FRANCHISE DISCLOSURE DOCUMENT

BOULDER DESIGNS FRANCHISING, LLC,
a Texas Limited Liability Company
2324 N. Robinson Drive
Waco, Texas 76706
(877) 892-2954
info@boulderdesigns.net
www.boulderdesigns.net

You will provide high-quality custom landscape boulders and business signage for residential, commercial, and industrial customers under the service mark "BOULDER DESIGNS."

The total investment necessary for a single BOULDER DESIGNS franchise ranges from $140,375 to $168,580. This includes the $132,250 to $134,750 that must be paid to the franchisor or affiliate. The total investment necessary for two BOULDER DESIGNS franchises ranges from $188,860 to $ $215,565. This includes the $179,250 to $181,750 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Frank J. "Butch" Mogavero at 2324 N. Robinson Drive, Waco, Texas 76706, or email at info@boulderdesigns.net or telephone him at (877) 892-2954.

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

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

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

Issuance Date: March 22, 2024

How To Use This Franchise Disclosure Document

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

What you Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

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

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

3. Financial Condition. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

The Franchisee will be required to make an estimated initial investment ranging from $140,375 to $168,580. These amounts exceed the Franchisor's stockholder's equity as of December 31, 2023, which is ($3,810,894).

4. Mandatory Minimum Payments. You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

5. **Sales Performance**. Sales performance may be required with a 30 day notice. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in a loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

6. **Turnover Rate**. In the last year, a high percentage of franchised outlets not renewed, transferred or ceased operation for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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

NOTICE REQUIRED BY THE STATE OF MICHIGAN

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition of your right to join an association of Franchisees;

(b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of your rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims;

(c) A provision that permits the franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure;

(d) A provision that permits the franchisor to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to the franchisor, and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the Franchised Business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than five years, and (b) you are prohibited by the franchise agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise;

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision in the Franchise Agreement or other agreement;

(f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of arbitration or litigation, to conduct arbitration at a location outside of Michigan;

(g) A provision that permits the franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent the franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to, the following:

i. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards;

ii. The fact that the proposed transferee is a competitor of the franchisor;

iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations;

iv. The failure of the franchisee or proposed transferee to pay us any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer;

(h) A provision that requires you to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants the franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does it prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if

you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c), above;

(i) A provision that permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services;

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure document, the words "we," "our" and "us" refer to Boulder Designs Franchising, LLC, the franchisor. "You" and "your" refer to the person who buys the franchise, whether you are an individual, a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this disclosure document also apply to your owners.

The Franchisor and its Parent, Predecessors, and Affiliates

We were organized as a limited liability company in Texas on September 29, 2017. Our principal business address is 2324 N. Robinson Drive, Waco, Texas, 76706. We do business under our company name and the names "Boulder Designs Franchising" and "Boulder Designs". We have offered franchises since October 1, 2017, and have never operated a business of the type described in this disclosure document. Our agent for service of process is disclosed in Exhibit H of this disclosure document.

Boulder Designs is currently owned and operated by Frank J. "Butch" Mogavero and his wife Mrs. Robin Mogavero. Mrs. Robin Mogavero currently operates as Treasurer and Director of Human Resources for us.

We have no parent company. We acquired the majority of our assets from Mogavero Investments, LLC ("Mogavero Investments") as part of a reorganization that took place on September 29, 2017. Mogavero Investments acquired all BOULDER DESIGN-related assets from Border Magic, LLC, in a sale that took place in December 2015.

Border Magic, LLC offered franchises from 2002 until December 2015, and had approximately 57 Boulder Designs franchises and 38 Border Magic franchises at the time of the sale.

Mogavero Investments offered Boulder Designs and Border Magic franchises from December 2015 until its reorganization in September 2017 and, during that time, sold approximately 65 Boulder Designs franchises and 25 Border Magic franchises. Except for these brands, Mogavero Investments never offered franchises in any other line of business. Mogavero Investments shares our principal business address at 2324 N. Robinson Drive, Waco, Texas 76706.

Our affiliate, Border Magic Franchising, LLC ("Border Magic") has been franchising the operation of Border Magic franchises since September 2017. Border Magic franchises provide custom continuous concrete landscape edging, curbing and walkways for residential, commercial and industrial consumers. Border Magic shares our principal business address at 2324 N. Robinson Drive, Waco, Texas 76706. If you elect to purchase a Border Magic franchise you must receive a copy of the Border Magic disclosure document for the purpose of enabling you to evaluate that franchise opportunity.

The Franchise Offered

We grant franchises to qualified persons or business entities for the operation of businesses providing high-quality custom residential and commercial landscape boulders made of sand that are in any shape, size, or color, and business signage under the service mark "BOULDER DESIGNS" and other related logos (collectively referred to as the "Marks"). We refer to these businesses as "Boulder Designs Businesses." We refer to the Boulder Designs Business that you will operate as the "Franchised Business."

You will operate the Franchised Business in accordance with our proprietary business format and system, standards, methods, procedures and specifications, which we change and improve from time to time ("System"), and which are more particularly described in our franchise agreement and our confidential operations manual ("Operations Manual").

Market and Competition

The market for engraved commercial signage boulders and residential landscape boulders is developing and, while competitive in the landscape sector, boulder-looking signage is a newly undeveloped market in the signage industry. The Franchised Business will compete primarily with providers of other traditional looking forms of exterior signage and engravers which are limited in the size of engraved boulders they can offer.

Industry-Specific Regulations

The construction and landscaping industry is regulated. Some states, counties, or city may require a landscape and/or contractor license, and/or surety bonds.

Additionally, you must comply with all rules, laws and regulations relating to the construction industry, and all rules that apply to construction businesses and business generally including but not limited to, regulations by the U.S. General Services Administration, and those laws issued and enforced by state and local health departments.

You must comply with these rules and regulations and must consider these and other applicable laws and regulations when evaluating your purchase of a franchise.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer: Frank J. "Butch" Mogavero

Frank Mogavero has served as our Chief Executive Officer since our formation in September 2017 to present in Waco, Texas. He also has served as Chief Executive Officer of Border Magic since September 2017 and as Chief Executive Officer of Mogavero Investments since July 2015 to present in Waco Texas. He also owns a landscape service business, The Curb Guys, a business he has owned since 2001 in Waco, Texas.

Treasurer/Director of Human Resources: Robin Mogavero

Mrs. Mogavero has served as our Treasurer and Director of Human Resources in Waco, Texas since our formation in September 2017 to present day. She also has served as Treasurer and Director of Human Resources of Border Magic since September 2017 and as Treasurer and Director of Human Resources of Mogavero Investments since January 2016 to present in Waco Texas. She has been Team Leader for Insurers of Texas in Waco, Texas since January 2009 to present.

Chief Operations Officer: Les Sander

Mr. Sander has served as our Chief Operations Officer since our formation in September 2017 to present in Waco, Texas. He also has served as Chief Operations Officer of Border Magic since September 2017 to present, and served as Chief Operations Officer of Mogavero Investments from January 2016 to September 2017, all in Waco, Texas.

Franchise Operations Consultant: John Appel

Mr. Appel has been providing consulting services for Boulder Designs and Border Magic since January 2016 to present in Waco Texas.

ITEM 3 LITIGATION

Jablonowski, et al. v. Mogavero, et al., in the District Court of McLennan County, Texas (Case Number 2018-4170-4). On November 14, 2018, the plaintiff, our former franchisee and its principals sued us, Mogavero Investments, LLC, and our Chief Executive Officer asserting claims for deceptive and unfair trade practices, common law fraud, and breach of fiduciary duty, and seeking rescission and damages in amounts to be determined by the court. On December 21, 2018, we filed an answer denying all claims and asserted counterclaims against the plaintiffs seeking over $70,000 in damages, attorneys' fees and

costs. Plaintiffs filed their notice of nonsuit against Border Magic Franchising, LLC on March 27, 2019. On August 6, 2021 the parties entered into a confidential settlement agreement wherein Boulder agreed to pay $120,000 and the parties released each other from any and all claims, causes of action, suits, or debts.

Boulder Designs Franchising, LLC v. Town & Country Lawn Care and Landscape, Inc., et al (Case No. 3:20-CV-00992), in the US District Court for the Southern District of Illinois, filed on September 20, 2020. The parties are Plaintiff, Boulder Design Franchising, LLC and Defendants, Town & Country Lawn Care and Landscape, Inc., d/b/a T AND C Custom Boulders, Steve Palazzolo, individually, and Renee Palazolo, individually. Franchisor brought a suit for breach of contract for improperly retaining and disclosing Franchisor's confidential, proprietary, and trade secret information, and soliciting Franchisor's customers; violations of the Illinois Trade Secrets Act by using and disclosing Franchisor's confidential information without the express or implied consent of Franchisor to directly compete with Franchisor; unfair competition resulting from advertising using pictures of Franchisor's products and passing them as their own and disparaging Franchisor to potential customers and franchisees; and an injunction enjoining Defendants from using, accessing, or possessing proprietary and confidential information and returning such information, and soliciting Franchisor's customers during the term of Defendant's restrictive covenants. On September 30, 2021 the parties entered into a confidential settlement agreement wherein T&C agreed to compensate Boulder $20,000.00 and refrain from using or disclosing Boulder's confidential information and trade secrets.

