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 $65,000 00 that must be paid to the franchisor or its affiliate as an Initial Franchise Fee

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 Franchise Agreement will govern your franchise relationship Don't rely on the disclosure document alone to understand your Franchise Agreement Read all information and franchise terms and conditions carefully Show your Franchise Agreement 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 16, 2018

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 THAT THE FRANCHISEE IS OBLIGATED TO PAY, 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	Pending
Illinois	4/30/2017
Indiana	Exempt
Maryland	Pending
Michigan	04/11/2018
Minnesota	Exempt
New York	11/30/2017
Virginia	11/07/2017
Washington	07/20/2017

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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 as the "franchisee" If the franchisee will operate through a corporation, limited liability company, or partnership, "you" also includes the franchisee's owners, shareholders, members, 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 The initial store location must be opened within 12 months of signing the Franchise Agreement Following the initial store location, you must open the second and third stores within 24 and 36 months of signing the Franchise

Agreement If you do not open the second and third stores in your exclusive territory within the 24 and 36 months, respectively, you must choose one of two options upon commencement of the 24th and 36th months First, you may pay a fee of Fifteen Hundred Dollars ($1,500 00) per location not opened, per month in default until the expiration of the Initial Term Second, you may forfeit the Franchise Territory outside an 8-mile radius of any existing Store operating in a Franchise Location ("Store Area") as further described and delineated in Addendum B of the Franchise Agreement Failure to open three (3) stores upon expiration of the Initial Term will result in your forfeiting all exclusivity rights to the Franchise Territory, retaining only exclusivity in and to any Store Areas You may also purchase an Expansion Territory outside your current Franchise Territory anywhere an offering is available if you qualify 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 affiliates have not offered franchises for BBOA nor have they 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 AND KEY INDIVIDUALS

Vincent Virga — Chief Executive Officer

Vincent Virga is our CEO since January of 2016 as well as the CEO of Floors Today, LLC located in New England He owns 100% of Floors and More LLC which is the majority shareholder of Big Bob's Flooring Outlet 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

Mike Cherico	Vice-President
Kevin Levitsky	Director of Operations and Finance
Joseph Virga	Member Services and Recruitment

ITEM 3

LITIGATION

On October 31, 2017, JDBAMR, LLC filed lawsuit in Stockton, California against Big Bob's Flooring Outlet of America, Inc, Vincent Virga, and Bianca Sciartilli, Case No STK-CV-40CT-2017-11565 JDBAMR, LLC is a former Big Bob's franchisee in Stockton, California that sued Big Bob's for violation of California Corporations Code relating to franchise offerings Big Bob's has knowledge the Complaint was filed, however, to date the Complaint has not been served on Big Bob's Flooring Outlet of America, Inc, and JDBAMR has taken no action to prosecute its case

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 $65,000 00 (the "Initial Franchise Fee") ($30,000 for the initial location (the "Initial Location"), $20,000 00 for the second location, and $15,000 00 each additional Store location) 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) upon execution of the Franchise Agreement, deposit payable to Big Bob's Flooring Outlet of America, Inc in the amount of Twenty Thousand Dollars ($20,000 00) for the initial location, Fifteen Thousand Dollars ($15,000 00) for the second Franchise Location, and Ten Thousand Dollars ($10,000 00) for each additional Franchise Location desired, and (ii) the balance owed on the Initial Franchise Fee for each Franchise Location to be paid within 15 days of signing a lease or purchasing the property for the Franchise Location 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)

Type of Fee	Amount	Due Date	Remarks
Continuing Royalty (Note 2)	3% of Gross Sales in Dollars	25th of Each Month	Gross Sales

Type of Fee	Amount	Due Date	Remarks
Additional Royalty	If for any 3 consecutive months your Purchases from approved suppliers are less than 70%, you will pay an additional royalty percentage, until your Purchases from approved suppliers are 70% or more for 3 consecutive months, as follows	No Later than the 25th day of the following month	Includes Purchases made from approved vendors from all of your flooring businesses
	50 1% to 69 99% = 5%		
	33 34% to 50% = 75%		
	Less than 33 33% = 1%		
Minimum Royalty	$1,000 per month	25th of Each Month	
Transfer	$5,000	Upon Demand	
Renewal (Note 3)	$10,000 for Initial Location and Initial Expansion Territory $5,000 for each additional Franchise Location	Due When Billed	
Fee for failure to open Initial Location (Note 3)	$500 per month beginning on the 6th month after execution of the Franchise Agreement $1,000 per month beginning on the 15th month after execution of the Franchise Agreement	25th of Each Month	Continues through Initial Term of Franchise Agreement
Fee for failure to open second store within 24 months of entering into Franchise Agreement (Note 3)	$1,500 per Store not opened, per month, or forfeit Franchise Territory outside exclusive Store Area for each Store opened	Due When Billed	Continues through Renewal of Franchise Agreement
Fee for failure to open third store within 36 months of entering into Franchise Agreement (Note 3)	$1,500 per Store not opened, per month, or forfeit Franchise Territory outside exclusive Store Area for each Store opened	Due When Billed	Continues through Renewal of Franchise Agreement

Type of Fee	Amount	Due Date	Remarks
Expansion Territory Fee (Note 4)	$25,000 for the Initial Expansion Territory Location $20,000 for the second Expansion Territory Location $15,000 for the third and any additional Expansion Territory Location	$45,000 Down $5,000 balance due upon opening of each Expansion Territory Location	Outside Territory, $45,000 00 deposit reserves Expansion Territory for 18 months
Local Advertising Requirement	8% of Projected Annual Sales or $48,000 per Store, whichever is greater for first 180 days	During 1st 180 days after open	4% of Projected Annual Sales or 4% of Previous Year's Sales each 12 Months after first 180 days
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 general manager is free		Initial training for you and/or your general manager is free You pay the travel/living expenses
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 BBOA or supplier directly
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

Type of Fee	Amount	Due Date	Remarks
Fee for Late Royalty Payment or Insufficient Payment	$50 per day per Royalty payment that is late and $100 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
Fee 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 Fee	$1,000 for each convention you do not attend	30 Days after scheduled convention date	Applies only to those required 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 If the Initial Location is not open within six months after execution of this Agreement, Franchisee shall pay $500 00 per month to BBOA until the Initial Location has commenced operations ("Failure to Open Fee") The Failure to Open Fee shall be paid no later than the 25th day of each month If the Franchisee still has not commenced operations at the Initial Location within 15 months after the signing of this Agreement, the Failure to Open Fee shall increase to $1,000 00 per month until the Initial Location has commenced operations

2 **Royalty** The Royalty Fee applies to each store individually You shall pay to Big Bob's Flooring Outlet of America, Inc a flat 3% royalty on Gross Sales 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 BBOA Approved Suppliers, you will pay additional royalties

3 **Additional Stores within Franchise Territory** To retain exclusivity in the Franchise Territory, you must open a second Franchise Location within 24 months of signing the Franchise Agreement, and a third Franchise Location within 36 months of signing the Franchise Agreement If you do not open the second and/or third Franchise Location in the Franchise Territory, you may choose one of the following options and notify BBOA in writing one month prior to expiration of the 24th and 36th month periods, respectively First, you may pay a fee of Fifteen Hundred Dollars ($1,500 00) per location not opened, per month Payment will be made via ACH Second, you may forfeit the Franchise Territory outside an 8-mile radius of any existing Store operating in a Franchise Location ("Store Area") as further described and delineated in Addendum B of the Franchise Agreement

4 **Development Territory** The Expansion Territory Franchise Fee for the Expansion Territory shall be Twenty Five Thousand Dollars ($25,000 00) for the Initial Expansion Territory Location, Twenty Thousand Dollars ($20,000 00) for the second Expansion Territory Location, and Fifteen Thousand Dollars ($15,000 00) for the third and any additional Expansion Territory Location The Expansion Territory Franchise Fee for the Expansion Territory shall be paid as follows (i) non-refundable deposit of $20,000 for the Initial Expansion Territory Location, $15,000 for the second Expansion Territory Location, and $10,000 for the third and any additional Expansion Territory Location 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, (ii) the remaining $5,000 balance owed on each Expansion Territory Location is due at the time you open

each Store in the Expansion Territory The non-refundable deposit of the Franchise Fee reserves the Expansion Territory for eighteen (18) months from the date you sign the amended Addendum C You must open one Store in each of three Expansion Territory Locations every 18 months beginning on the day that BBOA approves the Expansion Territory Should you fail to open any Expansion Territory Location within the stated 18-month time periods, you may (i) forfeit the Expansion Territory or (ii) renew the 18-month time period for the Expansion Territory Location with the payment of $1,500 00 per month until you open the Expansion Territory Location or forfeit the Expansion Territory all together

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

ESTIMATED INITIAL INVESTMENTS
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Note 8)	Method of Payment	When Due	Whom to Pay
Initial Franchise Fee	$65,000	$45,000 Down, $10,000 Upon Securing Initial Location $5,000 Upon Securing Second and Third Franchise 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
Computers	$5,000 - $7,500	As Arranged	As Required	Suppliers

Type of Expenditure	Amount (Note 8)	Method of Payment	When Due	Whom to Pay
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) Search Engine Optimization (SEO) and Pay Per Click (PPC), including the initial setup of SEO and PPC as well as monthly SEO support fees and a minimum of $1,500 00 per month spent on PPC, (iv) Big Bob's University, (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 If the Franchise Agreement is terminated, cancelled, or expires, we have the option to purchase your Franchise, or a portion of the assets of the Franchise (including any furniture, fixtures, equipment, and improvements), which may include, at our option, all of your leasehold interest in and to the Franchise real estate at fair market value (as adjusted by setting off and reducing the purchase price by any amount then owing by you to us or our affiliates and any amounts paid by us to cure your defaults with third parties such as landlords)

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 $3,000 00 per year in display systems to you per store plus freight costs You must pay us or 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 9 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 The preferred advertising agency shall direct the expenditure of the budget and place advertisement ads, among other duties You shall purchase and maintain the Pay Per Click Package, including the initial setup of PPC as well as a minimum of $1,500 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 $1,500 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 9 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 BBOA 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 for each Store you open 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 for each Store you open under the Franchise Agreement 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

You are required to purchase and utilize Big Bob's Flooring Outlet of America, Inc 's SEO Package and PPC Package for each Store you open 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 $1,500 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 may access Big Bob's University for additional training during the term of the Franchise Agreement

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

Franchise Location If you lease the store's premises, your lease must incorporate our form Addendum to Lease Agreement, which includes an assignment of your lease to us under certain circumstances, including if your Franchise Agreement is terminated If you own the store's premises, the property owner must be incorporated as a separate legal entity apart from Franchise owner and will be required to sign the Addendum to Lease Agreement

Miscellaneous Currently, there are no purchasing or distribution cooperatives, however, we reserve the right to create such cooperatives We may negotiate purchase agreements, including group rates and price terms with suppliers, for purchases of equipment and supplies (including print materials and merchandise) necessary for the operation of the Franchise We may collect and retain certain manufacturing allowances, marketing allowances, rebates, credits, monies, payments and benefits (collectively, "Allowances") offered to us or to our affiliates by manufacturers, suppliers and distributors based upon your purchases of products and other goods and services These Allowances are or will be based on System-wide purchases of advertising, equipment, supplies, paper goods, merchandise and other items Any Allowances we received (except the "Placement Fees" described below) were contributed to the Marketing Fund, paid back to franchisees in the form of pro rata rebates, or used by us for brand enhancements and other activities related to promoting the brand (such as image development, public relations, a secret shopper program, etc) In the future, we expect that Allowances may vary from supplier to supplier, and from product to product We expect that in 2017 any Allowances we receive (except the "Placement Fees" described below) will be contributed to the Marketing Fund, paid back to franchisees in the form of pro rata rebates, or used by us for brand enhancements and other activities related to promoting the brand (such as image development, public relations, a secret shopper program, etc) It is our present intention to contribute at least a portion of any future Allowances to the Marketing Fund or use these monies in a manner that we believe will be in the interest of promoting or enhancing the BBBOA brand, including, for example, promotions, merchandising, and product developments In addition to the Allowances described above, we may also receive fees or payments from one or more suppliers as consideration for negotiating deals with suppliers and/or designating a supplier as an approval supplier or as the sole approval supplier for a particular product or service ("Placement Fee") BBOA's audited financials statements provided that amount of required purchases or leases constituted approximately (19 62%) of BBOA's total revenue

We estimate that approximately 70% to 80% of your expenditures for leases and purchases for establishing your Franchise will be for goods and services that must be purchased either from us, our affiliates or an Approved Supplier, or in accordance with our standards and specifications We estimate that approximately 70% to 80% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our affiliates, Approved Suppliers or in accordance with our standards and specifications

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 4 of Franchise Agreement, Addendum F	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 8 and 9 of Franchise Agreement	Item 11
e Opening	Section 9 of Franchise Agreement	Item 11
f Franchise Fees	Section 3 of Franchise Agreement	Items 5 and 6
g Royalty Fees	Section 5 of Franchise Agreement	Items 5 and 6
h Compliance with standards and policies/ operating manual	Sections 8 and 9 of Franchise Agreement	Items 11 and 14
i Trademarks and proprietary information	Section 6 of Franchise Agreement	Items 13 and 14
j Restrictions on products/ services offered	Sections 3, 7, 8, and 9 of Franchise Agreement	Items 8 and 17
k Warranty and customer service requirements	None	None
l Territorial development and sales quotas	Section 4 of Franchise Agreement	Items 12 and 17
m Ongoing product/ service purchases	Sections 7 , 8, and 9 of Franchise Agreement	Item 8

Obligation	Section in Agreement	Disclosure Document Item
n Maintenance, appearance and remodeling requirements	Section 9 of Franchise Agreement	Item 8
o Insurance	Section 9 of Franchise Agreement	Item 7
p Advertising	Sections 8 and 9 of Franchise Agreement	Items 6 and 11
q Indemnification	Sections 6 and 9 of Franchise Agreement	None
r Owner's participation/ management/ staffing	None	Item 15
s Records and reports	Sections 5 and 9 of Franchise Agreement	Item 6
t Inspections and audits	Sections 5, 6, 7, 8, and 9 of Franchise Agreement	Items 8 and 11
u Transfer	Sections 10 and 11 of Franchise Agreement	Item 17
v Renewal	Section 2 of Franchise Agreement	Item 17
w Post-termination obligations	Sections 16 and 17 of Franchise Agreement	Item 17
x Non-competition covenants	Section 17 of Franchise Agreement	Item 17
y 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 4) To retain this exclusive territory, you must open a minimum of three (3) Stores within the Franchise Territory Failure to open three (3) stores upon expiration of the Initial Term will result in your forfeiting all exclusivity rights to the Franchise Territory, retaining only exclusivity in and to any Store Areas You may

also purchase an Expansion Territory outside your current Franchise Territory anywhere an offering is available if you qualify 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 4)

3 We will provide you with an Operations Manual We retain the right to revise the manual at our discretion (Franchise Agreement, Section 8) 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 8)

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 8)

6 We will provide you with all approved advertising to date, the sample display system, and the required in-store signage (Franchise Agreement, Section 8) 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 9) 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 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, although we do require that any lease contain certain provisions and the right to assume your lease under certain conditions as set forth in the Addendum to Lease Agreement There is no time limit for you to locate or approve sites but we require that your store be open for business no later than the 18 months after the signing of the Franchise Agreement (Franchise Agreement, Sections 4 and 13)

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 3 user license, training, support subscription, CMM Module, 1 barcode scanner, and 1 tri-coder for inventory control for each Store you operate (Franchise Agreement, Sections 7 and 9)

Time to Open

We require that your store be open for business no later than the 18 months after the signing of the Franchise Agreement (Franchise Agreement, Section 13) 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 6 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 3 and 14) If you fail to open your store for business within 18 months after the signing of the Franchise Agreement, then we reserve the right to terminate the Franchise Agreement (Franchise Agreement, Section 3 and 14)

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 8)

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 You must use our preferred advertising agency during the term of your franchise to assist with marketing and advertising budgeting for each store you operate (Franchise Agreement, Sections 8 and 9)

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 8)

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 8)

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 9)

6 We will conduct, as we deem advisable, inspections of your operation of each Store (Franchise Agreement, Section 9)

7 Whenever you ask us, we will use our best efforts to help facilitate your floor covering purchases (Franchise Agreement, Sections 8 and 9)

8 We will arrange your access the Big Bob's University for your initial store, additional store, and expansion store Using the University access, your managers and employees may access the University for additional training (Franchise Agreement, Section 9)

