us

If Big Bob's Flooring Outlet of America, Inc does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington D C 20580 and the state agency for your state listed on Exhibit D

Big Bog's Flooring Outlet of America, Inc sales agent for this offering is

Name	Business Address	Telephone Number

Date of Issuance January 1, 2017

See Exhibit D for our registered agents to receive service of process

I have received a disclosure document dated ____________________ that included the following Exhibits

Exhibit A	State Additional Information Page			
Exhibit B	Franchise Agreement and the following Addendums			
	Addendum A	Franchise Territory	Addendum B	Store Area
	Addendum C	Expansion Territory	Addendum D	Unconditional Guaranty
	Addendum E	ACH Authorization	Addendum F	State Required Addendum
Exhibit C	Financial Statements			
Exhibit D	State Administrators			
Exhibit E	Agents for Service of Process			
Exhibit F	Confidentiality Agreement			
Exhibit G	List of Franchises			
Exhibit H	List of Former Franchisees			
Exhibit I	Receipt			

_________________________   _________________________

Date   Prospective Franchisee Signature

If a business entity   If an Individual

_________________________   _________________________

Name of business entity   Print Name

By _______________ Title _______________

Receipt

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

If Big Bob's Flooring Outlet of America, Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale New York State Law requires us to provide you with this disclosure document by the earliest of the first personal meeting or 10 business days before the signing of a binding agreement or 10 business days before a payment to us

If Big Bob s Flooring Outlet of America, Inc does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission Washington D C , 20580 and the state agency for your state listed on Exhibit D

Big Bog s Flooring Outlet of America, Inc sales agent for this offering is

______________________	__________________________	________________________
Name	Business Address	Telephone Number

Date of Issuance April 15 2016

See Exhibit D for our registered agents to receive service of process

I have received a disclosure document dated ____________________ that included the following Exhibits

Exhibit A	State Additional Information Page			
Exhibit B	Franchise Agreement and the following Addendums			
	Addendum A	Franchise Territory	Addendum B	Store Area
	Addendum C	Expansion Territory	Addendum D	Unconditional Guaranty
	Addendum E	ACH Authorization	Addendum F	State Required Addendum
Exhibit C	Financial Statements			
Exhibit D	State Administrators			
Exhibit E	Agents for Service of Process			
Exhibit F	Confidentiality Agreement			
Exhibit G	List of Franchises			
Exhibit H	List of Former Franchisees			
Exhibit I	Receipt			

______________________ ______________________________

Date Prospective Franchisee Signature

If a business entity If an Individual

______________________________ ______________________________

Name of business entity Print Name

By ______________ Title ______________