Boulder v Sanford and Red Art (Case No. No. 21-0846-C26), in the District Court of McLennan County, Texas, filed on June 14, 2021. Boulder filed a lawsuit claiming breaches of contract against one of its franchisees, Mr. and Mrs. Sanford, and a third-party affiliated with the franchisee for disclosing its trade secrets and confidential information in violation of the agreements of the parties. On June 16, 2021, a temporary restraining order was issued against all defendants to protect Boulders trade secrets and confidential information. On December 20, 2021, Boulder reached a confidential settlement agreement with Mr. and Mr. Sanford to terminate their franchise agreement and cease use of the Boulder trademarks and trade secrets and Mr. and Mrs. Sanford paid a termination fee of $6,624.00. On March 23, 2022, Boulder reached a confidential settlement agreement with Red Art where Red Art agreed not to use or disclose confidential information or trade secrets in violation of any agreement between the parties.

Border Magic Franchising, LLC and Boulder Designs Franchising LLC v Unlimited Concrete Designs, LLC Patrick Drake, and Angela Miller. Boulder Designs filed a lawsuit in October 26, 2022 claiming breaches of contract against one of its franchisees and sought to restrain and prevent a former franchisee from operating a competitive business and seeking to recover $1,600.00 in unpaid royalties. A temporary restraining order was issued against the franchisee in this case to enforce the noncompete provisions of the franchise agreement, and as of February 2024, the case remains pending. No other damages have been requested.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

When you sign the franchise agreement, you will pay us a $63,000 initial franchise fee for a single Boulder Designs franchise, which is uniformly imposed and fully earned and nonrefundable upon payment.

The initial franchise fee for the purchase of two Boulder Designs franchises at the same time is $110,000 ($55,000 *2). The initial franchise fee for any subsequent Boulder Designs franchise is $55,000.

Equipment and Supplies Package

When you sign the franchise agreement, you will also pay us $57,250 to purchase a processor machine, trailer, necessary equipment, marketing, electric 12 cubic foot hydraulic stationary mixer, and initial

supplies. This amount is fully earned and nonrefundable upon payment. Any upgrades and related costs must be paid before signing the franchise agreement.

The purchase price does not include shipping costs, which are your responsibility.

We may, at our discretion, finance up to 50% of the equipment and supplies package if it is new equipment or up to 75% if it is used or refurbished equipment. See Item 10 for more details.

If you are purchasing two franchises at the same time, you only need to initially purchase one equipment and supplies package to service both franchises until such time as volume necessitates the need to purchase a second equipment and supplies package.

Re-Boot Training

We require that you successfully complete our Re-Boot Training at least 120 days prior to your scheduled initial training session. Re-Boot Training is in addition to the required initial training session. However, should you and/or your Internal Manager fail to attend this Re-Boot Training within this specified time period, we will charge you a flat rate of $2,500 for the training. Payment of the Re-Boot Training fee is due prior to attending training and is non-refundable. This fee is uniformly imposed on all franchisees. You are responsible for all other related costs you may incur for you and/or your Internal Manager to attend this training.

Initial Training Fee.

When you sign the franchise agreement, you will also pay us $12,000 for you and your initial manager to attend and complete one level of training (Initial Training) over the course of approximately five business days. The Initial Training amount is fully earned and nonrefundable upon completion of your training. If you do not successfully complete the initial training, we reserve the right to deduct any amount from your Initial Training Fee to cover our expense and the cost of providing the initial training course in addition to you paying us the On-Site Training Cancellation Fee.

All amounts paid under this Item 5 are fully earned and nonrefundable upon your payment unless otherwise stated in this disclosure document.

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ITEM 6 OTHER FEES

Name of Fee	Amount[1]	Due Date	Remarks
Royalty Fee[2]	The greater of: (i) The percentage of Collected Gross Revenue in accordance with the following schedule: 7% of Gross Revenue Or (ii) The minimum monthly Royalty Fee in accordance with the following schedule: Year 1 - $595/month Year 2 - $795/ month Year 3 thru remainder of term $950/month	First day of each month	
National Accounts Fee[3]	15% of Gross Revenues[4]	On or around the first day of each month	
Technology Fee[5]	Currently $65 per month, but up to $150 per month capped fee, which will automatically increase each calendar year by an amount not to exceed 10% of the prior year's cap.	Monthly	For the development and use of online and System technology, including but not limited to internet, website, email, intranet/extranet, and communications technologies, some of which may be implemented in the future.
Mandatory Local Advertising	At least 10% of Annual Gross Revenues	As invoiced	After you have begun operations, by the 31st of January of each year, you must furnish us an accurate accounting of your expenditures on local advertising for the preceding one-year period.
Marketing Fee	Currently $0 per month, but when implemented up to $200 per month capped fee	Monthly	We will provide you with prior notice before any increases in the monthly Marketing Fee are imposed. The fee cap will automatically increase each

Name of Fee	Amount[1]	Due Date	Remarks
			calendar year by an amount not to exceed 10% of the prior year's cap.
Late Fees	$100 per incident	11th day of each month	Applies to all overdue Royalty Fees, and other amounts due to us. Also applies to any understatement in amounts due revealed by an audit. Late fees will continue to accrue each month when balances due from previous months carry over into the current month.
Insufficient Funds Fee	$100 per incident	Upon demand	Applies to all non-approved (ACH Debit) or returned payments made by you that do not fund or clear you bank for any reason whatsoever.
Audit Expenses	All costs and expenses associated with audit	Upon demand	Payable only if the audit shows an understatement in amounts due of 2% or more.
Insurance Policies	Amount of unpaid premiums plus our reasonable expenses in obtaining the policies	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	$7,500	Time of transfer	Due when informing us of a transfer, which is not refundable.
Non-ACH payment Convenience Fee	4% of amount charged	When incurred	If you choose not to participate in the ACH (EFT) program for payment of monthly fees, a 4% convenience fee will be charged for other forms of payment as we deem necessary, unless modified by state law.
Initial Training Fee	$12,000		Prior to opening your franchised business, you must pay us for you and your initial manager to attend and complete one level of training (Initial Training) over the course of approximately five business days. The Initial Training amount is fully earned and nonrefundable upon completion of your training. If you do not

Name of Fee	Amount[1]	Due Date	Remarks
			successfully complete the initial training, we reserve the right to deduct any amount from your Initial Training Fee to cover our expense and the cost of providing the initial training course in addition to you paying us the On-Site Training Cancellation Fee.
Additional Initial Training	$7,250	Time of service	Due for example, if you transfer controlling interest to a new owner, and/or you appoint a new Internal Manager.
Other Additional Training [6]	$1,100 per day, per attendee or $5,500 per week, per attendee whichever is higher	Time of service	If additional training is requested, or if we deem that additional training is necessary fees for additional training will be incurred subject to our discretion.
On-Site Training Cancellation Fee	Our then-current on-site training cancellation fee	Upon demand	May vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.
National or Regional Meetings	$795 per year	May 1st	Covers entrance fees and concessions for up to two attendees, and does not include lodging and airfare costs. Additional attendees will be billed at $150 each. Attendance is mandatory; non-attendance incurs a penalty of $795
Indemnification/Legal Fees	All costs including attorneys' fees.	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Franchised Business.
Renewal Fees	$5,500	270-90 days prior to termination; no later than upon execution of renewal agreement	

Name of Fee	Amount[1]	Due Date	Remarks
Replacement Operations Manuals	$1,500 each	Upon request	Payable if you require a replacement copy or fail to return the manual upon termination of the Franchise Agreement.
Liquidated Damages on Confidential Information Disclosure only	$20,000 per breach	Upon demand	This is contained in the Confidentiality Agreement attached as Exhibit C, and only applies prior to becoming a Franchisee.
Liquidated Damages	$950 multiplied by number of months remaining in the franchise term	Upon termination	If your franchise agreement terminates during the first year, liquidated damages will be calculated at $595 per month until the first anniversary, and $795 per month until the second anniversary, and $950 thereafter.
Referral Commission for Transfer to Corporate Lead	$39,500 or 15% of the total sale price of the franchised business, whichever is greater	Upon Demand	If, we introduce you to the transferee or the transferee was otherwise part of our sales pipeline, then you will pay a referral commission in the amount of $39,500 or 15% of the total sale price of the franchised business, whichever is greater.
Default Fee	$1,500 per event of default, plus the cost of re-inspections and the costs of enforcing compliance	Within 3 days of our demand.	Applies if you are in default under this Agreement.
Encroachment Fee	$1,000 per job performed to us and 50% of revenue generated from such sale to the franchisee whose protected area in which the sale was made.	Upon Demand	If you accept clients outside of your Territory, and if that area is another franchisee's territory, you must pay us and the franchisee the Encroachment Fee.