9 We will arrange your purchase of our basic website template and mobile site and for the initial store (Franchise Agreement, Section 8) 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 9)

10 We will arrange your required purchase of the basic SEO Package and PPC 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 9)

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 8)

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 8) 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 8) You shall not advertise in another franchisee's franchise territories unless advertising jointly with this franchisee or with our permission (Franchise Agreement, Section 9)

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 9)

We will provide you with access to our preferred advertising agency (Franchise Agreement, Section 9) You must use our preferred advertising agency during your franchise term in order to assist with store advertising The advertising agency shall direct the expenditure of the budget and place advertisement ads, among other duties

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 of each Store opening 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 9) 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 Package and PPC Package The Package includes the initial setup of SEO and PPC 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 $1,500 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 $1,500 00 per month on PPC per store (Franchise Agreement, Section 9)

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 9)

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 for each Store you operate 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 9) The RFMS Software Package required for each Store 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 You shall obtain the required hardware and necessary specifications to utilize the Software (Franchise Agreement, Section 9) 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 (3) user system currently costs between $1,761-$2,181 00 We have no contractual obligation to upgrade the RFMS Software or offer new software You shall obtain the required hardware and necessary specifications to utilize the RFMS Software (Franchise Agreement, Section 9)

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 9)

Table of Contents of Operating Manual

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

Table of Contents of Operating Manual

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 8)

Training

Prior to the opening of the Franchised business, you and/or your designated general manager 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 8)

All training will take place at a designated existing franchise location throughout the country—as specified by us (Franchise Agreement, Section 8) 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 8) 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, Sections 8 and 9)

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 managers or employees may be in training at any one time (Franchise Agreement, Section 8)

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 8) 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 general manager will work as a staff member of our franchisee's, affiliate or predecessor's business (Franchise Agreement, Section 8)

TRAINING PROGRAM

Subject	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
Retail Sales Techniques	1	2	Franchise Location
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 ("Franchise Territory") The Franchise Territory will be determined by us depending on demographics 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 any Franchise Location 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 this exclusive territory, you must open a minimum of three (3) Stores within the Franchise Territory The initial store location must be opened within 6 months of signing the Franchise Agreement Following the initial store location, you must open the second and third stores within 24 and 36 months of signing the Franchise Agreement If you do not open the second and third stores in your exclusive territory within the 24 and 36 months, respectively, you must choose one of two options upon commencement of the 24th and 36th months First, you may pay a fee of Fifteen Hundred Dollars ($1,500 00) per location not opened, per month in default until the expiration of the Initial Term Second, you may forfeit the Franchise Territory outside an 8-mile radius of any existing Store operating in a Franchise Location ("Store Area") as further described and delineated in Addendum B of the Franchise Agreement Failure to open three (3) stores upon expiration of the Initial Term will result in your forfeiting all exclusivity rights to the Franchise Territory, retaining only exclusivity in and to any Store Areas You may also purchase an Expansion Territory outside your current Franchise Territory anywhere an offering is available if you qualify Your exclusive store area will be determined by us depending on geographics and population of your city and surrounding areas 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 $1,200,000 00 (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 $25,000 for the Initial Expansion Territory Location, $20,000 00 for the second expansion location, and $15,000 00 for each additional expansion store location 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 Expansion Territory Location is $25,000, $20,000 00 for the second expansion location, and $15,000 00 for all subsequent stores in the Expansion

Territory plus additional store required purchases The Expansion Territory Franchise Fee as set forth above shall be paid as follows $20,000 00 deposit for the Initial Expansion Territory Location, $15,000 for the second expansion location, and $10,000 for each additional expansion location due when BBOA grants the Expansion Territory and Addendum C is executed and attached to the Franchise Agreement The remaining $5,000 is due upon the opening of each Store within the Expansion Territory 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 open one Store in each of three Expansion Territory Locations every 18 months beginning on the day that BBOA approves the Expansion Territory Should you fail to open any Expansion Territory Location within the stated 18-month time periods, you may (i) forfeit the Expansion Territory or (ii) renew the 18-month time period for the Expansion Territory Location with the payment of $1,500 00 per month until you open the Expansion Territory Location or forfeit the Expansion Territory all together 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 prohibited from advertising and soliciting outside your Franchise Territory or Expansion 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 Franchise 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 operate or franchise 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 (Franchise Agreement, Section 9) 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 2 1	7 years
b Renewal or extension	Section 2 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 2 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 12	Breach of Exclusive Territory, advertising campaign, owning and defending trade names and trademarks, death or disability
e Termination by franchisor without right to cure	Section 13	Bankruptcy*, inability to pay, dissolution, failure to submit required reports 3 times within 12 months, inaccurate or misstated information, criminal offenses, and failure to commence operations
f Termination by franchisor with right to cure	Section 14	Failure to adhere to Franchise Agreement, misuse of Licensed Marks, failure to disclose, failure to pay royalty payments, and failure to keep confidential information strictly confidential

Provision	Section in franchise or other agreement	Summary
g Franchisee's obligations on termination/ non-renewal	Section 16 Section 17	De-identification, return manuals, payment of amounts due, delivery of customer list, refrain from sale of inventory/assets to affiliates
k "Transfer" by franchisee - definition	Section 11	Includes transfer of interest in the Franchise, Franchise Agreement, and all rights
l Franchisor approval of transfer by franchisee	Section 11	We have right to approve
m Conditions for franchisor approval of transfer	Section 11	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	Section 11 5	Upon submission of offer to purchase Franchisee or interest of franchisee owner, if transfer to purchaser is permitted under 10 1 through 10 4, right of franchisor to purchase assets of franchisee at offer price (including leasehold interests)
o Franchisor's option to purchase franchisee's business	Section 16	Upon termination we can buy inventory, assets, leasehold interest, and other property of franchisee
p Death or disability of franchisee	Section 11	Heirs must accept conditions of assignments
q Non-competition covenants during the term of the franchise	Section 4 Section 17 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 17 2	At site or not within 30 miles of any unit in system for 1 year
s Modification of agreement	Section 20 8	Must be in writing by both parties

Provision	Section in franchise or other agreement	Summary
t Integration/ merger clause	Section 20 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 20 12	Litigation must be in state or federal court in Worcester County, Massachusetts (See State Additional Information Page if applicable)
w Choice of law	Section 20 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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Vincent Virga, our CEO, 470 Southbridge Street, Auburn, MA 01501, Telephone 508 762-1680, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No 1
System-wide Outlet Summary For years 2015 to 2017(1)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	25	25	0
	2016	25	24	-1
	2017	24	21	-3
Company Owned	2015	3	3	0
	2016	3	0	-3
	2017	0	0	0
Total Outlets	2015	28	28	0
	2016	28	24	-4
	2017	24	21	-3

Table No. 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For years 2015 to 2017 (1)(2)

State	Year	Number of Transfers
TOTALS	2015	0
	2016	0
	2017	0

Table No 3

Status of Franchise Outlets
For years 2015 to 2017 (1)(2)(3)(5)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year(4)
AK	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year[(4)]
AZ	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
CA	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	-1	0	0	0	0
CO	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
CT (Note 5)	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	-1	0
	2017	0	0	0	0	0	0	0
IL	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
IN	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
KS (Note 5)	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	0	2
	2017	2	0	0	0	0	-1	1
KY	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
MA (Note 5)	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	-4	0
	2017	0	0	0	0	0	0	0
MN	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
MO (Note 5)	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
OH	2015	4	1	0	0	0	0	5
	2016	5	0	0	0	0	0	5
	2017	5	0	0	0	0	0	5
OK	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
PA	2015	3	0	0	0	0	0	3
	2016	3	1	0	0	0	0	4
	2017	4	0	0	0	0	0	4
TX	2015	1	0	0	0	0	-1	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
VA	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year(4)
	2017	1	0	0	1	0	0	0
TOTALS	2015	25	1	0	0	0	1	25
	2016	25	4	0	0	0	5	24
	2017	24	0	1	1	0	1	21

Table No. 4

Status of Company-Owned Outlets For years 2015 to 2017 (1)(2)(5)

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
KS	2015	1	0	0	0	0	1
	2016	1	0	0	0	-1	0
	2017	0	0	0	0	0	0
MO	2015	2	0	0	0	0	2
	2016	2	0	0	0	-2	0
	2017	0	0	0	0	0	0
TOTALS	2015	3	0	0	0	0	3
	2016	3	0	0	0	-3	0
	2017	0	0	0	0	0	0

Table No. 5

Projected Openings as of December 31, 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
CA		1	
DE		1	
FL		1	
GA		1	
IL		2	
MA		1	

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
NC	1	1	
NM	1	1	
NY		1	
OH	1	1	
OR		1	
PA		4	
WI		1	
Total	**3**	**17**	

NOTES TO ITEM 20

(1) The numbers for 2015-2017 are as of December 31 of each year States not listed had no franchisees during 2015-2017

(2) If multiple events occurred affecting any franchisee, the table shows the event that occurred last in time

(3) For each franchisee outlet operating as of December 31, 2017, Exhibit G identifies the name of the franchisee, the location, and the telephone number For each franchise agreement that has been signed but the store has not opened as of December 31, 2017, Exhibit H identifies the name of the franchisee, an office or home address and an office or home telephone number

(4) 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

(5) When our corporate parent Floors & More, LLC purchased the Company in 2016, the two (2) Missouri stores and one (1) Kansas store were then under common control with the prior Company's owners The stores are no longer Company owned but remain as franchisees Five (5) outlets had several changes during the fiscal year The four (4) Massachusetts and one (1) Connecticut store become Company owned in 2016 due to common control with the current Company's owner However, there was no change in ownership and all five (5) of those stores ceased operations under the Company franchise and were converted to stores of an affiliate franchise

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

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

Exhibit H 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

Exhibit H 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

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

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are our audited, fiscal year end financials for December 31, 2015 and 2014, December 31, 2016 and 2015, and will provide December 31, 2017 and 2016 when available [1]

[1] Please note as of 4/1/2018, Financials are being audited and amended version will be sent out when available with updated 2017 financial results from Franchisor

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	Addendum to Lease Agreement
Addendum G	State Required Addendum
Addendum H	Current List of Approved Suppliers

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

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 a currently effective injunctive 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 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

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

2 In reference to Item 5, Big Bob's Flooring Outlet of America, Inc has elected an escrow condition All fees paid to Big Bob's Flooring Outlet of America, Inc by a franchisee, including payments for goods and services received from Big Bob's Flooring Outlet of America, Inc before the business opens, will be held in escrow pending satisfaction of all of Big Bob's Flooring Outlet of America, Inc's pre-opening obligations to the franchisee The name of the California depository where the escrow account has been established is Wilmington Trust, National Association

EXHIBIT B

FRANCHISE AGREEMENT

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 (this "Agreement") is made and entered into by and between franchisor **BIG BOB'S FLOORING OUTLET OF AMERICA, INC.**, a Missouri corporation with its business address at 470 Southbridge Street, Auburn, MA 01501 ("BBOA"), and franchisee ________________, a ______________________ Company with its business address at ____, its members, managers, officers, directors, owners, and shareholders (collectively, the "Franchisee")

<u>RECITALS</u>

1 BBOA has originated, developed, and perfected a proprietary system (the "System") of selling first quality running line, promotional goods, overruns, and plunder floor covering under the Licensed Marks (as defined in Section 0) of "Big Bob's Flooring Outlet", "Big Bob's Outlet", and "Big Bob's " Plunder is defined in this Agreement as mill seconds, discontinued, drops, or any running line first quality flooring that is being sold below wholesale cost

2 BBOA has invested time, effort, and money and will continue to invest time, effort, and money in publicizing and promoting the Licensed Marks and developing goodwill for the System The System includes distinctive advertising and promotion, merchandizing, instruction and advice on inventory acquisition and pricing, and business practices, procedures, and policies

3 BBOA is now in the business of granting franchises to franchisees who wish to operate stores under its Licensed Marks and in accordance with the precepts of the System

4 The Franchisee desires to obtain a franchise from BBOA and BBOA desires to grant a franchise to Franchisee all upon the terms and conditions contained herein

<u>AGREEMENT</u>

NOW, THEREFORE, acknowledging the above recitals, for the consideration and mutual promises and undertakings of both parties, all as set forth in this Agreement, BBOA and the Franchisee agree as follows

1 <u>Grant and Acceptance of Franchise</u>

1 1 <u>Franchise Grant and Acceptance</u> Subject to compliance by the Franchisee with all provisions of this Agreement, BBOA hereby grants to the Franchisee, and the Franchisee hereby accepts from BBOA, the right, license and privilege to operate three Big Bob's Flooring Outlet stores (each a "Store" and collectively "Stores") at the designated Franchise Locations (as defined in Section 4 1 A)) in the designated Franchise Territory (as defined in Section 4 1 A)) under the trade name "Big Bob's Flooring Outlet "

1 2 BBOA also hereby grants to the Franchisee, and the Franchisee hereby accepts from BBOA, the right, license, and privilege to use BBOA's Licensed Marks (as defined in Section 0), and to employ BBOA's System in connection therewith The rights, licenses, and privileges granted to the Franchisee in this Agreement together constitute the "Franchise "

1 3 Limitation of Grant The Franchise is nontransferable, personal, and covers the Stores at the Franchise Locations and any subsequent stores owned and operated by Franchisee under this Agreement or any future agreement between the Franchisee and BBOA, as well as all stores owned or operated by Franchisee that use the System, for the entire term of this Agreement The Franchisee shall not operate any business other than the sale of first 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 Locations without BBOA's prior written consent The Franchise granted to the Franchisee 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 Franchisee for any changes in the scope or grant of the Franchise due to changes in laws and regulations or the compliance with the same

2 Term of Agreement and Renewal

2 1 Initial Term The initial term of this Agreement begins on the Effective Date (as defined on the signature page hereto) and ends on the seventh anniversary thereof (the "Initial Term"), unless terminated sooner under the provisions of this Agreement

2 2 Renewal When the Initial Term ends, this Agreement shall automatically renew for an additional period of seven years (the "Renewal Term") if the Franchisee is not in default of the terms of this Agreement If either BBOA or the Franchisee desires to terminate this Agreement, the non-renewing party must notify the other, in writing, at least 180 days prior to the expiration of the Initial Term

A Upon renewal, 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 BBOA shall deliver its current Franchise Agreement to Franchisee 90 days prior to expiration of the Initial Term To effectuate renewal, the Franchisee 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 If the Franchisee does not return the signed current form of the Franchise Agreement or refuses to do so, then Franchisee acknowledges and agrees that this Agreement may terminate at the sole discretion of BBOA

3 Franchise Fees

3 1 Initial Franchise Fee

A Amount of Initial Franchise Fee The Franchisee agrees to pay in cash to BBOA an initial franchise fee of $30,000 00 for the initial location (the "Initial Location"), $20,000 00 for the second location, and $15,000 00 for the third location and each additional Store location (the "Initial Franchise Fee")

B Payment of Initial Franchise Fee The Initial Franchise Fee shall be paid as follows (i) upon execution of this Agreement by Franchisee, Franchisee shall pay to BBOA, $20,000 00 deposit for the Initial Location, $15,000 00 deposit for the second location, and $10,000 00 for the third location and each additional location, and (ii) the balance of the Initial Franchise Fee for any Franchise Location is due within 15 days of Franchisee either signing a lease or purchasing the property for such Franchise Location The Initial Franchise Fee is non-refundable

3 2 Renewal Fees On or before the first day of the Renewal Term, Franchisee agrees to pay BBOA a renewal fee of $10,000 00 for the renewal of the Initial Location and the Initial Expansion Territory Location, and $5,000 00 for the renewal of each additional Franchise Location

3 3 Failure to Open Fee If the Initial Location is not open within six months after execution of this Agreement, Franchisee shall pay $500 00 per month to BBOA until the Initial Location has commenced operations ("Failure to Open Fee") The Failure to Open Fee shall be paid no later than the 25th day of each month If the Franchisee still has not commenced operations at the Initial Location within 15 months after the signing of this Agreement, the Failure to Open Fee shall increase to $1,000 00 per month until the Initial Location has commenced operations

4 Location of Franchise

4 1 Location Franchisee shall operate a minimum of three Stores in and for the area(s) as determined by BBOA, depending on demographics and population of the geographical area, city location, and neighboring communities The exclusive franchise territory for purposes of this Agreement is described and delineated in Addendum A attached hereto ("Franchise Territory") BBOA may describe the Franchise Territory by using zip codes, street addresses, county lines, radius, highways, rivers or any other method deemed appropriate by BBOA