Note 1. The fees are uniformly imposed and nonrefundable unless noted otherwise below or in the Remarks column. Royalty Fees, Audit Expenses, Transfer Fees, plus any other amounts you owe us will be deducted from payments that your customers submit to you under the Order Processing System, or as a separate ACH withdrawal if warranted (see Item 8).

Note 2. We have the right, periodically and in our discretion, to limit the size of products you may offer (e.g., boulders exceeding a certain weight), and/or may condition your right to offer certain types or sizes of products on your compliance with our then-current guidelines and/or agreement to pay additional administrative or assistance fees.

Note 3. We may market and negotiate National Account programs to serve clients across territories and often from multiple franchisees. If we negotiate such National Accounts and if you choose to participate in the National Accounts program, and if we successfully complete an agreement with a National Accounts program in your Territory, you will pay us 15% of the Gross Revenues you received from the sale from the National Accounts projects assigned to you. Additionally, if you choose to participate in the National Account program, and if we agree to terms with any National Account, you must provide products and services to all valid members of the National Account on those prices and terms we may require. If you do not participate in the National Accounts program or refuse a National Accounts project in your Territory, we have the uninhibited right to utilize another Boulder Designs franchisee or assign the project to our affiliate and you are not entitled to any compensation if we or another franchisee provides such services in your Territory We do not offer any compensation or finder's fees to you with respect to either acquiring National Accounts, your participation in National Accounts, or another party fulfilling National Accounts projects in your Territory. Currently we offer a National Headstone Program and under the National Headstone Program, we will collect the project deposit (based on the total project cost, template and material selected by the customer) and provide you with design, proof, customer information. We will keep the project deposit and you will have the right to the remaining balance for the project. Gross revenue collected for the National Headstone Program shall not be subject to 15% National Accounts Fee as mentioned in this Item 6.

Note 4. "Gross Revenues" means the aggregate of all income and monthly fees Franchisee receives from customers for the purchase or provision of any goods or services, including enrollment fees, or any other person or business entity for the Franchised Business in connection with the Franchised Business (whether or not in accordance with the terms of the Franchise Agreement) and whether for check, cash, credit or otherwise, from the sale of products and services (including service charges in lieu of gratuity) regardless of the dollar amount Franchisee sells each product or service for, including, without limitation, all proceeds from any business interruption insurance and any revenue generated from National Accounts, but excluding (a) all insurance payments, check, cash, credit or debit card refunds made in good faith provided, prior to granting the refunds, the revenue related to the refunds was included in Gross Revenues, (b) any sales and equivalent taxes that Franchisee collects for or on behalf of and pay to any governmental taxing authority, and (c) any rebate Franchisee receives from a manufacturer or supplier.

Note 5. Franchisor may provide you 10 days' notice of any increase to the then-current monthly Technology Fee.

Note 6. These amounts are estimates and approximate the average charge for services. Charges may vary based upon the actual time spent by our staff and the duration of the training or assistance provided. Lower amount assumes training provided to one attendee for one day and the higher amount assumes the cost for one attendee for five days.

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ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

SINGLE FRANCHISE

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[2]	$63,000	Lump sum	Upon signing franchise agreement	Us
Initial Training[3]	$12,000	Lump sum	Upon signing franchise agreement	Us
Site lease[4]	$0 to $3,500	As incurred	At landlord's discretion	Landlord
Processor Machine Trailer, Equipment, Marketing, and Supplies Package[5]	$57,250	Lump sum	Before commencing operations	Us
Shipping Cost[5]	$0 to $5,500	As incurred	Before commencing operations	Third party vendor
Vehicle lease or financing[6]	$1,500 to $2,000	As arranged	Monthly/as arranged, a portion before opening	Leasing/financing Company
Hand Tools/Material Handling	$750 to $3,500	As incurred	Before commencing operations	Third party vendors
Computer & Office Equipment[7]	$0 to $1,750	As incurred	Before commencing operations	Third party vendors
Telephone/cell phone	$0 to $750	As incurred	As invoiced	Third party vendors
Signage	$50 to $200	As incurred	Before commencing operations	Third party vendors
Travel and living expenses while training[8]	$500 to $1,500	As incurred	During training/before Opening	Airlines, hotels, car rental companies, restaurants, etc.
Insurance[9]	$50 to $750	As arranged	Monthly/as arranged, a	Insurance company

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
			portion before opening	
Vehicle Insurance[9]	$35 to $500	As arranged	Monthly/as arranged, a portion before opening	Insurance company
Licensing and permits	$500 to $2,500	As incurred	During training/ before opening	Third party vendors
Uniforms[10]	$60 to $200	As arranged	As incurred	Third party suppliers and vendors
Legal/Accounting	$500 to $2,000	As arranged	As incurred	Your chosen professionals
Re-Boot Training Fee[8]	$0 to $2,500	As arranged	Prior to training	Us
Additional Funds[11] (3 months)	$4,180 to $9,180	As incurred	As incurred	
Total[12]	$140,375 to $168,580			

YOUR ESTIMATED INITIAL INVESTMENT

TWO BOULDER DESIGNS FRANCHISES ACQUIRED AT THE SAME TIME

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[2/13]	$110,000	Lump sum	Upon signing franchise agreement	Us
Additional Funds[10/12] (3 months)	$5,665 to $10,665	As incurred	As incurred	
All other expenditures listed in the chart above[13]	$73,195 to $94,400	As stated	As stated	As stated
Total[12/13]	$188,860 to $215,565			

Notes:

Note 1. All payments are payable to us and are nonrefundable unless otherwise stated.

Note 2. See Item 5 for more information about the initial franchise fee and available discounts.

Note 3. When you sign the franchise agreement, you will also pay us $12,000 for You and your initial manager to attend and complete one level of training (Initial Training) over the course of approximately

five business days. See Item 11 for more details on Initial Training. Initial Training amount is fully earned and nonrefundable upon completion of your training. If you do not successfully complete the initial training, we reserve the right to deduct any amount from your Initial Training Fee to cover our expense and the cost of providing the initial training course in addition to you paying us the On-Site Training Cancellation Fee. If you purchase two Boulder Designs franchised business, you will only need to attend the training once so long you have not appointed a new Internal Manager. If you transfer controlling interest to a new owner, and/or you appoint a new Internal Manager, you are subject to additional training costs associated with training such new owners and/or internal managers.

Note 4. If you do not own acceptable office and storage space for vehicles, equipment and materials, you may need to lease space adequate to store your equipment as well as maintaining an office. We recommend a minimum of 1,000 square feet of production space which includes a 10 foot tall doorway that is also 10 foot wide. This space should also have access to water and a minimum of 150 amp single phase electric service.

Note 5. The list of required and optional equipment is set forth in Schedule 1 of the Key Terms Page Exhibit 1 to the franchise agreement that is Exhibit D of this disclosure document Any upgrades and related costs must be paid before signing the franchise agreement. The purchase price does not include shipping costs, which are your responsibility. The shipping costs range from $0, if you transport the equipment yourself, to $5,500 if you use a third-party shipping service. If you are purchasing two franchises at the same time, you will only need to purchase one equipment and supplies package initially to service both franchises until such time as volume necessitates the need to purchase a second equipment and supplies package.

Note 6. These are estimated lease payments, monthly finance payments, security deposits, and down payments for a new or used truck. You will need to have a ¾-ton (or larger) pickup truck to pull your equipment trailer. Leasing is the preferred option, but you may also own or finance your truck. The truck may be no more than seven years old and must be in good mechanical and aesthetic condition, with an exterior having minimal cosmetic blemishes (no dents, broken/cracked glass, missing panels, rust, etc.). If you choose to purchase a new or used truck, the overall cost of a ¾-ton pickup will vary based on its age, mileage, and its equipped features and amenities, among other factors, which could exceed $50,000. You will be required to display on each side of the vehicle the Boulder Designs logo, Boulder Designs website, and your local business telephone number. The logo and telephone number must be professionally painted or affixed with professional vinyl lettering or be present on a removable vehicle display magnet. We will provide you with proofs and/or sample layouts to be used. We can provide this service to for an additional charge depending upon your location.

Note 7. You will need a computer system, a copier, and a telephone system. This equipment generally may be purchased or leased and the list may be revised or increased from time to time through updates to the Manual. If you are converting an existing business to a Franchised Business, you will likely have some or most of the necessary equipment.

Note 8. See Item 11 for initial training requirements. With respect to the re-boot training program, we do not charge the fee if you and/or your Internal Manager attend and successfully complete the re-boot training within 120 days prior to your scheduled initial training session, otherwise, we will charge you a fee for this training. Payment of the Re-Boot Training fee is due prior to attending training and is non-refundable. The figures in the chart represent the estimated cost of lodging and meal expenses and travel between your hotel and the training site. You may participate in our additional training programs for an additional fee.

Note 9. See Item 8 for our current minimum insurance requirements. The cost of insurance will vary based on types and limits of insurance purchased, location of the Franchised Business, terms available and other related factors.

Note 10. You and your employees must wear a short-sleeved t-shirt with the Boulder Designs logo screen-printed on both sides of the t-shirt. we will provide you with proofs and/or sample layouts to be used. We can provide this service to for an additional charge depending upon your location.

Note 11. The figures in the chart represent the estimated amount of working capital you will need to establish the business and to operate for the first three months. This estimate covers operating expenses including software, employee salaries and overhead, but excluding salary for an owner-operator. This estimate also covers your mandatory Royalty Fee for the first three months of each franchise and the Technology Fee for first three months of operation.

Note 12. We relied on our experience and our principal's experience in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Note 13. The second chart assumes that you are simultaneously acquiring rights for two Boulder Designs franchises in contiguous territories and that you will be servicing both territories from the same office using the same vehicle, the same equipment, and the same personnel, etc. The adjusted total reflects the combined initial franchise fees, one Equipment and Supplies Package, on Initial Training package; the increase in additional funds accounts for the mandatory Royalty Fee for the second franchise for the first three months.

Note 14. The figures in this row assume, all other expenditures listed in the Item 7 chart for a single Boulder Designs franchise except the Initial Franchise Fee amount of $63,000.

Note 15. In our sole discretion, if you meet our credit standards, we may finance up to 50% (if new) or 75% (if used or refurbished) of the equipment and supplies package for a maximum period of 42 months at an interest rate of 8.5% per year. The first monthly installments will be equal payments of principal and accrued interest and the 42nd installment will be for all outstanding principal and unpaid accrued interest. Please refer to Item 10 for further details regarding financing.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Services, Equipment; Fixtures; Furniture and Signs

You must contract, purchase, lease, or license any services, equipment, furniture, fixtures, supplies, computer hardware and software, or other materials to be used in the operation of the Franchised Business only from suppliers that we designate or approve (which might include or be limited to us or our affiliates), if stated in the Manual or previously approved in writing by us. You may purchase items and services for which we have not identified approved suppliers from any source, if the items and services meet our specifications.

You must purchase certain supplies and equipment necessary for the Franchised Business from us. Currently we are the only approved supplier for a Concrete Mixer, Transport Trailer, truck signage, marketing and initial supplies, manuals, and other necessary equipment as well as optional equipment and supplies as set forth in Schedule 1 of the Key Terms Page (Exhibit 1 to the Franchise Agreement). We do not permit franchisees to contact with alternative suppliers for these supplies and equipment, and accordingly there are no procedures for securing approval for alternative suppliers for such items.

Except as described above, neither we nor any of our affiliates is currently an approved supplier. None of our officers owns an interest in any other privately-held supplier or a material interest in any publicly-held supplier.

Other Products, Supplies and Materials

You must purchase all products, goods, services, supplies, fixtures, materials or equipment and signs; and other materials and supplies used in the operation of the Franchised Business that meet the specifications and quality standards that we have established periodically and from suppliers and manufacturers that we have approved, as described in the Manual(s).

You must use only envelopes, business cards, letterhead, labels and documentation imprinted with the Marks and colors that we have prescribed and approved.

Specifications and Standards

We have the right to approve sources of services or products sold in Franchised Businesses. Any changes to or modifications of the System, the Manual, or any standard will be promptly communicated to you.

You must comply with our specifications for brands and types of equipment used in your Franchised Business. If you propose to purchase any items for use in your Franchised Business from an unapproved source for which we have identified, designated, or approved supplier(s), you must request our approval first. We may require, as a condition of granting approval that our representative(s) be permitted to inspect the supplier's facilities, and that information, specifications, and samples as we reasonably request be delivered to us for testing. We will notify you within 90 days of your request as to whether we approve the supplier or product. If no approval is received within 90 days, it is deemed denied. Upon written acceptance and approval by us of services or products and suppliers submitted for inclusion on the Approved Suppliers List and Approved Supplies List, you will be free to purchase such service or product from such approved supplier. We may revise our Approved Supplier and Approved Supplies Lists.

We apply the following general criteria in designating a proposed supplier as an approved source: (1) ability to provide the service or product to our quality specifications; (2) production and delivery capability; (3) minimum standards for safety; (4) integrity of the supplier; and (5) legality of the product or company.

Currently, depending upon the products and/or services you select, we or our affiliate may be the vendor through which you obtain certain products and/or services, as stated in the Manual. Except as stated in this Item, neither we nor any persons affiliated with us is or are an approved supplier of any required goods or services, and neither you nor any person affiliated with us will or may derive revenues as a result of required purchases or leases by you.

Insurance

You must obtain and maintain insurance, at your expense, with policy limits as required by us, applicable law, your landlord, and lender or otherwise. The policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A-" or better and include the risks, amount of coverage and deductibles as stated below. We reserve the right to increase the minimum insurance requirements.

a) "all risk" property insurance, including business interruption insurance, customarily obtained by similar businesses in your general area to cover, at a minimum, all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Boulder Designs Business; and

b) General commercial liability insurance in an amount of not less than $1,000,000 per occurrence with a $2,000,000 general aggregate; and

c) Comprehensive general liability insurance, including products and contractual, in an amount of not less than $30,000 per occurrences with a $30,000 general aggregate; and

d) Workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than $500,000; and

e) Vehicle replacement insurance to cover the cost of acquiring a replacement vehicle, typically around $30,000; and

f) Automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than $1,000,000 combined single limit; and

g) Franchisor reserves the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that Franchisor is named as additional insured on these cybersecurity insurance policies.

We must be named as additional insured on all of these policies, except for worker's compensation insurance, and provide us with the additional insured endorsement for each policy. All insurance policies must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

These are our minimum requirements. We have the right to establish and modify the minimum coverages required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, and other relevant changes in circumstances. You should consult with your own insurance advisor to determine whether they are appropriate and sufficient for your business and to protect your assets. Your landlord and lease may require more coverage, additional or different types of coverage.

Bookkeeping and Records

You will establish and maintain a bookkeeping, accounting and record keeping system conforming to our requirements, as may be periodically revised. You will submit periodic reports, forms and records as specified in the Franchise Agreement or the Manual or otherwise.

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates will derive revenue from your purchases and leases to the extent that you purchase or lease directly from our affiliates and us.

During our fiscal year ending December 31, 2023, Franchisor's total revenue based on the most recent audited financial statements states we derived $1,089,354 in revenue as a result of required purchases and leases, representing approximately 42.0% of our total revenue of $2,649,111.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that required purchases and leases (meaning purchases and leases from us, our designated suppliers and purchases and leases of items meeting our specifications) will account for approximately 58% of your purchases and leases in establishing the Boulder Designs Business and approximately 25% of your purchases and leases in operating the Boulder Designs Business.

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees, and receive rebates or other material benefits on account of franchisee purchases or leases. If we negotiate a purchase agreement for the region where your Boulder Designs Business is located, you must participate in the purchasing program.

We currently have a purchasing agreement with a third-party supplier for certain supplies, including paint and paint supplies. We receive a rebate between 2% and 4% on these supplies purchased by franchisees from this supplier.