A The Franchisee shall select the location of each Store ("Franchise Location") within 120 days of execution of this Agreement The Franchisee shall submit to BBOA for approval each proposed Franchise Location at least 30 days before the Franchisee's contractual commitment to that location by lease, purchase, or otherwise BBOA retains the right to disapprove of the Franchise Location prior to the Franchisee's contractual commitment to that location by lease, purchase, or otherwise BBOA may, within three business days from the time Franchisee submits a proposed Franchise Location for approval, require data from the Franchisee concerning the location of the store prior to BBOA exercising the right to disapprove Should BBOA request such data, the Franchisee shall submit all data requested in writing within ten 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 lessor/landlord, local ordinances, occupancy costs, realtor prospectus and comparable real estate within a 20-mile radius of the proposed Franchise Location

B During the term of this Agreement, Franchisee shall have no right to open a Franchise Location outside the Franchise Territory, unless BBOA consents in writing Furthermore, Franchisee shall not relocate a Franchise Location or establish an additional Franchise Location within its exclusive Franchise Territory without the prior written consent of BBOA, which may be unreasonably withheld

C The Franchisee's selection of the proposed Franchise Location and the Franchisee's determination of whether or not such Franchise Location will be successful and/or profitable are within the sole discretion of the Franchisee, notwithstanding BBOA's approval right BBOA shall have no liability as a result of the location being or becoming unsuccessful or unprofitable, even if BBOA approves the same as a Franchise Location

D If Franchisee owns or proposes to own the realty or premises where a Store will be operated, Franchisee shall own the same in a legal entity separate from that which holds the Franchise granted herein Franchisee may lease a Franchise Location from such entity, provided that the term of such lease is equal to or greater than the Initial Term of this Agreement Further, the parties to such lease shall also execute the Addendum to Lease Agreement attached hereto as Addendum F

4 2 Retaining Territory To retain exclusivity in the Franchise Territory, Franchisee must open a second Franchise Location within 24 months of signing this Agreement, and a third Franchise Location within 36 months of signing this Agreement If Franchisee does not open the second and/or third Franchise Location in the Franchise Territory as agreed upon herein, Franchisee shall choose one of the following options and notify BBOA in writing one month prior to expiration of the 24th and 36th month periods, respectively

(i) To maintain exclusivity rights within the Franchise Territory, Franchisee may elect to pay a fee of $1,500 00 per month for the Franchise Location not opened, commencing at the expiration of the 24th and 36th months, respectively, after execution of this Agreement and until the expiration of the Initial Term If the second and third Franchise Locations remain unopened upon expiration of the Initial Term, then Franchisee shall forfeit its exclusivity rights to the Franchise Territory, but shall retain the exclusivity rights within an 8-mile radius of any existing Store operating in a Franchise Location (the "Store Area"), or

(ii) Forfeit the Franchise Territory outside the Store Area, which shall be further described and delineated in Addendum B BBOA, in its sole discretion, may

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describe and define the Store Area by using zip codes, street addresses, county lines, radius, highways, rivers or any other method deemed appropriate by BBOA Should the Franchisee choose to forfeit its Franchise Territory, Addendum A will be amended and revised accordingly

Subject to the Franchisee's compliance with this Section 4 2 and provided Franchisee does not select to forfeit its rights as provided in subparagraph (ii) above, BBOA shall not operate a company-owned outlet or grant another franchise for the operation of a business similar to or competitive with Franchisee within the Exclusive Store Area of the existing Franchise Locations BBOA is not obligated to monitor that no other franchisee conducts operations within the Franchisee's Franchise Territory and is not liable for any such conduct, should the same occur

4 3 Expansion Territory Rights Without omitting Franchisee's obligations within the Franchise Territory, the Franchisee shall have the option to purchase additional Store expansion territories ("Expansion Territory") outside the Franchisee's Franchise Territory anywhere BBOA has an offering available if all of the following conditions are met (i) The Franchisee's Initial Location has been in operation for at least six months and has generated annual Gross Sales of at least $1,200,000 00 (on an annualized basis for any partial year [if Franchisee has been in business for less than a year, BBOA will take sales divided by the months Franchisee has been in business and multiply this by 12 to determine the annualized basis]), (ii) the Franchisee has paid, in a timely fashion, all amounts due to BBOA under this Agreement, (iii) no audit of the Franchisee's financial records disclosed two understatements equal to or in excess of 5% of the Franchisee's Gross Sales, (iv) the Franchisee has signed Addendum C, which described and delineates the Expansion Territory, and (v) the Franchisee pays BBOA $25,000 00 for the first expansion location ("Initial Expansion Territory Location"), $20,000 00 for the second expansion location, and $15,000 00 for each additional expansion store location (collectively, the "Expansion Territory Franchise Fee")

A The location of the Expansion Territory and the location of each Store within the Expansion Territory (the "Expansion Territory Location") shall be negotiated between the Franchisee and BBOA The Expansion Territory shall be described and delineated in Addendum C, when exercised BBOA shall, in its sole discretion, describe and define this Expansion Territory by using zip codes, street addresses, county lines, radius, highways, rivers or any other method deemed appropriate by BBOA

B The Expansion Territory Franchise Fee as set forth above shall be paid as follows (i) $20,000 00 deposit for the Initial Expansion Territory Location, $15,000 00 for the second expansion location, and $10,000 00 for each additional expansion location due when BBOA grants the Expansion Territory and Addendum C is executed and attached to this Agreement, (ii) $5,000 00 remaining balance for each Expansion Territory Location is due upon the opening of such Expansion Territory Store(s) The Expansion Territory Franchise Fee is non-refundable and reserves the Expansion Territory for 18 months from the date the Franchisee signs Addendum C

C The Franchisee agrees to open one Store in each of three Expansion Territory Locations every 18 months beginning on the day that BBOA approves the Expansion Territory Should the Franchisee fail to open any Expansion Territory Location within the stated 18-month time periods, the Franchisee shall either forfeit the Expansion Territory or renew the 18-month time period for the Expansion Territory Location by paying BBOA $1,500 00 per month until the Franchisee either opens the Expansion Territory Location or forfeits the Expansion Territory all together If Franchisee elects to forfeit the Expansion Territory due to failure to open the required Expansion Territory Locations and has opened any Store within the Expansion Territory, then Franchisee will maintain an exclusive territory that consists of an 8-mile radius around such Store The Franchisee must give BBOA 30 days prior written notice if the Franchisee chooses to forfeit the Expansion 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 the ACH procedure described herein

D Any Store established by Franchisee within the Expansion Territory shall comply with all requirements of this Agreement

5 <u>Royalty Fees</u>

5 1 <u>Amount of Royalty Fee</u> The Franchisee shall pay to BBOA a monthly non-refundable royalty fee for each Store (the "Royalty Fee") The Royalty Fee shall be calculated as follows (i) 3% of all Gross Sales from each Store, plus (ii) an additional percentage of Gross Sales from each Store, such percentage to be calculated on the total purchases Franchisee made from BBOA approved suppliers ("Approved Suppliers"), provided those purchases were less than 70% of total purchases for three consecutive months or more

5 2 <u>Additional Royalty Fee</u> If purchases from Approved Suppliers are less than 70% of total purchases for three consecutive months or more, then the additional Royalty Fee is calculated as follows based on average percentage of purchases through Approved Suppliers

Percent of Purchases from Approved Suppliers		Additional Royalty Fee Percentage
50 01%	69 99%	0 50%
33 34%	50 00%	0 75%
Less than 33 33%		1 0%

5 3 <u>Minimum Royalty Fee</u> The minimum Royalty Fee per Store is $1,000 00 per month and shall be paid by Franchisee to BBOA regardless of each Store's actual Gross Sales and purchases from Approved Suppliers

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5 4 Calculation of Royalty Fees The amount of the first month's Royalty Fee shall be computed based on Gross Sales generated from the first day a Store is open to the public through the last day of the calendar month in which the Store opened to the public The amount of subsequent Royalty Fees shall be computed based on Gross Sales for each successive calendar month

A Concurrent Reports For each calendar month a Store is open, the Franchisee 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 day of each month The Franchisee shall also provide BBOA by the 20th day of each month with a RFMS "Job Cost Analysis" report and a "Delivered Sales Analysis" report, including the "Labor Charge Summary", for every Store the Franchisee operates as well as a copy of the state sales tax return applicable to each Store for that month Notwithstanding the foregoing, 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 on a date other than the 20th day of each month

(i) For each of the first 12 calendar months after a 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 12 calendar months the Store is open, the Franchisee shall submit a statement of profit and loss annually for the Franchisee's tax year

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

5 5 Due Date for Royalty Fees The Franchisee must submit the required documents used for Royalty Fee calculations to BBOA by the 20th of each month Royalty Fee 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 (as defined in Subsection 5 9 below), BBOA will withdrawal from the Franchisee's bank account on the 25th of each month the Royalty Fee, as well as any and all invoices and other liabilities, due at that time to BBOA If the Franchisee does not submit the required documents used for Royalty Fee 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 such Royalty Fee withdrawal based upon the Franchisee's previous 12 months, or such shorter period as the Stores may have been open, largest reported Gross Sales month

5 6 Interest Past due Royalty Fees and Failure to Open Fees will bear interest at the rate of 18% per annum, or the maximum amount of interest allowed by law BBOA

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reserves the right to assess an additional late payment fee of up to $50 00 a day, per Store, for all past due Royalty Fees and Failure to Open Fees

5 7 Gross Sales Defined "Gross Sales" in this Agreement means all sales of goods and services sold, directly or indirectly, in connection with or through operation of the Franchise Business 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 Franchisee receives through or as a result of operating the Franchise Business "Gross Sales" does not include sales tax properly collected by the Franchisee and paid to any governmental entity, or any installation costs passed on to and paid for by the Franchisee's customers In the event any profit whatsoever is made by the Franchisee on installation services provided by Franchisee, Gross Sales shall include the profit on all such installations and the same shall be added to each monthly Gross Sales total Profits reported on such installations and included in Franchisee's Gross Sales shall be determined by generally accepted accounting principles If the Franchisee 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 Gross Sales reports for Royalty Fee payments Sales to be paid for installment sales 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

5 8 Purchases Defined "Purchases" in this Agreement means all products purchased from Franchisee's vendors and suppliers that are then marketed, sold, or used by Franchisee to generate Gross Sales with the exception of any freight costs, internal costs, or labor costs associated with the purchased products, whether paid through Franchisee's payroll or on a subcontract basis Percentage of purchases through Approved Suppliers is determined by taking the purchases outlined above, divided by the purchases reported by BBOA's Approved Suppliers A copy of BBOA's current list of Approved Suppliers is attached hereto as Addendum H and incorporated herein For example, if the purchases reported by the Franchisee were $100 00 and the purchases reported by Approved Suppliers for BBOA were $75 00, then the percentage purchases through Approved Suppliers would be 75%

5 9 ACH Payment System All Royalty Fees, Failure to Open Fees, and any other fees due by Franchisee to BBOA hereunder shall be paid via the ACH Payment System ("ACH") The Franchisee understands and hereby agrees to sign the ACH Authorization attached hereto as Addendum E, and shall notify BBOA of any changes regarding the Franchisee's authorized bank account 30 days before the Franchisee's next ACH payment is due If at any time an ACH is returned unpaid by the Franchisee's banking institution, the Franchisee shall be charged $100 00 for each returned payment The Franchisee shall then have seven (7) days to cure said deficiency After the seven (7) days, BBOA will again initiate a withdrawal from the Franchisee's bank account via the ACH The returned payment fee of $100 00 will be included in the ACH withdrawal

Licensed Marks

6 1 Name The Franchisee shall name the Store(s) it operates under this Agreement "Big Bob's Flooring Outlet"

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6 2 License BBOA hereby grants to the Franchisee the nonexclusive right and limited license to use the trade names, trademarks, service marks, domain names, signs, logotypes, designs, colors, color patterns, and trade dress (the "Licensed Marks") within the Franchise Territory and any Expansion Territory Franchisee is also granted a limited license to use the business methods of BBOA that BBOA from time to time authorizes for use in connection with the System Franchisee's use of BBOA's Licensed Marks and business methods shall at all times be in compliance with the specifications and designations announced 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

6 3 Defense In the event of any infringement of, or challenge to, the Franchisee's use of any Licensed Mark, the Franchisee shall notify BBOA of the existence of any such claims within 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 Franchisee against, and reimburse the Franchisee for, all damages for which the Franchisee is held liable in any proceeding arising out of the use of any Licensed Mark and for all costs reasonably incurred by the Franchisee in the defense of any such claim, provided BBOA has received proper notice of such claim and Franchisee has complied with the terms of this Agreement

The Franchisee shall not be required to engage in any litigation in defense of any Licensed Mark, provided the Franchisee has not used the Licensed Mark in violation of this Agreement Punitive damages are not covered under this defense The Franchisee acknowledges that BBOA has the right to select the attorney in joint defense of BBOA and Franchisee, however, Franchisee may retain its own attorney at Franchisee's sole cost and expense

6 4 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 Franchisee and all goodwill generated by use of any Licensed Mark (whether that use is by the Franchisee or BBOA) shall inure to the benefit of BBOA The Franchisee shall use the Licensed Marks at all times solely in connection with the operation of the Store(s) The Franchisee shall not (i) use any Licensed Mark as part of any corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, (ii) use any Licensed Mark in connection with the sale of any unauthorized product or service, (iii) market products or services or otherwise operate under the System without identification to and with the Licensed Marks, or (iv) use any other marks in association with any Licensed Mark or in association with the operation of any Franchise Location without the prior written consent of BBOA

A Restricted Use on Social Media Franchisee shall not use the Licensed Marks or any abbreviation or other name associated with BBOA as part of any email address, domain name, and for any other identification of Franchisee in any electronic or digital medium without BBOA's written consent Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by email or other electronic media without BBOA's prior written consent Franchisee acknowledges that Franchisee is strictly prohibited from promoting any Franchise Location and using the Licensed Marks on any social media or networking website, including Facebook, LinkedIn, Instagram, Snapchat, and Twitter, or any similar sites, without BBOA's prior written consent, which may be withheld in BBOA's sole discretion The requirement for BBOA's prior approval set forth in this Section 6 4(A) will apply to all activities on the Internet or other online or mobile communications conducted by Franchisee (including, but not limited to, advertisements to multiple addresses via e-mail), and if BBOA approves any such website or other online or mobile communications, in addition to the restrictions set forth herein, Franchisee agrees that Franchisee (i) may only use material that BBOA has approved, (ii) shall provide all hyperlinks or other links that BBOA may require, (iii) may not use any of the Licensed Marks on Franchisee's or its affiliate's website except as expressly approved by BBOA, and (iv) all proposed modifications to Franchisee's website shall be subject to BBOA's prior written approval

B Challenges to the Licensed Marks Franchisee agrees and acknowledges that the Licensed Marks are the sole and exclusive property of BBOA and during the term of this Agreement and after its expiration or termination, the Franchisee shall not contest or challenge the validity of any Licensed Marks or the ownership thereof by BBOA

6 5 BBOA's Right of Approval BBOA reserves the right to approve in advance all of Franchisee's public uses of the Licensed Marks other than uses on materials provided to Franchisee which were prepared by or for BBOA The Franchisee'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 reserves the right to require the Franchisee to discontinue this usage should BBOA disapprove at any time

6 6 Change of Licensed Marks The Franchisee shall, at its own expense, comply with the directives of BBOA with respect to changes, cessation of use, substitution, or adoption of new or modified Licensed Marks within thirty (30) days after notice of any such directive from BBOA, 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 Franchisee shall have two (2) years to make such change at its own expense In the event, BBOA agrees to reimburse the Franchisee in full for changes to outside signage, excluding installation costs, Franchisee agrees to make such changes within thirty days and will be reimbursed within thirty days after BBOA's receipt of Franchisee's written reimbursement request and supporting documentation

Required Purchases

Prior to the opening of the Initial Franchise Location as well as any additional Store(s) in the Franchise Territory or Store(s) in an Expansion Territory, the Franchisee shall purchase the following, per Store

(i) RFMS Software System with a three user license, CMM Module, bar-coder, tri-coder, training, and support fees,

(ii) Basic design template for BBOA website and mobile website, including template and support fees (additional Stores within the Franchise Territory after the Initial Location will only be required to purchase support services),