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

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 the Franchise Agreement	Item in the Disclosure Document
a.	Site selection and acquisition/lease	Article 5	ITEMS 7, 11 and 12
b.	Pre-opening purchases/leases	Articles 5, 12 and Exhibit 1	ITEMS 7, 8 and 11
c.	Site development and other pre-opening requirements	Articles 5 and 8	ITEMS 7, 8 and 11
d.	Initial and ongoing training	Article 8	ITEMS 6, 7 and 11
e.	Opening	Articles 5 and 8	ITEM 11
f.	Fees	Articles 3, 5, 8, 10, 11, 12, 13, 15, 18 and 21	ITEMS 5, 6, 7 and 11
g.	Compliance with standards and policies/Operating Manual	Articles 6, 7, 9, 10, 11, 12, 13 and 15	ITEMS 8, 11 and 16
h.	Trademarks and proprietary information	Articles 6, 7 and 9	ITEMS 13 and 14
i.	Restrictions on products/services offered	Articles 5, 6, 7, 10 and 13	ITEMS 8 and 16
j.	Warranty and customer service requirements	Article 13	ITEM 16
k.	Territorial development and sales quotas	Article 2	ITEM 12
l.	Ongoing product/service purchases	Article 13	ITEMS 8 and 11
m.	Maintenance, appearance and remodeling requirements	Articles 5, 10 and 13	ITEM 6
n.	Insurance	Article 15	ITEMS 6, 7 and 8
o.	Advertising	Articles 3 and 11	ITEMS 6, 7 and 11
p.	Indemnification	Article 21	ITEM 6
q.	Owner's participation/ management/ staffing	Articles 8 and 13	ITEM 15
r.	Records and reports	Articles 5 and 12	ITEM 11
s.	Inspections and audits	Articles 6, 12 and 16	ITEMS 6, 11
t.	Transfer	Articles 16 and 18	ITEM 17
u.	Renewal	Articles 4 and 16	ITEM 17
v.	Post-termination obligations	Article 17	ITEM 17
w.	Non-competition covenants	Articles 7, 17 and Exhibit 2	ITEM 17
x.	Dispute resolution	Article 23	ITEM 17

ITEM 10 FINANCING

Item Financed (Source)	Amount Financed	Down Payment	Max. Term (years)	Annual % Rate of Interest	Monthly Payment	Pre-payment Penalty	Security Required	Liability upon Default	Loss of Legal Right on Default
Equipment and Supplies Package	Up to 50% of the cost of the package if it is new equipment, including any upgrades; up to 75% of the cost of the package if it is used or refurbished equipment	Depends on credit rating	42 months	8.5%	Principal and interest amortized over 42 months	None	Personal Guaranty; Security Agreement	Call loan; Repossess equipment; Terminate franchise agreement	Waive demand, presentment for payment protest, notice of intent to accelerate, notice of acceleration

In our sole discretion, if you meet our credit standards, we may finance up to 50% (if new) or 75% (if used or refurbished) of the equipment and supplies package for a maximum period of 42 months at an interest rate of 8.5% per year. If we agree to provide financing, you must sign the Promissory Note and Security Agreement ("Promissory Note") attached as Exhibit 9 to the Franchise Agreement. The Promissory Note is payable in up to 42 monthly installments. The first monthly installments will be equal payments of principal and accrued interest and the 42nd and final installment will be for all outstanding principal and unpaid accrued interest. (Promissory Note (attached as Exhibit 9 to the Franchise Agreement), first paragraph.) The Promissory Note can be prepaid without penalty at any time during its term. (Promissory Note, sixth paragraph.) If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys' fees if a collection action is necessary. (Promissory Note, third and fourth paragraphs.) It is not our intent to sell, assign, or discount to a third party all or part of the financing arrangement.

We may terminate your franchise if you do not make your payments on time. (Promissory Note, third paragraph.) You waive your rights to notice of a collection action and to assert any defenses to collection against us. (Promissory Note, third paragraph.) We may discount these notes to a third party who may be immune under the law to any defenses to payment you may have against us. (Promissory Note, third paragraph.) In addition to providing a security in the collateral, we may require the Promissory Note to be guaranteed by one or more of your owners and we may require them to sign the Guaranty of Promissory Note attached as Exhibit 9 to the Franchise Agreement. To ensure timely payments of interest and principal, you must sign and deliver to us an automatic bank withdrawal form for automatic withdrawals on your bank account.

Other than this, we do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

Except as listed below, Boulder Designs Franchising, LLC is not required to provide you with any assistance.

Before you begin operating the Boulder Designs Business, we will:

1. Designate your true Territory, as further described in Item 12; (Franchise Agreement, Section 2.4) (all home-based sites are automatically approved, provided that they are within a reasonable distance of the assigned territory and comply with local rules).
2. Provide a re-boot training program and provide an initial training program. These training programs are described in detail later in this Item; (Franchise Agreement, Section 8.1).
3. Provide to you, on loan, one copy of the Boulder Designs Business Operations Manual(s), either in electronic or paper form. The Table of Contents of the Operations Manual(s), along with the number of pages devoted to each section, is described in detail later in this Item; (Franchise Agreement, Section 9.1)

After you begin operating the Boulder Designs Business, we will:

1. be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, newsletters, webinars and other methods with respect to planning, opening and operating the Franchised Business as Franchisor deems appropriate, in its sole discretion. (Franchise Agreement, Section 14.1);
2. make available to you changes and additions to the System as generally made available to all franchisees; (Franchise Agreement, Section 10.2 and 14.4);
3. periodically, provide advertising and promotional materials including ad-slicks, brochures, fliers, and other materials for your use or purchase; (Franchise Agreement, Section 14.5);
4. maintain our websites located at www.boulderdesigns.net and continue to promote Boulder Designs Businesses through the Internet. We will prepare and maintain an interior page to our site promoting or giving information about your Franchised Business, whose leads will be directed solely to you; (Franchise Agreement, Section 11.3 and 11.4);
5. maintain our Social Media sites and applications such as: Twitter, Facebook, LinkedIn and other sites and applications that we may establish. We do not allow you to establish or utilize Social Media sites or applications for business purposes except those created by us for your use. Further, any representations from you, or your employees regarding your profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under the Franchise Agreement, and you will be responsible for all costs including legal costs for any required fines or legal actions as a result of your postings; (Franchise Agreement, Section 11.3 and 11.4);
6. provide you administrative bookkeeping and accounting control procedures as needed; (Franchise Agreement, Sections 12.1 to 12.5); and
7. We may assist or require you to establish the maximum and minimum prices that you are offer to your customers to the extent permitted by law (Franchise Agreement, Section 14.2).

Site Selection

You must promptly select a site for the Franchised Business in your Territory and notify us of such selection by submitting our Site Selection form and other required documents. If we approve the selection, the site is designated as the Approved Location. If we do not approve of such selection, you may select and notify us of new sites until we approve a site for the Franchised Business. We have the right to approve or disapprove

a proposed location based on such factors as it deems appropriate, including, the condition of the premises; demographics of the surrounding area; proximity to other Boulder Designs Businesses and competitors; lease requirements; and overall suitability. We will not unreasonably withhold our approval; however, if we cannot agree on a location for the Franchised Business, we may in our sole discretion allow more time for site selection or terminate the Franchise Agreement. If your Franchise Agreement is terminated you are not entitled to any refund of your initial franchise fee or other deposits paid to us. We may notify you of our approval or disapproval of a proposed site within 30 calendar days after we receive all information submitted from you. If we fail to respond in writing to the Selection of Site request within 45 calendar days, the site is deemed approved. If you are operating from your home, the site will be deemed automatically approved upon submission to us, as long as the site is located in your Territory. You must obtain written permission from us to locate your office (including a home office) outside of your Territory.

Your site should include a minimum of 1,000 square feet of production space, which includes a 10 foot tall doorway that is also 10 foot wide. This space should also have access to water and a minimum of 150 amp single phase electric service.

Once we approve your location (and if the site is to be leased or purchased), you must execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by us in writing.

Your failure to begin operating the Franchised Business within 180 days from the Effective Date on the Franchise Agreement may result in the termination of the Franchise Agreement.

Advertising and Promotion

All advertising and promotions must be approved in writing by us in advance. We have 30 days to approve the submission. If we do not approve the advertising or promotions you submit within 30 days, they are deemed denied and you may not use them.

You must spend at least 10% of Annual Gross Revenue on Local Advertising that conforms to our standards. On the 31st day of January of each year, you must furnish to us an accurate accounting of the expenditures on Local Advertising for the preceding calendar year.

Your business will be listed in or on Google Places (or similar online directory), Facebook, print and radio advertisements, and other online search engines and directories. All online or Internet-based requirements will be completed by our marketing agency, you will be responsible for the costs associated with this online

Marketing Fee

We have the right to operate a marketing program that we will administer, for the general benefit of the Boulder Designs System. Currently the monthly Marketing Fee is $0; however, when implemented, we have the right to increase the Marketing Fee up to a cap of $200 per month. We will provide 10 days prior notice before imposing any increases to the Marketing Fee. In addition, once imposed, the Marketing Fee cap will automatically increase each calendar year by an amount not to exceed 10% of the prior year's cap. There were no Marketing Fees collected in our fiscal year ending December 31, 2022.

We have the right to use Marketing Fee monies, in our sole discretion to, among other things, pay for creative development and related development services, producing, distributing and placing advertising; and developing, updating and hosting our website, intranet or extranet system. We may also use Marketing Fee monies to reimburse our costs of personnel and other administrative and overhead costs associated with the marketing and promotion of the Boulder Designs brand.

We will not use Marketing Fee monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Marketing Fees (including Internet advertising) information concerning franchise opportunities, and a portion of Marketing Fee monies may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by prospective

franchise candidates. We are not required to spend any particular amount on advertising in your area or territory.