(iii) Search Engine Optimization ("SEO") Package and Pay Per Click ("PPC") Package, including the initial setup of SEO and PPC, as well as monthly SEO support fees and a minimum of $1,500 00 per month spent on PPC,

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

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

Obligations of BBOA

8 1 Opportunity to Inspect BBOA shall afford the Franchisee full opportunity to inspect all aspects of the physical arrangements and characteristics of BBOA's model store(s), at the Franchisee's expense, and the Franchisee may copy, reproduce, or emulate any of those arrangements or characteristics in its Store(s), provided BBOA shall have final right to approval of the same

8 2 Training

A Initial Training BBOA shall train the Franchisee and the individuals designated by the Franchisee and approved by BBOA Training must begin no later than 30 days before the opening of any Franchisee Store The training will take place at a designated BBOA franchise location in the United States Training will last a minimum of three days and any additional training shall be determined by BBOA based on the prior experience of the Franchisee and the individuals designated by Franchisee 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 for the Franchisee and the general manager of each Store

The training must be completed by at least the Franchisee and the general manager of each Store prior to the opening of each Store The Franchisee shall bear the cost of travel and living expenses incurred by Franchisee, the general manager of each Store, and any other designee of Franchisee participating in the training The Franchisee may send the same, alternate, or additional designees for re-training or a refresher course at any time, provided that BBOA's approval has been obtained and no more than two designees of the Franchisee are in training with BBOA at one time

B Additional Training BBOA may offer additional paid or unpaid training to the Franchisee and its designees, including update courses and specialized training courses Any such additional training offered by BBOA will be in the manner and format set forth by BBOA, including, but not limited to, online video and audio training sessions Additional training sessions may be held at a designated BBOA franchise location in the United States

8 3 Big Bob's Convention BBOA may, in its sole discretion, host a semiannual Big Bob's Convention As outlined in Section 9 6, it is the Franchisee's obligation as a BBOA franchisee to attend any convention(s) that BBOA decides to host

8 4 Advertising BBOA shall make available to the Franchisee for use in the Franchise Territory all BBOA's approved advertising that has been and is produced during the term of this Agreement, except custom advertising produced by BBOA for a specific franchisee BBOA shall allow Franchisee access to BBOA's POP Materials BBOA shall also provide the Franchisee use of preferred advertising agency for one year and only for Franchisee's Initial Location

A From time to time BBOA may provide the Franchisee with advertising produced by another franchisee The Franchisee shall have full right to use any portion of such advertising, provided that (i) the Franchisee bears the costs, if any, of adapting the advertising for use in the Franchisee's Store(s), (ii) the Franchisee takes all necessary actions and steps required by law to protect, preserve, and give notice of BBOA's copyright in the advertising and BBOA's rights in any Licensed Marks appearing on or in the advertising

B The Franchisee may also produce its own advertising, to be approved by BBOA The Franchisee, and its agents, affiliates, subsidiaries, officers, employees, contractors, and directors, hereby assign to BBOA all rights, title, and interest in any and all intellectual property and derivatives thereof related to BBOA, the System, the Licensed Marks, any advertisements or marketing materials, including any and all drafts, pre-production works, and post-production works (the "Assigned Rights") Franchisee conveys, transfers, and assigns to BBOA any and all rights to bring and defend proceedings, and obtain and retain any relief recovered (including damages or an account of profits) in respect of any infringement, or any other cause of action arising from ownership, of any of the Assigned Rights, whether occurring before, on, or after the date of this Assignment The Franchisee, and its agents, affiliates, subsidiaries, officers, employees, contractors, and directors, hereby acknowledge and agree that BBOA is and shall be the sole and exclusive owner of any all intellectual property and other property rights immediately upon the Franchisee's obtaining of the same The Franchisee must provide to BBOA for its approval an exact copy of the proposed advertisements within a reasonable time prior to Franchisee's anticipated distribution date

8 5 Initial Assistance Before the opening of any Store, BBOA will provide the Franchisee with site selection and conversion assistance, as well as Store set-up assistance, which may include opening visit(s) by BBOA After opening visit(s) by BBOA, BBOA shall provide the Franchisee with review visit(s) to ensure Store operations maintain the integrity of the System and to provide Franchisee continued assistance

8 6 Additional Assistance and Consultation At the option of the Franchisee, prior to and after the opening of the Franchisee's Store(s), BBOA shall provide additional consultation and assistance, upon reasonable notice, for the establishment and operation of the Franchisee's Store(s) At the option of the Franchisee, BBOA will provide onsite assistance to the Franchisee For the Initial Location, any additional assistance requested or needed during the first year will be of no charge Once the Initial Location has been open for one year and for all other Franchise Locations, Franchisee shall pay $500 00 per day, per person, for BBOA's on-site assistance and consultation The Franchisee will also be responsible to pay all costs incurred for lodging and transportation of BBOA staff during any additional on-site consultation and training

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

8 8 Limitation on BBOA's Liability Franchisee acknowledges and agrees that BBOA's approval rights, disapproval rights, assistance, systems, training, and other services offered by BBOA herein or within the Materials, and which BBOA provides to Franchisee, are all without liability of any kind or nature to BBOA BBOA shall not be liable for any consequential or special damages, including lost profits, incurred as a result of any act or omission

8 9 <u>Warranty</u> BBOA MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, OF ANY NATURE THAT BBOA'S SERVICES WILL CREATE A SUCCESSFUL OR PROFITABLE BUSINESS FOR THE FRANCHISEE OR WILL NOT HAVE A NEGATIVE OR UNPROFITABLE IMPACT ON THE FRANCHISEE'S STORE(S) OR BUSINESS THE FRANCHISEE IS SOLELY RESPONSIBLE FOR THE SUCCESS OF THE FRANCHISE AND THE FRANCHISEE'S STORE(S)

<u>Obligations of Franchisee</u>

9 1 <u>Standards of Operation</u> Franchisee shall at all times during the term of this Agreement abide by the terms and uniform standards set forth in BBOA's manual of policies and procedures (the "Manual") and utilize BBOA's business forms (the "Forms") (Forms and Manual collectively referred to as the "Materials") BBOA retains the right to revise or modify the Materials at any time in its sole discretion and as it sees fit The Franchisee shall receive notice of any updates or revisions to the Materials through BBOA's normal course of communication As part of BBOA's System, the Materials are and remain the sole and exclusive property of BBOA and the Franchisee has no claim of ownership or right to the Materials, except as licensed in this Agreement Modifications to the Materials may apply to products sold, equipment, furnishings and fixtures, display requirements, signage, merchandising, repair and maintenance, and any services offered Changes to the

Materials shall become a part of this Agreement upon BBOA's notice to Franchisee as provided herein

9 2 Methods of Operation In operating its Store(s), the Franchisee shall use the forms and system of business records prescribed by BBOA in the Materials BBOA must approve in writing any variations from the Materials

9 3 Resource and Financial Management Systems, Inc ("RFMS") The RFMS software (the "RFMS Software") is the standard software to be used by all BBOA franchisees, and the Franchisee's purchase and usage of the RFMS Software is required hereunder BBOA requires the Franchisee to purchase the arranged RFMS Software from RFMS no later than 60 days prior to the scheduled opening for any Store, unless the Franchisee has already obtained such RFMS Software through other means Franchisee is required to purchase an RFMS Software for each Store and the same shall include a minimum of the following three user licenses, training, support subscription for the duration of this Agreement, CMM Module, one barcode scanner, and one tricoder for inventory control The Franchisee may purchase additional licenses directly from RFMS BBOA is not responsible for the performance or maintenance of the RFMS Software

A The Franchisee shall obtain the required hardware and necessary specifications to utilize the RFMS Software The Franchisee and its employees must input all business transactions into the RFMS 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

B All new installations of RFMS Software packages 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

C The Franchisee may not use any other management software, outside of the RFMS Software Package, to conduct, measure, operate or manage the Franchise Business without BBOA's prior written consent, which may be unreasonably withheld BBOA is to have full access to all data generated and stored in or by the RFMS Software and any other approved software The Franchisee must transmit all requested data from the Franchisee's computer systems and software as it is requested by BBOA to BBOA and/ or its approved third party contractors

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

9 4 Bank Account The Franchisee shall maintain a bank account(s) in its name used for the Franchise Business The Franchisee understands and hereby agrees to sign the ACH Authorization attached hereto as Addendum E and shall notify BBOA of any

changes regarding the Franchisee's authorized bank account within 30 days before the Franchisee's next ACH payment is due

9 5 Training

A Initial Training The Franchisee shall attend the initial training at the designated franchise location prior to the opening of any Store, as specified in Section 8 2 A The Franchisee shall utilize the Big Bob's training materials provided during the initial training, including the Materials Within 30 days of Franchisee completing the initial training for the Store, Franchisee shall complete any construction, installation of equipment, inventory purchasing, and open the Store for business

B Additional Training The Franchisee shall attend any and all update courses and specialized training courses that BBOA determines is necessary The Franchisee shall pay all expenses relating to any such additional training

9 6 Convention The Franchisee shall, at Franchisee's sole expense, attend or send at least one member of Franchisee's management team, which may include a regional manager or managing partner, to all conventions hosted by BBOA A $1,000 00 fee will be assessed by BBOA in the event the Franchisee or one member of Franchisee's management team fails to attend This assessment shall be paid via ACH 30 days after the scheduled convention date

9 7 Big Bob's University The Franchisee and its general manager shall participate in Big Bob's University, an online training and information tool for Franchisee to use during the term of this Agreement Product and Knowledge University Portals are held on INFLO

9 8 Display Systems & In-Store Signage BBOA requires the Franchisee to purchase and utilize the Big Bob's Display Sample System ("Display System") for each Store opened by Franchisee The Display System includes the Special Order Product Displays, Pallet Toppers and SonoTubes In the event the Display System is retired or modified by BBOA, new sample displays will be provided to the Franchisee at the Franchisee's expense

A As part of the Display System, BBOA reserves the right to auto-ship up to $3,000 00 plus freight costs per calendar year in Display Systems to each Store and Franchisee shall be responsible for the payment of the same per the terms of this Agreement

B BBOA also requires the Franchisee to purchase the required "In-Store Signage Package," including Interior Wayfinder Signs and Big Bob's Saying Signs/Artwork, for each Store BBOA may at any time upgrade any and all in-store graphics and signage packages, as it deems necessary at the Franchisee's expense During the Initial Term and any Renewal Term, BBOA reserves the right to auto-ship up to $3,000 00 per Store per term of In-Store Signage Packages and Franchisee shall be responsible for the payment of the same per the terms of this Agreement

C The Franchisee 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 invoiced on the Franchisee's account and withdrawn via ACH within 30 days of Franchisee's receipt

9 9 Basic BBOA Website, Mobile Website, Search Engine Optimization, and Pay Per Click During the term of this Agreement, Franchisee shall purchase and maintain BBOA's basic design template for BBOA's website and mobile website, including template and support fees for the Initial Location (additional Stores within the Franchise Territory after the Initial Location will only be required to purchase support services) The Franchisee will have the ability to customize the template to make each Store's website specific The Franchisee will also have add-on options to create space for additional website services that are not included in BBOA's basic website package

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

B If the Franchisee does not operate or maintain its BBOA website and mobile website, BBOA shall notify the Franchisee in writing of the deficiency If the Franchisee does not cure the deficiency within 30 days of receipt of the deficiency notice, or notify BBOA as to why such deficiency cannot be cured within such time frame, BBOA may terminate the Franchise

C Franchisee is obligated to purchase BBOA's basic SEO and PPC Packages The SEO and PPC Packages include the initial setup of SEO and PPC as well as SEO support fees After the setup of PPC, the Franchisee will be required to immediately maintain and support the SEO and PPC Packages for each of its Store locations at a minimum of $1,500 00 per Store per month with the SEO and PPC provider selected by BBOA to service the Franchise Territory

9 10 Memberships and Subscriptions During the term of this Agreement, Franchisee shall, at its sole cost and expense, maintain a membership to the World Floor Covering Association

9 11 Construction, Equipment, and Opening The Franchisee will construct and equip each Store in accordance with plans to be reviewed and approved by BBOA, in writing, prior to any construction or remodeling of any Store by Franchisee The provided Display System and In-Store Signage Package must be utilized with all costs to be paid by Franchisee Subject to local laws, regulations, covenants, conditions, and restrictions, the Franchisee shall exert its best efforts to use BBOA's suggested color scheme for each Store During the term of this Agreement, the Franchisee shall obtain BBOA's written consent prior to any alteration or modification to the construction or equipment of any Store

9 12 Floor Plans, Exterior Elevations, and Exterior Signs The Franchisee shall submit a detailed drawing containing the floor plans and exterior elevations of any proposed

Franchise Location to BBOA prior to Franchisee's contractual commitment to the proposed Franchise Location by lease, purchase, or otherwise The Franchisee shall also submit a detailed drawing with specifications for each Franchise Location, Store, and exterior sign Only signs and logos approved by BBOA are allowed BBOA may reject and refuse to consent, for any reason whatsoever, to Franchisee's proposed Franchise Location, Store layout, and purported signs to be erected or displayed by Franchisee

9 13 Right to Review Plans After BBOA's approval of the Franchise Location site and Franchisee's floor plans, exterior elevations, and drawings for the exterior signs for a Store, the Franchisee may begin preparations for the opening of the proposed Store Before the opening of any Store, BBOA shall have the right, upon 48 hours' notice, to perform a final inspection of the Franchise Location and Store This final inspection may include a video walk through of the Franchise Location and Store

9 14 Continuous Operation Once Franchisee's Store opens, and for the remainder of the term of the Franchise, the Franchisee shall operate each Store continuously at the address for each Franchise Location The Franchisee will use its best efforts in the conduct of its business at each Store and in managing its employees so that they will be productive, courteous, and helpful to the public

9 15 Maintenance and Repair At all times, the Franchisee 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

9 16 Books and Records Franchisee must maintain up-to-date business records at each Store or corporate headquarters and will permit BBOA at any time during the term of this Agreement and for three years after expiration thereof to conduct an audit of Franchisee's books and records (other than those records which BBOA has no authority to control and/or remedy, such as Franchisee's employee records, as Franchisee controls exclusively its labor relations and employment practices) relating to the Franchisee's operation of the Store(s) 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, profit and loss statements, balance sheets, inventory, inventory reports, customer list, and other records normally maintained in the ordinary course of Franchisee's operations

A To assist BBOA in planning and conducting any audit, Franchisee expressly authorizes BBOA to obtain from any vendor with which Franchisee does business copies of invoices and other sales data related to Franchisee's account with such vendor BBOA also may require Franchisee to provide business records, including, but not limited to, bookkeeping and accounting records, invoices, and sales tax records If an audit establishes that Franchisee's royalty/marketing fee reports or profit and loss statements have understated Gross Sales for any fiscal year or other period reviewed by more than 5%, or if BBOA's desire to audit is prevented or impeded by Franchisee's failure to maintain or provide the necessary records and information, Franchisee must pay the audit's cost, ıncludıng the travel, lodgıng and meal expenses of the persons who conduct or attempted to conduct the audıt Otherwıse, BBOA wıll bear the audıt's entıre cost Franchısee must promptly pay BBOA any royalty, marketıng fees and other payment defıcıencıes establıshed by an audıt, together wıth ınterest as provıded ın Sectıon 5 6

B Wıthın 30 days after the end of each calendar quarter, Franchısee must furnısh BBOA wıth a quarterly balance sheet and profit and loss and cash statements for each Franchıse Locatıon Franchısee shall maıntaın complete and accurate books and records relatıng to the operatıon of each Franchıse Locatıon ın accordance wıth thıs Sectıon 9 16, permıt BBOA representatıves to ınspect such books and records at reasonable tımes and, wıthın 45 days after the end of each fıscal year of each Franchıse Locatıon, submıt to BBOA a balance sheet, ıncome statement and statement of cash flow for the year then ended These fınancıal statements must dısclose separately the ıtems specıfıed by BBOA on forms ıt provıdes and be prepared ın accordance wıth the accountıng prıncıples and practıces BBOA prescrıbes If Franchısee ıs at any tıme requıred to furnısh any lender, lessor, government agency or other person any financıal statements wıth respect to any Store operated by Franchısee, Franchısee must concurrently furnısh BBOA a copy of such fınancıal statements Franchısee must maıntaın for at least three years from the dates of theır preparatıon full, complete, and accurate books, records and accounts, ıncludıng, but not lımıted to, sales slıps, coupons, purchase orders, check stubs, bank statements, sales tax records and returns, cash receıpts and dısbursements, journals and ledgers ın accordance wıth BBOA's requırements