Marketing Fee monies are not held in a separate fund and there is no requirement that the Marketing Fee monies be audited. Marketing Fee monies collected during the calendar year that are not spent that specific year, may be used at our discretion during the following year. At the end of each calendar year, you may request an accounting of how the Marketing Fee monies were spent during that specific calendar year.

Marketing Fee is not a trust or escrow, and neither we nor our affiliates have any fiduciary obligation for administering the Marketing Fee or for any other reason

We anticipate that all franchisees will contribute Marketing Fees at the same rate. Although not contractually required, we anticipate that all Boulder Designs Businesses owned by us or an affiliate will contribute Marketing Fees on the same basis as franchisees. We do not require franchisees to participate in any other advertising funded program.

There is no franchisee advertising council that provides us with guidance or suggestions regarding advertising and marketing matters.

We do not have a local or regional advertising cooperative in which the franchisee must participate.

Computer/Software/Phone System

You must purchase, for use in your Franchised Business, the computer systems, equipment, and systems we require in the Manual(s). You must acquire, install, and maintain all required items that we require, which may change from time to time, within 30 days of opening your franchise. We estimate cost of purchasing computer hardware is $650 per unit. The computer system and/or POS for your Franchised Business will be dedicated for the operation of your Boulder Designs business and used for no other purpose.

You must purchase, for use in your Franchised Business at least one computer (placement will be discussed in the Manual(s)) with the specified software installed on them. We may require that you add additional, new or substitute software, replace or upgrade your computer systems and equipment, and enter into maintenance agreements with third parties. You must also purchase and install a basic financial recordkeeping software or cloud service, including the software or cloud service for a basic office suite such as Microsoft office with Word and Excel. Currently, we require you to use the QuickBooks accounting system. Boulder Designs has obtained a multi-user franchising direct agreement with Intuit, manufacturer of QuickBooks, which you may purchase through us, at the specially-prepared Intuit website for Boulder Designs franchisees. You will be responsible for any upgrades or updates to the system thereafter. Although we do not set the pricing, Intuit does. Currently the pricing for QuickBooks is $40 per month for the online version or a single payment of $139.96 for a 1 user QuickBooks Pro or $384.96 for a 3 User license. In addition, you must purchase the QuickBooks. All sales must be processed through the approved POS systems and reported as gross revenue and no other supplemental or secondary POS system may be used.

Learning CD is also available if you do not currently use QuickBooks, which is currently $29.97 through Boulder Design's Intuit website. We will have access to the accounting system through QuickBooks remote access to validate the revenue for royalties

You also must also maintain an approved email account so that we can correspond with you via electronic mail. You must acquire, install, and maintain all required anti-virus and anti-spyware software as designated by us in addition to any email or internet usage policies that we require within 30 days of written notice. You are solely responsible for updating the manufacturer's software on each device and ensuring that each device is not running old versions of the software.

You must own and maintain at least one smartphone capable of sending and receiving text messages, emails, and the ability to connect to the internet. In the event you are unable to answer phone calls, voicemail services must be active with a professional outgoing message stating your name, affiliation, and a brief

request of callers to leave their contact information in order to be reached. We reserve the right to act as collection agent for the phone system, and collect fees you owe. You must purchase and use only the authorized phone to operate your Franchised Business. We estimate that the approximate costs for an acceptable phone can range between $0 for those who already possess a capable device and as much as $750 or possibly more for those who must purchase a phone. The costs will be dependent upon the number of phones/phone lines desired, as well as the features the phone(s) possess.

We have the right to independently access all information collected or compiled by or in accordance with your use of the software or electronic components at any time without first notifying you. You must update or upgrade computer hardware or software as we deem necessary.

E-Problem Disclaimer

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

Operations Manual

We will loan to you, during the term of the Franchise Agreement, one copy of the Set of Manuals containing reasonable and mandatory specifications, standards, operating procedures and rules prescribed by us for Boulder Designs Businesses and information relative to you other obligations and the operation of a Boulder Designs Business. You must maintain a current, updated copy of the Set of Manuals. If there are any disputes over the contents of the Manual, the terms of the master copy maintained at our headquarters will control. Our interpretations of the provisions of the Manuals are controlling, and you must abide by our interpretations. We will have the right to periodically add to and otherwise modify the Manuals to reflect changes in the specifications, standards, operating procedures and rules required by us for Boulder Designs Businesses.

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We have a compilation of two Manual(s) and materials that total 250 pages.

Training

At least 120 days prior to the date that you and/or your Internal Manager are scheduled for the initial training program, you must attend and successfully complete the re-boot training program. Re-boot training will take place at our headquarters location, or at another location or locations we designate. The re-boot training program over the course of approximately three business days. We do not charge a fee for the re-boot training program as long as it is completed 120 days prior to your Initial Training otherwise we will charge you a $2,500 fee for 3 days of Re-Boot training provided by us. If charged payment of the Re-Boot Training fee is due prior to attending training and is non-refundable.

When you sign the franchise agreement, you will also pay us $12,000 for You and your initial manager to attend and complete one level of training (Initial Training) over the course of approximately five business days. If you do not successfully complete the initial training, we reserve the right to deduct any amount from your Initial Training Fee to cover our expense and the cost of providing the initial training course in addition to you paying us the On-Site Training Cancellation Fee. If you purchase two Boulder Designs franchised business, you will only need to attend the training once so long you have not appointed a new initial Internal Manager. If you transfer controlling interest to a new owner, and/or you appoint a new Internal Manager, you are subject to additional training costs associated with training such new owners and/or internal managers.

We will conduct an Initial Training program, in person, of approximately five business day(s), that the Franchisee (which is you, if you are not a corporation or other business entity), and all Internal Manager(s), must attend and complete to our satisfaction. If additional training is requested, or if we deem that additional training is necessary, you will be charged $1,100 per day, or $5,500 for the full five business days of training whichever amount is higher. Training will take place at our headquarters location, or at another location or locations we designate. The Initial Training program covers all material aspects of the operation of a Boulder Designs Business, including, but not limited to, such topics as: culture, job site field tours, technical and procedural training, and sales training. All Trainees must complete initial training to our satisfaction prior to beginning operation of your Franchised Business.

We expect franchisees will advance through the training programs at different rates depending on a variety of factors such as background and experience. Accordingly, the time frames provided in the following chart are an estimate of the time it will take to complete training.

If we or our representative is scheduled to conduct an on-site training program, or scheduled for a visit at your location for training or other reasons, or if you register for a training program and you subsequently cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire training program then you must pay us, our current on-site training cancellation fee (the "On-Site Training Cancellation

Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of schedule training program and how far in advance you notify the Franchisor in writing of the cancellation and the cost and expense incurred in rescheduling our travel arrangements.

If you transfer controlling interest in the franchise, and/or replace your Internal Manager, your new owner and the new Internal Manager must attend and successfully complete our initial training program. We reserve the right to charge you the then current rate for the training of a new owner or Internal Manager, currently $7,250. You must pay for all travel costs and living expenses for each of your attendees.

You are responsible for training your own employees and other management personnel.

RE-BOOT TRAINING PROGRAM

	Subject[1]	**Hrs. of Classroom Training[1,2]**	**Hours of On-the-job Training[2]**	**Location / Instructor(s)[3]**
Day 1	Hands-on Training using all equipment and methods associated with Boulder Designs		6.0	Our headquarters in Waco, TX or other site as we may designate
	Technical Training Review	1.5		Our headquarters in Waco, TX or other site as we may designate
	Day 1 Totals	**1.5 hours**	**6.0 hours**	
Day 2	Review of Day 1	.5		Our headquarters in Waco, TX or other site as we may designate
	Hands on Training in our Facility		6.0	Our headquarters in Waco, TX or other site as we may designate
	Technical Training Review	1.0		Our headquarters in Waco, TX or other site as we may designate
	Day 2 Totals	**1.5 hours**	**6.0 hours**	
Day 3	Review of Day 2	1.0		Our headquarters in Waco, TX or other site as we may designate
	Hands on Training in our Facility		4.0	Our headquarters in Waco, TX or other site as we may designate
	Business Planning & Expectations	1.5		Our headquarters in Waco, TX or other site as we may designate
	Review of re-boot training	1.0		Our headquarters in Waco, TX or other site as we may designate
	Day 3 Totals	**3.5 hours**	**4.0 hours**	
	Total Training Time	**6.5 hours**	**16. hours**	

INITIAL TRAINING PROGRAM

	Subject[1]	Hrs. of Classroom Training[1,2]	Hours of On-the-job Training[2]	Location / Instructor(s)[3]
Day 1	Orientation & Introduction to the Boulder Designs® Method and Franchise Support Personnel	0.75		Our headquarters in Waco, TX or other site as we may designate
	Hands-on Training using all equipment and methods associated with Boulder Designs		6.75	Our headquarters in Waco, TX or other site as we may designate
	Technical Training Review	.50		Our headquarters in Waco, TX or other site as we may designate
	Day 1 Totals	**1.25 hours**	**6.75 hours**	
Day 2	Review of Day 1	.75		Our headquarters in Waco, TX or other site as we may designate
	Hands on Training in our Facility		6.75	Our headquarters in Waco, TX or other site as we may designate
	Technical Training Review	.50		Our headquarters in Waco, TX or other site as we may designate
	Day 2 Totals	**1.25 hours**	**6.75 hours**	
Day 3	Review of Day 2	.75		Our headquarters in Waco, TX or other site as we may designate
	Hands on Training in our Facility		4.25	Our headquarters in Waco, TX or other site as we may designate
	Technical Training Review	1.0		Our headquarters in Waco, TX or other site as we may designate
	Introduction to Sales Lead Generation Trade Shows	**2.0**		Our headquarters in Waco, TX or other site as we may designate
	Day 3 Totals	**3.75 hours**	**4.25 hours**	
Day 4	Photoshop Training Proof Presentations	2.0		Our headquarters in Waco, TX or other site as we may designate
	Sales, Lead Generation, and Tradeshows	2.5		Our headquarters in Waco, TX or other site as we may designate
	Social Media/Digital Marketing	1.5		Our headquarters in Waco, TX or other site as we may designate
	Business Planning and Expectations	2.0		Our headquarters in Waco, TX or other site as we may designate
	Day 4 Totals	**8.0 hours**	**0 hours**	
Day 5	Hands on Training in our Facility		3.0	Our headquarters in Waco, TX or other site as we may designate
	Overview of Techniques Learned	1.0		Our headquarters in Waco, TX or other site as we may designate
	Business Planning and Expectations	1.0		Our headquarters in Waco, TX or other site as we may designate

	Subject[1]	Hrs. of Classroom Training[1,2]	Hours of On-the-job Training[2]	Location / Instructor(s)[3]
	Equipment/Trailer Safety	1.0		Our headquarters in Waco, TX or other site as we may designate
	Graduation	.5		Our headquarters in Waco, TX or other site as we may designate
	Review and Load Trailer	1.0		Our headquarters in Waco, TX or other site as we may designate
	Day 5 Totals	**4.5 hours**	**3.0 hours**	
	Total Training Time	**18.75 hours**	**20.75 hours**	

1 Length of time spent on a subject and nature of subjects taught may vary depending upon an individual's experience and ability.

2 Training may not be necessary for the full-time frame. The numbers of hours listed in this section also include hours spent training on site at the Franchisee's Business.

3 Training may be provided by (a) Frank J. Butch" Mogavero, who has over 36 years' experience in the franchise industry, and has been with us for over five years, (b) Seth Mogavero, who has over seven years' experience in the franchise industry, and has been with us for over five years, (c) John Appel, who has over 50 years' experience in the franchise industry, and has been with us for over seven years, (d) Les Sander, who has over 21 years' experience in the franchise industry, and has been with us for over five years, and (e) Greg Jurls, who has over 16 years' experience in the franchise industry, and has been with us for over two years. Training may also be provided by any other members of Franchisor's or an Affiliates' current staff who holds a minimum of one year of experience in the industry or in their respective field of training. If circumstances require, a substitute trainer may provide training. We also reserve the right to name additional trainers periodically. We may use your location as a training facility upon notice. If we elect to use your Franchised Business for training others, we will provide to you, instead of paying you, which is to be considered payment in full, for use of the facilities, the ability for you to enroll you employees or Internal Managers into the training class being taught by Franchisor free of all charges.

Periodically, we may require the previously trained and experienced Internal Manager, your other managers and/or employees to attend refresher-training programs to be conducted at our headquarters or other locations we designate. Attendance at these programs will be at your expense; however, we will not require you to attend more than two of these programs in any calendar year and these programs will not collectively exceed five days during any calendar year not including any annual convention that is held by us. You will be responsible for all travel costs, room and board and employees' salaries incurred in connection with you, you Internal Manager, and/or you employees' attendance at such training.

We will provide you with Ongoing Assistance as you request and/or we deem necessary. However, if you need Special Assistance, or if we must deal directly with you clients, your vendors or others directed by you, you will pay the Additional Assistance fee equal to the then-current daily rate as set forth in the Manual, payable by ACH withdrawal.

From time to time, we may provide additional training. We highly encourage you or any of your employees to attend additional training, and will waive any training fees if you or your employees attend a training session already on our schedule. If we provide additional training that is not already scheduled, we have the right to require that you, you Internal Manager, and/or you employees' attend additional training programs. The costs associated with this additional training will be charged as we deem necessary, but if implemented, will not exceed $1,100 per day per trainee.

We provide annual training at the National or Regional Convention. We charge a fee of $795 to provide all Entrance Fees costs and concessions for up to two people, and this fee does not include salary for you and your employee, meals, lodging and airfare costs. Additional attendees will be billed at $150 each. Attendance is mandatory; non-attendance incurs a non-attendance fee of $795.

Typical Length of Time Between the Signing of the Franchise Agreement and Beginning Operation

We estimate that the typical length of time between the signing of the Franchise Agreement and beginning operation of a Boulder Designs Business to be between 60 to 180 days. Factors that may affect your beginning operations include your completion of the training package requirements, ability to secure travel arrangements to training, financing, compliance with local ordinances, available training seats when signing, general contractors' abilities and timelines, weather conditions and delays in setup or installation of computers, software, equipment and fixtures. You must be operating the Franchised Business within 180 days after the Franchise Agreement is signed.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from businesses that we own, or from other channels of distribution or competitive brands that we control. You will operate the Franchised Business from an approved location within a defined geographic area (the "Territory"), which will have a minimum population of 225,000. You may relocate the physical location of business to another location within the Territory with our prior written consent.

We currently offer two types of territories: a "Separate Territory" or a "Shared Territory." If you acquire franchise rights for a Separate Territory, then so long as you are in compliance with your obligations under the Franchise Agreement, we will not grant anyone but you the right to operate a Boulder Designs Business within your territory, subject to our reserved rights below. If you acquire franchise rights for a Shared Territory, then we may grant two or more franchisees the right to operate Boulder Designs Businesses within a larger Territory, such as a metroplex or designated marketing area. Boulder Designs reserves the right to reduce Shared Territory rights proportional to the population of the larger Territory.

Your Franchised Business' activities are confined to retail transactions only. You may not enter into any wholesale transactions without first obtaining our written consent. A "wholesale" transaction means any sale of five or more products or services (regardless of stage of completion) to a customer whose purpose is to, in turn, offer such products or services for resale to a third-party. Sale of products includes sale of unfinished or raw boulders to wholesale customers. Conducting wholesale transactions without our prior written approval is a material breach of the franchise agreement, for which we may terminate the franchise agreement without an opportunity to cure. Whether retail or wholesale, you may not offer or sell products or services outside of your Territory without prior written approval from us, and we may terminate our permission at any time with 10 days' notice, and your sale of such products and services may not interfere with any national accounts. If your sale of products and services to wholesale customers interferes with national accounts, you must immediately stop offering such products and services upon our request. You shall use your best efforts to maximize sales within your Territory, and you may not directly solicit or advertise outside of the Territory, including on the Internet, without our prior written consent.

You may accept orders outside your Territory. If you accept clients outside of your Territory, and we award the area containing those clients to another franchisee, you must relinquish those clients outside of your Territory to the new franchisee. If you accept clients outside of your Territory, and if that area is another franchisee's territory, you must pay us and the franchisee the Encroachment Fee of $1,000 per job performed and 50% of revenue generated from such sale to the franchisee whose territory in which the sale was made. We do not grant you a right of first refusal or any other rights for orders originating in areas that are not in your Territory, and while we do not require it, we encourage you to buy additional Territories adjacent to your Territory if you want to secure those clients.

Whether you operate within a Separate Territory or a Shared Territory, we and our affiliates have the right to operate and to grant others the right to operate similar or competing businesses under a different trademark in your Territory. We and our affiliates also have the right to distribute products and services identified by the BOULDER DESIGNS trademark through alternative channels of distribution, including online sales and infomercials. There are no restrictions on our soliciting or accepting orders from consumers inside your Territory, and we need not compensate you for soliciting or accepting orders from inside your Territory. You may neither directly solicit nor advertise outside of the Territory, including on the Internet, without our prior written consent.

We also reserve the right, to enter into agreements with specific regional or national customers in order to establish a National Account, in any area, including in the Territory. If we establish a National Account in your Territory you agree to service the National Account under the same terms, pricing, and provisions negotiated for the National Account. Under certain circumstances if we determine in our sole discretion that you are not capable of servicing the National Account, or if the volume of services exceed demand at the time, we may authorize other Boulder Designs franchisees or other qualified third-parties to provides the services and you will not be compensated for us or other franchisees providing services within your Territory.