C The Franchısee shall use the Materıals and accountıng methods and procedures that BBOA may prescrıbe, and shall furnısh BBOA any reports BBOA requıres at the tıme and on the forms that BBOA specıfıes

9 17 Rıght of Entry and Inspectıon BBOA shall have the rıght to enter any Store at any tıme, wıth or wıthout notıce, durıng normal busıness hours to examıne the Store, confer wıth the Franchısee and ıts employees, customers, vendors, and ınstallers, and ınspect equıpment, ınventory, merchandıse, furnıshıngs, fıxtures, operatıng methods, and books and records Thıs ıs to ensure that the Franchısee ıs operatıng and maıntaınıng the Store ın accordance wıth all of the terms and condıtıons of thıs Agreement Upon such entry BBOA shall be entıtled to revıew records of sales, ınventory, payrolls, sales tax computatıons, federal and state tax returns, balance sheets, and profıt and loss statements BBOA shall have the rıght to have remote access to the RFMS Software or any other POS or operatıng software used to run and maıntaın the Store that ıs ın use by the Franchısee

9 18 Advertısıng

A Advertısıng Requırements Durıng the 180-day perıod followıng the openıng of any Store, the Franchısee should spend at least 8% of projected sales or at least $48,000 00, whıchever ıs greater, ın advertısements on local televısıon, radıo, newspapers, or other medıa In every 12-month perıod that follows the ınıtıal 180 days a Store ıs open, the Franchısee must spend at least 4% percent of ıts projected sales or at least 4% of the prevıous year's sales on advertısıng To satısfy the advertısıng requırement, the Franchısee must use BBOA's advertısıng campaıgn materıals, such as televısıon commercıals, radıo spots, and other printed materials provided by BBOA BBOA may require written proof of such advertising

B BBOA's Preferred Advertising Agency BBOA shall provide Franchisee with access to its preferred advertising agency The Franchisee must use BBOA's preferred advertising agency during the during the term of this Agreement to assist the Franchisee in advertising The advertising agency shall direct the expenditure of the budget and place advertisement ads, among other duties

C Advertising Restrictions The Franchisee shall use its best efforts to advertise solely in its Franchise Territory, as outlined in Addendum A Thus, the Franchisee shall use its best efforts not to advertise in other franchisees' exclusive franchise territories However, the Franchisee's Store may be located in an area in which other BBOA franchisees 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 Franchisee would like to advertise in an advertising area that overlaps with another franchisee's exclusive franchise territory, the Franchisee must first ask for joint cooperation from the neighboring franchisee The Franchisee shall obtain that approval or refusal in writing If the neighboring franchisee refuses to cooperate with the advertisement, the Franchisee shall then ask for BBOA approval Should BBOA approve such advertising, BBOA's approval shall operate to allow the Franchisee to advertise in another franchise territory, even without permission from such territory's franchisee BBOA is not responsible or liable for overlap in territories The advertisement restrictions set forth in this Section do not apply to Franchisee's ads placed on its BBOA Website, the internet, or through the use of social media

D Advertising Promotion National BBOA shall have no obligation to conduct national advertising In the event at least 100 BBOA stores are operating nationwide and such BBOA stores elect by a two-thirds majority vote to initiate such national advertising, then the participating stores may create, administer, and fund such a campaign themselves, such campaign being subject, however, to BBOA's written approval of any advertising material

9 19 Purchases and Vendors

A Purchases The Franchisee shall maintain inventory and purchase levels where at least 70% of supplies, inventory, and products for each Store Franchisee operates are purchased from Approved Suppliers The Franchisee shall purchase inventory and products from Approved Suppliers through BBOA account numbers to be provided by BBOA If the Franchisee does not purchase the minimum 70% of purchases through Approved Suppliers for three consecutive months, then the Franchisee will pay an additional royalty as outlined in Section 5 2

B The Franchisee shall be billed directly by the supplier and the shipper The Franchisee shall make no payments to BBOA for inventory A percentage of the purchase is returned to BBOA by the supplier to cover the expenses of the service and to provide a rebate to the Franchisee The Franchisee must open new accounts with suppliers under the

Franchisee's Initials

BBOA's group account in order for BBOA and suppliers to track purchases made and to calculate rebates accordingly If the Franchisee owns multiple floor covering businesses, of which some are not part of the BBOA Franchise, then the Franchisee must ensure that their total purchases of products through Approved Suppliers across all floor covering businesses achieves the 70% purchasing minimums, or each Store will be obligated to pay the additional royalties set forth in Section 5 2

C Within 90 days from the opening of any Store, the Franchisee shall take pictures of the Store's inventory and compile a list of said inventory in an inventory report. The Franchisee 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

D <u>Suppliers</u> The Franchisee must set up and maintain BBOA accounts with BBOA's Approved Suppliers to ensure 70% of Franchisee products are purchased from such Approved Suppliers The Franchisee will be excused from setting up BBOA accounts with Approved Suppliers if the Franchisee is unable to do so after a good faith effort Failure to either set up, attempt to set up, or maintain BBOA accounts with Approved Suppliers may place the Franchisee in default of this Agreement The Franchisee must supply to BBOA, immediately upon activation, all account numbers for all Approved Suppliers 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, and closure of accounts or credit holds

(i) BBOA is not the owner or operator of any floor covering supplier Thus, BBOA does not own, operate or sell floor covering to any of its franchisees Franchisees are not obligated to purchase floor covering directly from any Approved Supplier, provided, however, such franchisee is subject to and responsible for any additional royalty fee that may be due hereunder as a result thereof BBOA may from time to time broker deals as it sees fit for the benefit of its franchisees

9 20 Indemnity Both during and after termination of this Agreement, the Franchisee 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 Franchisee's Store(s) or the business conducted therein, including, but not limited to, claims for discrimination suits of any nature, whether initiated by an employee or patron of the Franchisee, wages and taxes, and for infringement by the Franchisee of patents, trademarks, service marks, and trade names of others The Franchisee has no obligation to indemnify BBOA for any claims pertaining to the Licensed Marks provided that Franchisee has not violated the use thereof as provided herein

9 21 Insurance

A Insurance Requirements In addition to its indemnity obligations set forth herein, the Franchisee must obtain and maintain, at its sole cost and expense, insurance policies protecting it and BBOA 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 Franchisee's Store(s) or the business conducted therein, whether the same occurs or arises on or off the premises of the Store Additionally, installation sub-contractors must obtain and maintain, at their sole cost and expense, insurance policies on the same terms BBOA shall be an additional named insured on all such policies, which shall be written by insurance companies satisfactory to BBOA, in its sole discretion, 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

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

B Certificates At least five days before the opening of any Store, the Franchisee shall provide BBOA certificates of insurance that show compliance with the requirements for insurance set forth herein The certificates shall provide that the policies will not be canceled or altered without at least ten days' prior written notice by the insurer to BBOA The Franchisee shall maintain a copy of current insurance certificates at each Store and shall provide BBOA with a copy of the same as BBOA may from time to time request

C Additional Insurance The Franchisee shall also insure its Store(s), inventory, equipment, furnishings, and fixtures under "broad form" standard fire and extended coverage insurance policies in effect for similar businesses

The Franchisee will comply with applicable law, if any, to provide workmen's compensation insurance and social security, unemployment compensation, and disability insurance and will, upon request, provide evidence of those coverage's to BBOA

9 22 Compliance with Laws In conducting its business, the Franchisee 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 Franchisee's 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 Franchisee shall promptly pay when due all taxes levied or assessed against it in connection with its Store(s), inventory, or business In the event of any genuine dispute regarding liability for taxes, the Franchisee may contest the validity or amount of the tax as the taxing authority prescribes However, the Franchisee will never permit the sale or seizure of its Store(s), equipment, or inventory for taxes At all times the Franchisee shall engage in fair and equal employment practices, and shall maintain an employee policy and procedure for identifying and addressing discrimination and harassment instances

9 23 Payment of Obligations, Unconditional Guaranty The Franchisee shall pay promptly when due all obligations the Franchisee owes at any time during the term of this Agreement

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 attorneys' fees incurred by BBOA in the collection of money or any of its agencies After a default in payment, the Franchisee is afforded seven days to cure said default. After such seven-day period, said interest will start accruing until the default in payment is remedied by payment in full

Franchisee's failure to pay any sum due to BBOA hereunder when due shall immediately, give rise to the default provisions as contained in Section 14 5 of this Agreement After expiration or earlier termination of this Agreement, BBOA retains all rights to collect such monies, including interest, attorneys' fees, and collection fees, from the Franchisee and the Franchisee's legal owners and/or investors, even if said parties declare bankruptcy

9 24 Confidential Information The Franchisee agrees and acknowledges that, by reason of this Agreement, it will acquire or have access to information relating to the operation of BBOA's business and the System of a confidential or secret nature (the "Confidential Information"), such Confidential Information belonging and of great value to BBOA Therefore, both during and after the term of this Agreement, the Franchisee will not divulge or in any manner make available to any person or firm, without the prior written consent of BBOA, any Confidential Information, which is defined to include any BBOA confidential or proprietary information, techniques, combinations of techniques, methods, systems, or products used, to include the cost of such products and the suppliers 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 Franchisee may disclose Confidential Information to employees who have signed non-disclosure agreements in a form acceptable to BBOA

A Additionally, any amounts due hereunder or any dealings and/or agreements that BBOA makes with the Franchisee as it relates to the franchisor-franchisee relationship shall be kept confidential at all times The Franchisee shall not divulge or discuss any of said information to any other franchisees, suppliers, or employees The Franchisee shall divulge such Confidential Information only to such employees as must have access to it in order to operate the Store(s) Failure by the Franchisee to keep this information confidential may lead to harm of BBOA's System and may result in BBOA exercising its rights and remedies hereunder by termination of this Agreement and taking any and all legal actions available to it, whether under law or equity The Franchisee shall be liable to BBOA for all damages suffered by BBOA, and all costs and expenses incurred by BBOA, including reasonable attorneys' fees, as a result of Franchisee's failure to comply with this Section 9 24

9 25 Publicity BBOA shall have the right to photograph and video record the Store(s), exterior and interior, and the operations of the Franchisee at and through the Store(s) and to use any such photographs for publicity or advertising purposes The Franchisee shall cooperate in securing such photographs and the consent of persons pictured Any such photographs or video recordings shall be approved by BBOA prior to Franchisee's use of the same for publicity or advertising purposes The Franchisee must post at least one placard in its Store(s) with the following legend

> "This Big Bob's Flooring Outlet store is owned and operated by [the Franchisee'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 "

Assignment by BBOA

BBOA, in its sole discretion, may assign its rights, title, and interests in and to this Agreement without the consent of Franchisee and such assignment shall inure to the benefit of any assignee or legal successor

Assignment by Franchisee

11 1 Prohibition Against Assignment The interests of the Franchisee in and to this Agreement and the Franchise are personal Unless as may otherwise be provided herein, the Franchisee 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 this Agreement, (ii) the Franchise, (iii) or any inventory, assets, equipment, furnishings, or fixtures in any Store to any party, including heirs and assignments of Franchisee, other than that which is sold in the ordinary course of business If BBOA consents to a proposed assignment of this Agreement or the Franchise, the proposed assignee must meet the then-current requirements of a BBOA franchisee and agree to be bound by and execute BBOA's then-current franchise agreement for new franchisees, both of which are in effect at the time of the proposed transfer

11 2 Assignment to a Legal Entity The Franchisee may assign this Agreement to a legal entity in which the Franchisee owns all of the issued and outstanding capital stock provided that (i) the Franchisee or a manager approved by BBOA actively manages the legal entity 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 Store(s), (ii) the legal

entıty ıs newly formed and ıts actıvıtıes are confined exclusıvely to actıng as a Bıg Bob's Floorıng Outlet, (ııı) the legal entıty executes a document ın such form as shall be approved by BBOA ın whıch ıt agrees to become a party to and be bound by all the provısıons of thıs Agreement, (ıv) the Franchısee remaıns personally lıable ın all respects under thıs Agreement and the Franchısee executes a personal guaranty and agreement, ın such form as shall be approved by BBOA, not to sell, assıgn, pledge, mortgage, or otherwıse transfer or encumber the ownershıp of such legal entıty, (v) all stock certıficates, ıf any, representıng shares ın the legal entıty bear a legend that they are subject to the terms of thıs Agreement, (vı) the Franchısee or the legal entıty has paıd to BBOA $2,500 00 for reımbursement for BBOA's reasonable legal and accountıng fees, credıt, and ınvestıgatıon charges and expenses ıncurred as a consequence of such assıgnment, and (vıı) the legal entıty ıs not the legal owner of any Franchıse Locatıon, whether ın fee, by lease, or otherwıse

11 3 Permıtted Assıgnment on Death If the Franchısee dıes, and hıs/her personal representatıve does not desıre to sell the Franchıse Busıness, and ıf under controllıng local law the deceased Franchısee's ınterest ın the Franchıse Busıness, the Franchıse, and thıs Agreement are dıstrıbutable to heırs or legatees, and those heırs or legatees are members of Franchısee's ımmedıate famıly and who otherwıse would qualıfy as a franchısee hereunder, then, such attempted assıgnment by operatıon of law or wıll shall not be deemed ın vıolatıon of thıs Agreement, provıded that such heırs or legatees accept the condıtıons ımposed on other permıtted assıgnments, as set forth ın Sectıon 1 1 The heırs or legatees shall pay to BBOA a transfer fee of $5,000 00 to transfer the Franchıse to such heır or legatee and $2,500 00 for reımbursement for BBOA's reasonable legal and accountıng fees, credıt, and ınvestıgatıon charges and expenses ıncurred as a consequence of such assıgnment Should the Franchısee's personal representatıve desıre to sell or transfer the Franchıse to a thırd party as part of the admınıstratıon of the deceased Franchısee's estate, provıded that such proposed assıgnee satısfıes the condıtıons ımposed on other permıtted assıgnments as set forth ın Sectıon 1 1, such personal representatıve shall pay to BBOA a transfer fee of $10,000 00 to transfer the Franchıse to such thırd party and $2,500 00 for reımbursement for BBOA's reasonable legal and accountıng fees, credıt, and ınvestıgatıon charges and expenses ıncurred as a consequence of such assıgnment

11 4 Other Permıtted Assıgnments All proposed assıgnees of thıs Agreement and the Franchıse shall, unless otherwıse waıved by BBOA ın wrıtıng, satısfy the followıng condıtıons prıor to the effectıve date of the proposed assıgnment (ı) all oblıgatıons of the Franchısee as set forth hereın have been assumed by the assıgnee ın wrıtıng, (ıı) all ascertaıned or lıquıdated debts of the Franchısee ın connectıon wıth Franchıse Busıness have been paıd or otherwıse provıded for, (ııı) the Franchısee ıs not ın default under any provısıon of thıs Agreement, (ıv) the assıgnee has completed the traınıng program requıred of new operators, or has retaıned management approved by BBOA, (v) the assıgnee has executed BBOA's then-current franchıse agreement for a new ınıtıal term of seven years, and (vı) the Franchısee or the assıgnee has paıd to BBOA the applıcable transfer fee and reımbursement fee for BBOA's reasonable legal and accountıng fees, credıt, and ınvestıgatıon charges and expenses ıncurred as a consequence of such assıgnment

11 5 Rıght of Fırst Refusal

A If Franchisee (or any of its principals) at any time desire to sell or transfer Franchisee's interest in the Franchise or this Agreement, Franchisee shall obtain from a responsible and fully disclosed buyer, and send BBOA, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) of the proposed sale or transfer The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price To be a valid, bona fide offer, the proposed purchase price must be a stated dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to 5% of the purchase price

B The right of first refusal process will not be triggered by a proposed transfer that would be allowed under Sections 11 2, 11 3, and 1 1 above BBOA may require Franchisee to send BBOA copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction

C BBOA may, by written notice delivered to Franchisee within 30 days after the later of when BBOA receives both an exact copy of the offer and all other information BBOA requested, if any, under Subparagraph B above, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that (1) BBOA may substitute cash for any form of payment proposed in the offer, (2) BBOA's (or its designee's) credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, BBOA or its designee may provide promissory notes with the same terms as those offered by the proposed buyer), (3) BBOA will have no less than 45 additional days to prepare for closing after notifying Franchisee of its election to purchase, and (4) BBOA must receive, and Franchisee agrees to make, all customary representations and warranties given by the seller of the assets of a business or the sale of ownership interests in a business, as applicable, including, without limitation, representations and warranties regarding ownership and condition of and title to ownership interests and/or assets, liens and encumbrances relating to ownership interests and/or assets, and validity of contracts and the liabilities, contingent or otherwise, of business entity whose assets or ownership interests are being purchased Once Franchisee submits the offer and related information to BBOA triggering the start of the 30-day period referenced above, the offer is irrevocable for that 30-day period This means that BBOA has the full 30-day period to decide whether to exercise its right of first refusal and may choose to do so even if Franchisee decides not to sell the interest that is the subject of the offer during such time period Franchisee may not withdraw or revoke the offer for any reason during the 30-day period, and BBOA may exercise the right to purchase the interest in accordance with the terms of this Section BBOA has the unrestricted right to assign this right of first refusal to a third party, who then will have the same rights described in this Section

D If BBOA or its designee do not exercise the right of first refusal, Franchisee may complete the sale to the proposed buyer on the original offer's terms, but only if BBOA otherwise approves the transfer in accordance with, and Franchisee and the transferee comply with the conditions in, this Section 0 This means that, even if BBOA does not exercise its right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed under this Section 0, Franchisee may not move forward with the transfer

E If there is a material change in the terms of the sale (which Franchisee agrees it shall provide such information to BBOA promptly upon learning of the same), BBOA or its designee will have an additional right of first refusal during the 30-day period following BBOA's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at BBOA's or its designee's option

Default by BBOA Termination by Franchisee

The Franchisee may terminate the Franchise and this Agreement on the following grounds

12 1 BBOA Breach If the Franchisee is in compliance with the terms of this Agreement and BBOA breaches a material obligation, the Franchisee shall provide BBOA written notice that specifies the date and nature of the breach within 10 days from Franchisee's discovery of same BBOA shall then have 60 days after receiving the written notice from the Franchisee 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 60 days, the Franchisee may terminate this Agreement, effective 10 days after the expiration of such 60-day period For purposes of this Section 12 1, BBOA's material obligations shall be deemed to be (i) the grant of the Franchise, the Franchise Territory, and the Franchise Locations to the Franchisee, (ii) the initiation of an advertising campaign pursuant to Section 9 18 B hereof, and (iii) the ownership and defense of the Licensed Marks

12 2 Death or Disability The Franchisee may also terminate this Agreement, if the majority owner (meaning 51% or more) or managing general partner of the Franchisee dies or becomes permanently disabled and, because of either of such events, the Franchisee ceases operations A termination resulting from the death or permanent disability of such an individual shall be effective 30 days after written notice of such event is received by BBOA

12 3 Local Law Termination by Franchisee for either of the preceding reasons shall ordinarily be effective on the date specified in Franchisee's termination notice to BBOA in accordance with the two foregoing paragraphs 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

Default by Franchisee Termination by BBOA – No Right to Cure

Franchisee will have materially breached this Agreement and BBOA may, at its option, terminate this Agreement and all rights granted by BBOA to Franchisee under this Agreement, without affording Franchisee any opportunity to cure the breach, which termination shall be effective immediately upon receipt of the written termination notice by Franchisee, upon the occurrence of any of the following events

13 1 Inabılıty to Pay Oblıgatıons Franchısee makes an assıgnment for the benefıt of credıtors or an admıssıon of ıts ınabılıty to pay ıts oblıgatıons as they become due For purposes of thıs paragraph, ınabılıty to pay shall be defıned as the Franchısee beıng late ın payıng any vendor (wıthout justıfıable cause as solely determıned by BBOA) more than 90 days beyond payment due date

13 2 Bankruptcy Franchısee fıles a voluntary petıtıon ın bankruptcy or any pleadıng seekıng any reorganızatıon, arrangement, composıtıon, adjustment, lıquıdatıon, dıssolutıon or sımılar relıef under any law, or admıttıng or faılıng to contest the materıal allegatıons of any pleadıng fıled agaınst Franchısee, or ıs adjudıcated bankrupt or ınsolvent by a court of competent jurısdıctıon

13 3 Dıssolutıon Franchısee ıs dıssolved under applıcable law

13 4 Possessıon of Premıses Franchısee suffers cancellatıon of or faıls to renew or extend the lease or sublease for, or otherwıse faıls to maıntaın possessıon of, the premıses occupıed by a Store and faıls to secure a suıtable alternatıve premıse wıthın 60 days, such to be approved by BBOA

13 5 Audıt Franchısee denıes BBOA the rıght to ınspect the books and records of any Store or denıes BBOA the rıght to audıt the sales and accountıng records of any Store

13 6 Faılure to Submıt Reports On three occasıons faılıng wıthın a 12-month perıod, Franchısee faıls to submıt when due all requıred reports under thıs Agreement, ıncludıng, but not lımıted to monthly royalty reports, monthly sales tax reports, and monthly or annual fınancıal statements

13 7 Contınuous Operatıon Franchısee's faılure to contınuously operate any Store for five consecutıve days durıng whıch Franchısee ıs requıred to operate under thıs Agreement wıthout the prıor wrıtten consent of BBOA, unless the faılure to contınuously operate ıs due to flood, fıre, other acts of God, or other sımılar cırcumstances beyond the control of Franchısee

13 8 Inaccurate Informatıon Franchısee submıts two or more monthly or annual fınancıal statements, other ınformatıonal report, sales or ıncome tax returns or supportıng records to BBOA that understate by 5% or more the Gross Sales of any Store or materıally dıstorts any other materıal ınformatıon of the Franchısed Busıness

13 9 Crımes and Offenses Franchısee engages ın an act that could be deemed a felony, fraud, crıme ınvolvıng moral turpıtude, or any other crıme or offense whıch BBOA reasonably belıeves, ın ıts sole dıscretıon, ıs related to the operatıon of the Franchıse

13 10 Vıolatıon of Laws or Ordınances Franchısee vıolates any health or safety law, ordınance or regulatıon, or operates any Store ın a manner that presents a health or safety hazard to customers or the publıc or faıls to correct any local, state or munıcıpal health or sanıtatıon law or code vıolatıon wıthın 72 hours after beıng cıted for such vıolatıon

13 11 Assignment Franchisee makes an unauthorized assignment of Franchisee's rights under this Agreement, including, but not limited to, rights to use the Licensed Marks and ownership rights to any Store

13 12 Misstatements on Application Franchisee has made, or makes, any material misrepresentations or misstatements on its application and/or credit worthiness for the Franchise pursuant to this Agreement or with respect to the ownership or operation of any Store

13 13 Commencement of Operations Franchisee has not commenced operation of the Initial Franchise Location on or before the 180 days after the signing of this Agreement and/or fails to pay the commencement fees as described in Section 3

Default by Franchisee Termination by BBOA - Right to Cure

Subject to applicable state or federal franchise laws, if Franchisee breaches any of the following provisions and fails to cure such breach within 30 days of receiving written notice from BBOA of same, BBOA may terminate this Agreement immediately upon expiration of the 30-day cure period

14 1 Franchisee fails to carry out any material provision of this Agreement or any specification, standard or operating procedure described in the Materials

14 2 Franchisee's failure to abide by the licenses granted herein governing Franchisee's use and rights to the Licensed Marks, as well as, any misuse or misappropriation of the Franchisee's rights to the System

14 3 Franchisee's failure to set up or maintain BBOA accounts with BBOA Approved Suppliers

14 4 Franchisee's failure to continuously operate and/or maintain the BBOA Website, RFMS Software, Social Media Package, Big Bob's University, and the Display System

14 5 Franchisee's failure to pay when due the royalty and advertising fees as required herein

14 6 Franchisee's failure to maintain a separate bank account in the Franchisee's name

14 7 Franchisee's failure to complete the ACH Authorization and provide BBOA ACH authorization access at all times during the term of this Agreement

14 8 Franchisee's failure to keep the information contained in Section 9 24, labeled Confidential Information, strictly confidential

14 9 Franchisee's failure to disclose the criminal background and credit history of all investors, owners, shareholders, members, managers, officers, directors and agents of Franchisee applying for rights to the Franchise hereunder

BBOA's Legal Remedies

Should the Franchisee default in the performance of this Agreement as described in Sections 0 or 0, BBOA may bring an action in equity to enforce this Agreement, whether by specific performance or otherwise, or it may treat this Agreement as breached, in which case BBOA shall be entitled to recover from the Franchisee 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 by Franchisee hereunder 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 Franchisee, whether or not litigation results, and any court costs it incurs Franchisee will also be liable for all collection costs associated with default as a result of non-payment of royalties or any other sums due hereunder BBOA's remedies under this Section 0 for the Franchisee'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

Effect of Termination or Expiration

16 1 If this Agreement expires or terminates for any reason, Franchisee will cease to be an authorized BBOA franchisee and will lose all rights to use the Licensed Marks, the System, the Materials, the Confidential Information, and know-how owned by BBOA, and any goodwill engendered by the use of the Licensed Marks Franchisee shall execute such documents as BBOA may reasonably require to effectuate termination of this Agreement

A In the event Franchisee continues its use of the Licensed Marks after expiration or termination of this Agreement, in violation of BBOA's state and federal rights to the Licensed Marks, Franchisee agrees to pay, in addition to any other amounts owed under this Agreement, BBOA a Post-Termination Royalty Fee for its continued use of the Licensed Marks This Post-Termination Royalty Fee shall be equal to twenty-five percent (25%) of the average Royalty Fees paid by each Store operated by Franchisee during the 12 months immediately preceding the effective date of termination multiplied by two (25%*[average Royalty Fee paid by all Stores for the previous 12 months multiplied by 2])

B This payment constitutes liquidated damages for Franchisee's continued use of the Licensed Marks after termination of this Agreement and is not a penalty Franchisee agrees and acknowledges that a precise calculation of the full extent of damages that BBOA will incur if Franchisee continues use of its Licensed Marks cannot be reasonably determined Franchisee further acknowledges that the payment of liquidated damages contemplated under this Section 16 1 is reasonable and a good-faith estimate of the damages for infringing use of the Licensed Marks that BBOA may reasonably be expected to incur in such event The payment contemplated under this Section 16 1 is not a penalty and is intended by the parties only as a compensatory remedy for past breaches and not as a preventative remedy to deter future breaches Accordingly, the payment contemplated under this Section 16 1 is purely liquidated damages and does not preclude a court of competent jurisdiction from granting BBOA specific performance or any other equitable remedies such as an injunction to prevent future breaches by Franchisee The rights of BBOA to liquidated damages, specific performance, or any other equitable remedy are not mutually exclusive

16 2 Upon termination or expiration of this Agreement, for any reason, Franchisee shall do the following

A Promptly pay to BBOA, its affiliates and subsidiaries, any and all sums owed under this Agreement within 15 days of termination or expiration In the event of termination for any default of Franchisee, Franchisee shall also pay all damages, costs and expenses, including reasonable attorneys' fees, incurred by the BBOA as a result of the termination or violation, which obligation shall give rise to and remain, until paid in full, a lien in favor of BBOA against any and all of the assets owned by Franchisee at the time of termination

B Discontinue the use of the System and all Licensed Marks, and not operate or do business under any name or in any manner which might give or tend to give the general public the impression that Franchisee is operating as a BBOA franchisee, "Big Bob's," or any similar business Franchisee shall not use, in any manner or for any purpose, directly or indirectly, any of the Confidential Information, trade-secrets, procedures, forms, techniques, know-how, or other materials acquired by Franchisee by virtue of the relationship established by this Agreement including, without limitation the Materials, forms, advertising matter, marks, devices, signs, insignia, slogans, and designs used in connection with the Franchise, and the systems, procedures, techniques, criteria, concepts, designs, advertising and promotion techniques, specifications, and all other components, specification and standards which comprise (or in the future may comprise) a part of the System

C Take all necessary action to cancel any assumed name or equivalent registration which contains "Big Bob's Flooring Outlet" or any other Licensed Mark of BBOA, or any variant, within 15 days following termination or expiration of this Agreement If Franchisee fails or refuses to do so, BBOA may, on behalf of Franchisee and at the expense of Franchisee, execute all documents necessary to cause the use by Franchisee of the "Big Bob's Flooring Outlet" name or any related name used under this Agreement to be discontinued Franchisee irrevocably appoints BBOA as Franchisee's attorney-in-fact to do so

D Immediately deliver to BBOA all training or other manuals furnished to Franchisee (including the Manual, and any supplements), computer software and database material, RFMS data with all stored files and information, customer lists, records and files, documents, instructions, Display Systems, display items, advertising and promotional material including, but not limited to, all radio and television advertising, any and all materials, signs and related items which bear the Licensed Marks or slogans or insignias or designs, advertising contracts, forms and other materials or property of BBOA, and any copies of them in the possession of Franchisee which relate to the operation of any Store

Franchisee shall retain no copy or record of any of these items, except for a copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any law, regulation or statute Franchisee agrees that the foregoing items, materials, lists, files, software and other similar items will be deemed to be the property of BBOA for all purposes

E Immediately cease using the BBOA proprietary methods of business found within the System, specifically the purchasing, processing, and sale of first quality "cash & carry" running line, promotional goods, overruns, and plunder floor covering, and the procedures associated therewith

F Cease using all forms of advertising associated with BBOA, including "Big Bob's", "Big Bob's Outlet", and "Big Bob's Flooring Outlet" This includes all signs and Display Systems used, kept, maintained, on display, or in the possession of Franchisee at any Store, as well as, any online advertising or marketing materials, including any third-party sites such as Twitter, Facebook, Yelp, and YouTube Franchisee must immediately remove or cause to be removed all exterior BBOA signs and complete such removal no later than 30 days of termination of this Agreement

G Immediately refrain from engaging in any contacts with customers or potential customers Upon termination or expiration of this Agreement, Franchisee acknowledges and agrees that all customers shall thereafter belong to BBOA or its assigns

H Cease using the telephone number(s) listed in any directory or on the Internet under the name "Big Bob's Flooring Outlet" or "Big Bob's" or any similar designation or listing relating to any Store(s) Franchisee agrees that BBOA will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use all telephone numbers and all classified and other directory listings for any Store Franchisee further agrees, upon the written demand of BBOA, to direct the telephone company and all listing agencies to transfer to BBOA, or to any other person and location that BBOA directs, all telephone numbers and directory listings of any Store operated by Franchisee hereunder Franchisee acknowledges and agrees that BBOA has the absolute right and interest in and to all telephone numbers and directory listings associated with the Licensed Marks, and Franchisee hereby authorizes BBOA to direct the telephone company and all listing agencies to transfer the telephone numbers and directory listings for any Store to BBOA or to any other person and location that BBOA directs, if this Agreement expires or is terminated The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of BBOA to such telephone numbers and directory listings and this Agreement will constitute the authority from Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to BBOA This Agreement will constitute a release of the telephone company and listing agencies by Franchisee from any and all claims, actions and damages that Franchisee may at any time have the right to allege against them in connection with this Section Franchisee agrees to execute such other documents as BBOA may require to complete the transfer of the telephone numbers and directory listings as contemplated herein

I At BBOA's option, assign to BBOA for each Store any intellectual property rights, customer information, all RFMS System data, domain names, trademarks, or patents the Franchisee has developed, secured, or acquired that relates to or arises from or out of this Agreement Franchisee shall obtain any and all instruments of transfer from any third-parties or employees of Franchisee as it relates to the assignment of BBOA's intellectual property and shall execute any and all documents that are necessary to effectuate such assignment and transfer of all intellectual property to BBOA The Franchisee appoints BBOA as the Franchisee's agent to affect such transfer of all intellectual property belonging to BBOA

J Permit BBOA, at its election, to enter and take possession of any Store in order to maintain continuous operation, to provide for orderly change of management and disposition of personal property, and to otherwise protect BBOA's interest If Franchisee disputes the validity of the termination of this Agreement by BBOA, BBOA will nevertheless have the option (which Franchisee irrevocably grants) to operate any Store pending the final, unappealed determination of the dispute by a court of competent jurisdiction If a court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, BBOA agrees to make a full and complete accounting for the period during which it operated the Store(s)

K At the option of BBOA, which is exercisable by BBOA in writing within 30 days of termination or expiration of this Agreement, assign to BBOA any interest which Franchisee has in any lease, right or entry, or easement for any Store or Franchise Location, and vacate the Store promptly and completely, rendering all necessary assistance to BBOA to enable it to take possession During such 30 day period following expiration or termination, Franchisee shall not take any action to remove, conceal, assign, transfer, or sell, any items containing the Licensed Marks, signs, equipment, furniture, fixtures, or other tangible assets used in or necessary for the effective operation of the Store(s) Franchisee agrees to the terms and conditions set forth on the Addendum to Lease Agreement, attached hereto as Addendum F and incorporated herein by this reference and shall deliver executed copies of the same to BBOA upon executing this Agreement In assuming any lease of Franchisee, BBOA shall pay Franchisee 80% of book value for all physical inventory located at each Store assumed by BBOA, the same payable in 24 equal payments, without interest

L At the option of BBOA, cooperate with and sell to BBOA any or all of Franchisee's assets at any Store as set forth in this Subsection A In addition to BBOA's right to assume Franchisee's lease for any Store, BBOA shall also have the right and option to purchase all or a portion of Franchisee's assets at any Franchisee Store, including but not limited to any furniture, fixtures, equipment, and improvements Upon expiration or termination of this Agreement, BBOA shall arrange for an inventory to be made at BBOA's expense of all the personal property, fixtures, equipment, signs, supplies, and any other tangible assets of Franchisee, including without limitation all items bearing the Licensed Marks BBOA shall have the option, to be exercised within 60 days after termination or expiration of this Agreement, or if contested within 60 days after a court of competent jurisdiction decides the propriety of the termination, to purchase any or all of these items The purchase price for the foregoing assets shall be the depreciated value left on Franchisee's balance sheet for all assets, fixtures, equipment, not including any goodwill or intangible assets, with a cap of $25,000 for all assets per Store (as adjusted by setting off and reducing the purchase price by any amount then owed by Franchisee to BBOA or its affiliates as against any amounts paid by BBOA to cure Franchisee's defaults with third parties such as landlords) If all, or any portion of Franchisee's assets are subject to liens, BBOA may pay, on Franchisee's behalf, the lienholder(s) that portion of the purchase price for Franchisee's assets (which may be the entire purchase price) necessary to obtain the release of those assets from the lien(s), in lieu of paying Franchisee Franchisee shall not, for a period of 60 days after the termination or expiration of this Agreement, transfer, convey, assign or sell to any person or entity other than BBOA, any of the fixtures, equipment, inventory, supplies and other tangible assets of Franchisee Any conveyance, sale or transfer of any of the fixtures, equipment, and supplies of Franchisee during this time shall be null and void Franchisee shall execute all documents of transfer reasonably necessary for termination, lease assumption, purchase of Franchisee's assets, which documents shall include all customary representations and warranties from Franchisee as to ownership and condition of and title to, the assets of the Store being transferred All assets must be transferred free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee The closing will take place on the date designated by BBOA

M Abide by the provisions of the covenant not to compete as set forth below

N If the Franchisee retains possession of any Store, refrain from the sale of any type of floor covering, with the exception of converting the premises to a "samples only" first quality floor covering store with no inventory, and make reasonable modifications in the exterior and interior décor, paint, color schemes, and displays to BBOA's satisfaction in order to minimize identification as a former franchisee of BBOA

O Refrain from the sale of any of its inventory to a business similar to BBOA that sells first quality "cash & carry" running line, promotional goods, overruns, and plunder floor covering that the Franchisee is affiliated with in any way, including by family relationships

P At the election of BBOA, sell any Store and transfer Franchisee's rights under this Agreement to a purchaser designated by or acceptable to BBOA After BBOA orders Franchisee to sell any Store, Franchisee will have no further right or opportunity to remedy a default or to reinstate Franchisee's right to continue operating any such Store to be sold Except for BBOA's right to approve a proposed purchaser's financial and business qualifications and to ensure that all royalties, marketing fees and other amounts due BBOA are paid at the closing of the sale, Franchisee will be entitled to establish and negotiate the terms of any such sale hereunder

Q BBOA's Inventory Purchase/Offset Rights Upon expiration or termination of this Agreement, BBOA has the first option to purchase the Franchisee's inventory at each Store, unless a bank or other lending institution owns such inventory The price of the inventory when purchased from the Franchisee shall be 80% of the inventory cost, as shown on the Franchisee's books and records 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 the time of termination or expiration of this Agreement BBOA may use the full amount of inventory received or a portion to offset any past due or unpaid amount in lieu of payment to the Franchisee for the inventory BBOA shall exercise this option by notice to the Franchisee within a reasonable time after BBOA has examined Franchisee's inventory and books and records Should a bank or other lending institution have rights to or own such inventory through a purchase money security interest, BBOA may negotiate with the party holding such interest to purchase such inventory

16 3 No Payment for Goodwill Upon termination or expiration of this Agreement, BBOA is not obligated to and shall not pay any amount to the Franchisee for the equity or goodwill the Franchisee may have established either prior to or during the operation of any Store

Covenants Not To Compete

17 1 During the Term of this Agreement The Franchisee shall not, during the term of this Agreement and any Renewal Term, directly or indirectly engage in any other business (i) which is similar to BBOA's business by virtue of being a retail business selling new carpet, first quality flooring products such as promotional goods, overruns, factory seconds, mill drops, blemished goods, off merchandise, cabin grades, scratch and dent, salvage, plunder, discontinued merchandise, and mill seconds, or an inventory cash and carry floor covering operation, or (ii) which offers or sells any product, service or component which now or in the future is part of the System, or any similar product or service (collectively, a "Competitive Business")

A Franchisee is prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, adviser, or consultant In addition, Franchisee agrees not to divert any business that could or would otherwise be handled by BBOA to any other entity It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor Nothing herein will prevent Franchisee from owning for investment purposes up to an aggregate of 5% of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, and so long as Franchisee does not control the Competitive Business in question

17 2 Post Termination or Expiration of the Franchise The Franchisee agrees that for a period of one year immediately following the expiration or termination of this Agreement, for any reason, Franchisee will not directly or indirectly engage in any Competitive Business Further, Franchisee agrees that for a period of two years after the termination or expiration of this Agreement for any reason, Franchisee will not solicit or hire former or present personnel of BBOA (or its affiliates) or of any other BBOA franchise

Franchisee is prohibited from engaging in any Competitive Business as a proprietor, franchisee, partner, investor, shareholder, director, officer, employee, salesperson, principal, agent, adviser, or consultant (including through any direct familial relationship of the foregoing) if the Competitive Business is located within the Franchise Territory, within any Expansion Territory, within 30 miles of the perimeter of the Franchise Territory or any Expansion Territory, or within 30 miles of any other BBOA franchise territory (whether owned by BBOA, franchised, or otherwise established and operated) Franchisee acknowledges and agrees that the restrictions contained in this Section 0 are reasonable in scope and time, and necessary to protect the legitimate business interests of BBOA

17 3 Nonsolicitation During the term of this Agreement, including any Renewal Term, and for a period of 18 months following the expiration, transfer, non-renewal, or termination of this Agreement, regardless of the cause of termination, the Franchisee covenants that it will not, employ or seek to employ any person who is at the time of termination employed by BBOA or its affiliates, or by any other franchisee of BBOA, or otherwise induce, directly or indirectly, such person to leave such employment, provided, however, that the prohibitions herein shall not apply to any such person who has left the employ of any of the foregoing parties for a period in excess of six months prior to the date of termination of this Agreement or if an officer of BBOA agrees in writing to waive this restriction with respect to a specific employee or employees (or in the case of an employee of another franchisee, the franchisee who was the previous employer)

17 4 Severability and Modification If any of the restrictions contained in Sections 1 1 through 17 3 are determined to be unlawful, vague, void, or unreasonable by a court of competent jurisdiction over the parties and subject matter 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 as determined by the court The parties expressly permit and empower the court to modify and construe the restrictions for the sole purpose of making it enforceable within the permissible legal limits, and shall not by necessity invalidate the entirety of the covenants against competition Any modification will apply to that particular instance and franchisee only and shall not be applicable to other instances or franchisees Franchisee further agrees to be bound by any lessor covenants subsumed within the terms of this Section as if the resulting covenants were separately stated in and made a part of this Agreement

Specific Performance, Injunctive Relief

The Franchisee agrees and acknowledges that irreparable damage will result to BBOA in the event of the breach by the Franchisee of the covenants contained in Section 9 24 relating to Confidential Information, in Section 0 relating to Franchisee's post-termination obligations, and in Section 0 relating to noncompetition 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 Franchisee, or to both, plus attorneys' fees and court costs incurred in obtaining such relief If the Franchisee shall breach any of the provisions of Section 0 regarding noncompetition after termination, then, in that event, the period during which that covenant applies shall commence not on the date of Franchisee's termination, but on the first day after the violation on which the Franchisee is no longer in violation of any of the provisions of Section 0

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 Franchisee are solely for the protection of BBOA's goodwill and Licensed Marks and not for the benefit of the Franchisee 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 Franchisee The Franchisee enters into such underlying undertaking, arrangement, or transaction solely at its own risk

General Conditions

20 1 Entire Agreement This Agreement, along with the Addendums attached hereto, contains the entire agreement of BBOA and the Franchisee, 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

20 2 Course of Dealing or Usage of Trade No previous course of dealing or usage of trade shall be admissible by the Franchisee to explain, modify or contradict this Agreement, except as specifically set forth in the Agreement

20 3 Time is of the Essence Time is of the essence of this Agreement

20 4 Independence of Franchisee The Franchisee 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 Franchisee is not a partner or joint venturer with BBOA The Franchisee shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, or employee of BBOA The Franchisee shall have no right or authority to bind or obligate BBOA in any way, and the Franchisee shall not attempt to do so

20 5 Non-Waiver The failure of BBOA to exercise any right or option given to it under this Agreement, or to insist upon strict compliance by Franchisee with the terms and conditions of this Agreement shall not constitute a waiver of any terms or conditions of this Agreement with respect to any other or subsequent breach, nor a waiver by BBOA of its right at any time thereafter to require exact and strict compliance with the terms and conditions of this Agreement Without limiting any of the foregoing, the acceptance of any payment specified to be paid by Franchisee under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement

Franchisee's Initials

20 6 <u>Severability</u> Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) unreasonable, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified

20 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

20 8 Modifications This Agreement may be modified, amended, or changed only by a written document signed by both BBOA and the Franchisee

20 9 Attorneys' 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 attorneys' fees, incurred in connection with the enforcement proceeding

20 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 Franchisee, 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 Franchisee 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 Franchisee choose to use email to satisfy the notice requirement, the Franchisee shall also send a separate paper copy through certified or registered mail or any other method of delivery that requires a signature at acceptance

20 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.

20 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 or having jurisdiction in the County of

Franchisee's Initials

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 Franchisee consents to the personal jurisdiction of the State or Federal courts of Massachusetts for the purpose of such action and agrees that venue, as applicable, will be proper in the County of Worcester, State of Massachusetts

20 13 Criminal Background and Credit History Prior to Franchisee obtaining any rights under this Agreement and as a condition hereof, the Franchisee shall disclose to BBOA the criminal record and credit history of all investors, owners, shareholders, managers, officers, and directors of Franchisee applying for Franchise rights hereunder Failure to truthfully disclose this information will result in termination of this Agreement as provided in Section 14 9 The investors, owners, shareholders, managers, officers, and directors of Franchisee acknowledge that BBOA will conduct this criminal background and credit check and hereby waive any rights to keep that information confidential as between investors, owners, shareholders, managers, officers, and directors of Franchisee and BBOA BBOA agrees that it will not disclose any information obtained under this Section 20 13 to third parties, unless required by law

20 14 Liquidated Damages If this Agreement is terminated, Franchisee shall pay, in addition to any other amounts owed under this Agreement, BBOA a lump-sum payment equal to the present value of all Royalty Fees that Franchisee would have paid to BBOA under this Agreement based on the average Gross Sales for each Store operated by Franchisee during the 12 months preceding the effective date of termination multiplied by the number of months remaining on the Agreement had it naturally expired and not been terminated This payment constitutes liquidated damages for causing the premature termination of this Agreement and is not a penalty Franchisee agrees and acknowledges that a precise calculation of the full extent of damages that BBOA will incur if this Agreement is prematurely terminated cannot be reasonably determined Franchisee further acknowledges that the payment of liquidated damages contemplated under this Section 20 14 is reasonable and a good-faith estimate of the damages for premature termination that BBOA may reasonably be expected to incur in such event The payment contemplated under this Section 20 14 is not a penalty and is intended by the parties only as a compensatory remedy for past breaches and not as a preventative remedy to deter future breaches Accordingly, the payment contemplated under this Section 20 14 is purely liquidated damages and does not preclude a court of competent jurisdiction from granting BBOA specific performance or any other equitable remedies such as an injunction to prevent future breaches by Franchisee The rights of BBOA to liquidated damages, specific performance, or any other equitable remedy are not mutually exclusive

20 15 State Required Addendum If the Franchise Territory is located in a state whereby that state's law requires certain terms and conditions to be included in this Agreement, such terms and conditions will be found on the State Required Addendum, which is Addendum G attached to this Agreement

20 16 Unconditional Guaranty The Franchisee, the legal owners of the Franchisee, including any shareholders of a corporation, partners of a partnership, members

of a limited liability company, trustees of a trust, Franchisee if the Franchisee is an individual, and the Franchisee's investors, shall all, contemporaneously with the execution of this Agreement, execute the Unconditional Guaranty attached hereto as Addendum D

20 17 Grant of Security Interest Franchisee hereby grants BBOA a security interest in all of the furniture, fixtures, equipment, signage, and realty (including Franchisee's interests under all real property and personal property leases) located at each Store, together with all similar property now owned or hereinafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with any Store Franchisee authorizes BBOA to file a financing statement, or any other document appropriate under applicable law, to perfect its security interest in the foregoing collateral

20 18 WAIVER OF JURY TRIAL All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for any claims related to or arising out of this Agreement, whether now existing or arising in the future

20 19 Authority If Franchisee is not an individual, the person signing this Agreement on behalf of the Franchisee hereby represents and warrants that he or she is an authorized agent of the Franchisee with the authority to enter into this Agreement and bind the Franchisee to this Agreement's terms

[REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]
[SIGNATURE PAGES TO FOLLOW]

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

BBOA

BIG BOB'S FLOORING
OUTLET OF AMERICA, INC

By

Title

Signature Date

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

FRANCHISEE

____

By

Title

Signature Date

STATE OF __________________)
)   SS
COUNTY OF _________________)

On this ___ day of ___________, 20__, before me, a Notary Public, personally appeared _________________________(FRANCHISEE'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 __________________________(ENTITY NAME) as the free act and deed of said Franchisee

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

ADDENDUM A

FRANCHISE TERRITORY

Franchise Territory

BBOA

By ______________________________

Print Name ______________________

Title ____________________________

Signature Date __________________

FRANCHISEE

By ____________________________

Print Name ____________________

Title __________________________

Signature Date ________________

ADDENDUM B

STORE AREA

Store Area

The Store Area for the individual Franchisee Store(s) under the Agreement is an 8-mile radius from each Store opened by Franchisee

Attachment A to Addendum B contains the locations of the Franchisee's Store(s)

BBOA	FRANCHISEE
By ____________________	By ____________________
Print Name _______________	Print Name _______________
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 Store(s) to be opened in the Franchise Territory or an Expansion Territory This Attachment A shall be updated during the term of the Franchise Agreement to reflect any new Store within the Franchise Territory or Expansion Territory to be opened by Franchisee and shall supersede all previous versions of this Attachment A executed by the parties

The following are the locations of the Franchisee's Store(s)

BBOA	FRANCHISEE
By ______________________________	By ______________________________
Print Name ______________________	Print Name ______________________
Title ___________________________	Title ___________________________
Signature Date __________________	Signature Date __________________

ADDENDUM C

EXPANSION TERRITORY

Expansion Territory

BBOA	FRANCHISEE
By ________________________________	By ______________________________
Print Name ________________________	Print Name ______________________
Title ______________________________	Title ___________________________
Signature Date ____________________	Signature Date __________________

ADDENDUM D

UNCONDITIONAL GUARANTY AND ASSUMPTION OF THE FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by Big Bob's Flooring Outlet of America, Inc ("BBOA") of the Franchise Agreement (the "Agreement") dated ______________, 20__ between BBOA and ______________ (the "Franchisee"), the undersigned (each a "Guarantor" and collectively the "Guarantors") 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 Franchisee 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 Franchisee 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 Franchisee 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 Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the terms of the Agreement

III Miscellaneous provisions

(1) This Guaranty shall be binding upon each Guarantor and his or her successors, transferees, assigns, estate, heirs and personal representatives and shall inure to the benefit of and be enforceable by BBOA and its 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) Each Guarantor agrees to pay to BBOA its reasonable 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 Franchisee or the Guarantor under the Agreement or pursuant to 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 Massachusetts 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, and his or her successors, assigns, heirs, and personal representatives

IN WITNESS WHEREOF, each of the undersigned Guarantors 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 FRANCHISEE
______________________ Print Name ______________	__________%
______________________ Print Name ______________	__________%
______________________ Print Name ______________	__________%
______________________ Print Name ______________	__________%
______________________ Print Name ______________	__________%

STATE OF ________________)

) SS

COUNTY OF _______________)

Sworn to and subscribed on this ___ day of __________, 20__, before me, a Notary Public, personally appeared ______________________ (GUARANTOR), who, being known to me and under oath, did state that the foregoing Agreement was freely signed by him/ her

____

Notary Public

My Commission Expires

STATE OF ________________)

) SS

COUNTY OF _______________)

Sworn to and subscribed on this ___ day of __________, 20__, before me, a Notary Public, personally appeared ______________________ (GUARANTOR), who, being known to me and under oath, did state that the foregoing Agreement was freely signed by him/ her

____

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 INSTITUTION 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

EXHIBIT F

ADDENDUM TO LEASE AGREEMENT

This Addendum to the Lease Agreement (this "Addendum") is entered into this ____ day of ______, 2018 by and between ________________, ______________________ ("Tenant") and ______________________ ("Landlord") and supplements and forms a part of the lease agreement (the "Lease") between Landlord and Tenant for the premises located at ____________ (the "Premises") In the event of a conflict between the provisions of the Lease and the provisions of this Addendum, the provisions of this Addendum will control

W I T N E S S E T H

WHEREAS, Big Bob's Flooring Outlet of America, Inc (Franchisor") offers franchises to qualified third parties to operate flooring outlets operating under the name "Big Bob's Flooring Outlet", including ' Big Bob's," "Big Bob's Outlet," and other Franchisor licensed trademarks, and

WHEREAS, Franchisor and Tenant executed a Franchise Agreement dated the ___day of ________, 2018 (the "Franchise Agreement") which grants Tenant the right to operate a Big Bob's flooring franchise at the Premises pursuant to the terms and conditions set forth in the Franchise Agreement, and

WHEREAS, Landlord and Tenant acknowledge and agree that this Addendum is entered into in connection with the grant of a franchise by Franchisor to Tenant in accordance with the terms of the Franchise Agreement As such, Landlord and Tenant acknowledge and agree that Franchisor is an intended third-party beneficiary of this Addendum with an independent right to enforce any and all of its terms

NOW THEREFORE, Landlord and Tenant agree to modify the terms of the Lease as more specifically set forth below in order that the Lease may comply with the Franchise Agreement

1 Conflicting Terms Landlord and Tenant agree that in the event of a conflict between the terms of the Lease and this Addendum, the terms of this Addendum shall control

2 Permitted Use Landlord agrees that Tenant may use the Premises as is proper and necessary to operate as a franchisee of Franchisor and to comply with the Franchise Agreement

3 Franchisor's Option to Assume Lease

(a) If Tenant defaults under the Lease for the Premises, or if Tenant defaults under the terms of Tenant's Franchise Agreement covering the Premises, Landlord and Tenant acknowledge and agree that Franchisor will have the option to assume the

Lease pursuant to the terms set forth herein This Option supplements and forms a part of the Lease

(b) Landlord shall deliver to Franchisor at the address below (or such other address as later designated in writing) copies of any and all default letters or notices sent to Tenant relating to the Tenant or the Premises at the same time that such default letters or notices are sent to Tenant Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Tenant and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Tenant's rights, title and interests thereunder Franchisor shall have the same cure period as Tenant but in no way shall this be deemed to extend the cure period beyond that period of time given to Tenant by Landlord, except that if the Lease does not provide for any cure period for certain events of default, Franchisor shall have not less than ten (10) days following receipt of a default notice to exercise its option to assume the Lease pursuant hereto

Franchisor notice address
Big Bob's Flooring Outlet of America, Inc
Attn Vinnie Virga, President
470 Southbridge Street
Auburn, Massachusetts 01501

(c) Franchisor agrees to give written notice to Landlord if Franchisor terminates Tenant's Franchise Agreement and, in such notice, will request that Landlord provide Franchisor with a copy of the Lease and specify any of Tenant's defaults thereunder

(d) Landlord and Tenant agree that Franchisor (or one of its affiliates) may notify Landlord and Tenant of Franchisor's decision to assume the Lease in the event that (i) Tenant defaults under the terms of the Lease and Franchisor elects to cure such default and assume all of the Tenant's rights and obligations under the Lease, or (ii) that Franchisor has terminated Tenant's Franchise Agreement covering the Premises and has elected to assume all of the Tenant's rights and obligations under the Lease If Franchisor exercises its right to assume the Lease by sending Landlord and Tenant the required notice as provided in the prior sentence, (i) Landlord will deliver possession of the Premises to Franchisor, and (ii) Franchisor will, immediately upon such delivery, cure all of Tenant's monetary defaults under the Lease, begin curing all of Tenant's non-monetary defaults under the Lease and cure such non-monetary defaults within a reasonable time thereafter, and execute an agreement pursuant to which Franchisor agrees to assume all of Tenant's rights and obligations under the Lease, subject to Paragraph 3(e)

(e) If Franchisor exercises its right to assume the Lease pursuant to Paragraph 3(d), Landlord agrees that Franchisor (i) may, without Landlord's consent, sublet the Premises or assign the Lease to an approved franchisee of Franchisor provided Franchisor remains liable for the payment of rent and the performance of Tenant's duties under the Lease, (ii) may assign, without recourse, its rights under the Lease upon receiving Landlord's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, (iii) may, at its option, terminate the existing Lease and enter into a new lease agreement with Landlord on the same terms and conditions set forth in the Lease, (iv) will not be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, (v) will not be subject to any provision of the Lease that requires Tenant to continuously operate a business in the Premises during any period that the Premises is closed for remodeling or while Franchisor is seeking to obtain and train a new franchisee, provided however, that such period of closure will not exceed ninety (90) days in each instance, and (vi) may, if it subleases the Premises to a franchisee as provided above, retain all rent or other consideration payable under such sublease

(f) If Franchisor exercises its right to assume the Lease pursuant hereto, within ten (10) days after written demand, Tenant agrees to assign all of its right, title and interest in the Lease to Franchisor and Tenant shall execute and deliver to Franchisor or such Affiliate such assignment and take such further action as Franchisor or such Affiliate, as applicable, in its sole and absolute discretion, may deem necessary or advisable to effect such assignment

(g) Notwithstanding anything to the contrary contained herein, Tenant shall remain liable to Landlord for all of its obligations under the Lease and to Franchisor for all amounts that Franchisor pays to Landlord to cure Tenant's defaults under the Lease, including interest, reasonable collection costs and de-identification costs

(h) Landlord and Tenant agree that Franchisor may assign this Option and its rights hereunder to any affiliate, subsidiary, parent, successor or assign of Franchisor

(i) Landlord acknowledges that by inclusion of this provision in favor of Franchisor, Franchisor is not a party to the Lease and does not hereby assume any liability with respect to the Premises or any obligation as Tenant under the Lease, unless and until Franchisor expressly assumes such liability as described above Franchisor is intended to be a third party beneficiary of this Addendum to Lease with an independent right to enforce its terms against Landlord and Tenant Landlord and Tenant hereby waive any claim that Franchisor has no right to enforce the terms set forth herein

4 <u>Franchisor's Right of Entry and Right to Remove Trade Dress</u> Landlord and Tenant hereby acknowledge that Tenant has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents Landlord and Tenant hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Tenant is obligated to take certain steps under the Franchise Agreement to de-identify the location as a Big Bob's Flooring Outlet Landlord agrees to permit Franchisor, its employees or agents, to enter the Premises and remove signs (both interior and exterior),decor, design elements, and

materials displaying any marks, designs or logos, or other materials of any kind owned by, or related to, Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof

5 Franchisor's Consent to Certain Lease Amendments and Assignment by Tenant During the Term of the Franchise Agreement, Tenant and Landlord agree that they will not (a) assign nor sublease Tenant's interest in the Lease without the prior written consent of Franchisor, (b) amend, modify, or alter any Lease term without Franchisor's written consent

6 Tenant's Use of Premises Following Expiration or Termination of the Franchise Agreement Landlord and Tenant agree for a period of one (1) year following expiration or termination of the Franchise Agreement for any reason, neither Tenant nor any of Tenant's Principal Owners may use the Premises for any flooring business that sells 1st quality "cash & carry" running line, promotional goods, overruns, and plunder floor coverings, with the exception of the operation of a running line 1st quality "sample store" with no inventory, similar to Carpet One, Flooring America, ProSource, or Schumacher & Co Custom Hardwood Floors "Principal Owner" as used herein means those individuals or entities with a direct or indirect ownership interest in Tenant of ten percent (10%) or more

7 Confidential Information Landlord agrees that it shall use commercially reasonable efforts to treat any data pertaining to sales at the Premises ("Confidential Sales Data") as confidential information and to limit disclosure to its employees, lenders, attorneys' and accountants on a need to know basis Landlord may disclose the Confidential Sales Data to government authorities or agencies as required by law, or as required by judicial order Landlord may disclose the Confidential Sales Data to its brokers or any prospective purchasers of all or any portion of the Premises and their lenders, brokers, attorneys, and accountants only if such recipient(s) prior to disclosure, agree in writing for the benefit of Franchisor and Franchisee to use such Confidential Sales Data solely for the purpose of evaluating the contemplated transaction and to maintain the confidentiality of such information

8 Further Assurances The parties agree to execute any and all documents necessary to carry out the effect and intent of this Addendum and the Franchise Agreement, including but without limitation, Landlord agrees to terminate the current Lease at Franchisor's discretion and enter into a new lease agreement with Franchisor on the same terms and conditions as the current Lease, provided that Franchisor pays, as consideration for such new lease, any and all amounts necessary to cure any payment default of Tenant under the Lease

9 Binding Effect This Addendum to Lease shall be binding on Landlord and Tenant's successors and assigns Franchisor is intended to be a third party beneficiary of these provisions of the Lease, and as such, may enforce such provisions in accordance with applicable law, having relied thereon

10 This Addendum to Lease may be signed in any number of counterparts by facsimile or otherwise, each of which shall be deemed an original, but all of which shall constitute one and the same instrument A facsimile signature may be used for any purpose in lieu of an original signature

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned authorized representatives of Landlord and Tenant have executed and delivered this Addendum to Lease on the __ day of ________, 20__

LANDLORD

____

By ______________________________

Title ______________________________

STATE OF __________)
)
COUNTY OF ________)

On this ___ day of _______, 20__, before me, a Notary Public, personally appeared ___________, (LANDLORD'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 ________________ (ENTITY NAME) as the free act and deed of said company/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 Expired _______________

TENANT·

____

By ____________________________

Title __________________________

STATE OF ___________)
)
COUNTY OF ________)

On this ___ day of _______, 20__, before me, a Notary Public, personally appeared _____________ (TENANT'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 ________________ (ENTITY NAME) as the free act and deed of said company/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 Expired _______________

ADDENDUM G

STATE REQUIRED ADDENDUM

CALIFORNIA

The State of California requires the following terms and conditions be included in the Franchise Agreement Notwithstanding any other terms and conditions to the contrary, any conflict between the terms and conditions of the Franchise Agreement and the terms and conditions of the State Required Addendum shall be resolved in favor of the Addendum

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 compete 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

11 Big Bob's Flooring Outlet of America, Inc has elected an escrow condition All fees paid to Big Bob's Flooring Outlet of America, Inc by a franchisee, including payments for goods and services received from Big Bob's Flooring Outlet of America, Inc before the business opens, will be held in escrow pending satisfaction of all of Big Bob's Flooring Outlet of America, Inc's pre-opening obligations to the franchisee The name of the California depository where the escrow account has been established is Wilmington Trust, National Association

ADDENDUM H

CURRENT LIST OF APPROVED SUPPLIERS

This list is the approved core supplier list for Big Bobs Flooring Outlet of America, Inc as of April 1, 2018

Please note that the suppliers and vendors may be added or removed at any time

Flooring

- **All Tile**
- **Am Olean / DalTile / Marazzi**
- **Armstrong**
- **Congoleum**
- **Dixie Home**
- **Dreamweaver/Engineered Floors**
- **Foam Products**
- **Florstar**
- **Glazzio Tiles**
- **Hank's**
- **Invista / Stainmaster**
- **IVC**
- **J. J. Haines**
- **Jaeckle**
- **Kraus Flooring**
- **Leggett & Platt**
- **Lexmark**
- **Lonesome Oak**
- **Mannington**
- **Nance Industries**
- **Nourison**
- **Phenix**
- **Ribadao**
- **Surface Art**
- **Unilin Quick-Step**
- **US Floors**
- **Warmly Yours**
- **Wicanders/Amorim**

Kitchen & Bath

- **2020**
- **AMBA**

- **Artisan**
- **Bertch Bath**
- **Graber / Spring Window Fashions**
- **Hardware Resources/Top Knobs/Atlas Homewares**
- **Hunter Douglas**
- **KBRS**
- **Lafayette Interior Fashions**
- **MasterBrand Cabinets / Mid Continent Cab.**
- **Rubbermaid Closets**
- **Solatech**
- **The Stock Market**
- **Wolf Home Products**

Décor

- **Accu-cut**
- **Holland Bar Stools**
- **Powernail**
- **Rubi Tools**
- **York Wallcoverings**

Services

- **Colonial Life**
- **Creating Your Space**
- **CSG Partners**
- **Flooring Financial**
- **IMA**
- **Mail America**
- **RFMS**
- **Synchrony Finance**
- **TAG Resources**
- **TSYS / ONTOP**
- **Xintory**
- **Xpress Global Systems**

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

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
New York State Department of Law
120 Broadway 23rd fl
New York, NY 10271

NORTH DAKOTA
Securities Commissioner
State of North Dakota
Capital Building
Bismarck, North Dakota 58505

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 537

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 "BBOA"), 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 BBOA,

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 BBOA,

WHEREAS _________________, BBOA 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 BBOA, 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, BBOA 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 BBOA 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 of America, Inc Prospective Franchisee

EXHIBIT G
CURRENT LIST OF FRANCHISEES

All current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2017

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
Colorado	Guy Ferrell	2540 S Academy Colorado Springs, CO 80916	719/391-9501
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
Kentucky	Ken Weisbacher	3819 Winston Ave Covington, KY 41015	606/261-8000
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
Ohio	Ken Weisbacher	6960 Colerain Ave Cincinnati, OH 45239	513/521-7900
		130 Woodman Dr Dayton, OH 45431	937/253-7700
		466 W Broad St Columbus, OH 43228	614/276-5800
		3819 Winston Ave Covington, KY 41015	859/261-8000
		3467 Highland Ave Cincinnati, OH 45123	513/531-8282
Ohio	Pat Williams	24331 Miles Rd, Suite B, Warrensville Heights, OH 44128	216/468-1180

Franchisee State	Franchisee Name	Address of Franchisee	Phone
Oklahoma	Russell Hunt	4600 South I-35 Oklahoma City, OK 73129	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
		97 Gateway Dr Mechanicsburg, PA 17050	717/590-8053
		820 Plaza Blvd Lancaster, PA 17601	717/826-9083

EXHIBIT H
LIST OF FRANCHISEES THAT CEASED OPERATIONS

Franchisee State	Franchisee Name	City	Phone
California	Bart Robinson	3713 Hammer Lane Stockton, CA 95215	209/951-9400
Kansas	Aaron Pirner	1900 E Pawnee Wichita, KS 67211	316/264-2627
Virginia	Tara Tyler	2318 York Crossing Dr Hayes, VA 23072	804/642-3077

EXHIBIT I—COMPANY 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 16, 2018

See Exhibit E 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	Addendum to Lease Agreement
	Addendum G	State Required Addendum
	Addendum H	Current List of Approved Suppliers
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 ___________

EXHIBIT I—PROSPECTIVE FRANCHISEE 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 16, 2018

See Exhibit E 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 Addendum to Lease Agreement
	Addendum G State Required Addendum
	Addendum H Current List of Approved Suppliers
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

____________________ Name of business entity

By ______________ Title ____________

If an Individual

____________________ Print Name