Currently we require you to participate in a National Headstone Program, a Boulder Designs National Account for which we will collect a deposit due per project. Simultaneously with the execution of the franchise agreement, you must execute our National Headstone Program Agreement attached as Exhibit 11 to the franchise agreement. At the time of execution, you must pay a deposit and the deposit is based on template and materials selected by the customer and could vary based on the total project cost ("Project Deposit"). We will provide the you with a design proof if one is available and the customer information, upon our receipt of the Project Deposit. Upon your acceptance of the project and completion you are entitled to the remaining balance for the project and we will retain the Project Deposit paid to us for revenue generated inside and outside your Territory as a result of the lead provided by us and sale from the National Accounts projects assigned to you. In our sole discretion if we believe you are not capable of servicing the National Headstone Program customer, or if the volume of services exceed demand at the time, we may authorize other Boulder Designs franchisees or other qualified third-parties to provides the services and you will not be compensated for us or other franchisees providing services to the National Headstone Program customer within your Territory.

Currently continuation of your territorial protection does not depend on your achieving any certain sales volume, market penetration, or other contingency. However, we have the right to implement a Minimum Gross Revenue requirement by providing you at least 30 days' advance written notice. We do not currently impose such a requirement, but, if imposed, we anticipate that the Minimum Gross Revenue Requirement will not exceed $30,000 annually and your failure to meet the requirement may result in an obligation to attend additional training at your expense. If you refuse to attend the additional training when we require, you will be granted thirty (30) days to cure this default. If you are not able to cure this default within the 30-day period, we have the right to terminate the Franchise Agreement. The boundaries of your territory may be altered only by mutual consent, but we have the unilateral right to convert a Separate Territory into a Shared Territory in our sole discretion. We do not offer any options, rights of first refusal, or similar rights to acquire additional franchises.

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ITEM 13 TRADEMARKS

Our affiliate, Mogavero Investments, owns the following Marks which are registered on the on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"), and Mogavero Investments intends to renew all required filings and all required affidavits have been filed:

Mark	International Classification	Registration Number	Registration Date
Boulder Designs®	037 040	3152574	October 10, 2006
BOULDER DESIGNS (standard characters)	037 040	4334065	May 14, 2013
	040 041	5664635	January 29, 2019
	035	5784573	June 25, 2019

Mogavero Investments has granted us a license to use and sublicense to use the above-mentioned Marks, dated December 1, 2017. The term of the license is for 99 years. The license agreement may be terminated if we take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of our properties and is not discharged within 90 days, if we wind up, sell, consolidate or merge our business, or if we breach any of our duties and obligations under the license and do not cure the breach within 60 days following written notice of the breach. Within the license agreement, the term "Marks" includes any other trade names, service marks, trademarks, designs, logos, slogans and commercial symbols now in existence or later adopted by Mogavero Investments that are used in connection with the System. This license agreement licensed to us any future trademarks acquired by Mogavero Investments as well. If Mogavero Investments terminates the license agreement, they must honor all franchise agreements, including the right to renew.

Except as stated above, there are no agreements currently in effect that significantly limit our rights to use or to license the use of the Marks in any manner material to the franchise.

We know of no currently effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

We know of no infringing or prior superior uses that could materially affect the use of the Marks in this State or any other state in which the Franchised Business is to be located.

All usage of the Marks by you and any goodwill established through your use will exclusively benefit us. You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business. You may only use the Marks in accordance with our standards, operating procedures and specifications. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of Our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

We will protect you against claims of infringement or unfair competition arising from your use of any Marks provided (a) you immediately notify us of any apparent infringement of, or challenge or claim to you use of any Marks, (b) you are in complete compliance with your Franchise Agreement; (c) you allow us to take whatever action we deem appropriate in these situations. This means we have exclusive control over any settlement or proceeding concerning any Mark; and (d) you agree to be a witness in any legal, mediation, or arbitration proceeding on our behalf. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks. You may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims, however, you may communicate with your own counsel at your own expense.

You must use the Marks as the sole trade identification of the Franchised Business; however, you may not use any Mark or part of any Mark as part of your business entity name in any modified form. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law.

You must notify us in writing before applying for your own trademark or service mark registrations, whether state or federal. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the words "Boulder Designs" or any variation thereof without our prior written consent.

We have the sole right to maintain Social Media sites and applications such as: Twitter, Facebook, LinkedIn, Pinterest and other sites and applications that we may establish. We may create and license to you Social Media accounts that use the Marks or any portion of them, that may be used by you in the operation of the Franchised Business. Other than those Social Media accounts which we license to you, you may not establish or utilize Social Media sites or applications for business purposes. We must preapprove all materials and campaigns in connection with the Social Media accounts. You and your employees do not have the right to utilize the Marks listed in this disclosure document, on any Social Media sites or applications, even if made from a personal Social Media account, other than preapproved materials and campaigns. Further, any representations from you, or your employees regarding your profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, are deemed a breach of Confidential Information under the Franchise Agreement.

We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to such proceeding. We have the right to control the defense and settlement of any such proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel or for any expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you in connection with disputes where we challenge your use of a Mark.

We can require you to modify or discontinue the use of any Mark and/or to use other trademarks or service marks. If We adopt and use new or modified Marks, you may be required to add or replace supplies, signs and fixtures, and you may have to make other modifications as necessary to conform to our current standards and specifications; however, you will not be required to spend more than your initial investment during the initial term of the Franchise Agreement. We will not be required to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued Mark, except that we will reimburse you for you cost of replacing the exterior signage only.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents, registered copyrights, or patents pending that are material to the franchise. However, we claim copyright protection in the Manual, our website, and other copyrightable items that are part of the System. While We claim copyrights in these and similar items. You must use these items only as We specify while operating the Franchised Business and you must stop using these items if we direct you to do so. You may not duplicate or disclose any portion of the Manual in an unauthorized manner. Further, all information is proprietary and the Franchise Agreement require you to keep such information confidential.

Our affiliate, Mogavero Investments has granted us a license, dated December 1, 2017, to use and sublicense for the use of its domain name www.boulderdesigns.net. The term of the license is for 99 years; however, the license agreement may be terminated if we take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of our properties and is not discharged within 90 days, if we wind up, sell, consolidate or merge our business, or if we breach any of our duties and obligations under the license and do not cure the breach within 60 days following written notice of the breach. You will have continued right to the proprietary information even if we are terminated.

We know of no currently effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Except as stated above, our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain Trade Secrets and other Confidential Information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Boulder Designs Business. We will provide our Trade Secrets and other Confidential Information to you during training, in the Manual and as a result of the assistance We furnish you during the term of the franchise. You may only use the Trade Secrets and other Confidential Information for the purpose of operating your Franchised Business. You may only divulge Trade Secrets and other Confidential Information to employees who must have access to it in order to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to Trade Secrets or other Confidential Information, including the owners, directors and any managers of the business (and members of their immediate families and collaterals), are required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

We have the sole right to maintain Social Media sites and applications such as: Twitter, Facebook, Pinterest, LinkedIn and other sites and applications that we may establish. We do not allow you to establish or utilize Social Media sites or applications for business purposes. You and your employees do not have the right to utilize any of the Trade Secrets and Confidential Information stated above, or the common law copyrighted materials including the guidelines, curriculums, classes, management and business training, community building mechanisms, vision statements, books, signage, promotional materials, Manual, training materials, Franchise Agreements, and any other documents, materials and items for the general ambiance and decor used in the operation of the System and the Boulder Designs Businesses on any Social Media sites or

applications, even if made from a personal Social Media account. Further, any representations from you, or your employees regarding your profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under the Franchise Agreement, and you will be responsible for indemnifying and reimbursing us all legal, penalties, fines, and court costs associated with your unauthorized representations.

Under the Franchise Agreement, you agree not to contest, directly or indirectly, our ownership, title, right or interest in our common law rights, copyrights, Trade Dress, Trade Secrets, Confidential Information, the System, methods, procedures or any other intellectual property rights that are part of our System or contest our sole right to register, use or license others to use (except as limited by the Franchise Agreement) the common law rights, copyrights, Trade Dress, Trade Secrets, Confidential Information, the System, methods, procedures or any other intellectual property rights that are part of our System.

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other Franchisees. Likewise, we will disclose to you concepts and developments of other Franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

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

The Franchised Business must always be under the direct supervision of your Internal Manager, who must devote their full-time, best efforts to the operation of the Franchised Business. Your Internal Manager need not have an equity interest in the franchise, but must satisfactorily complete our initial training program and must sign a Non-Disclosure Agreement and Non-competition Agreement substantially in the form attached as Exhibit 2 to the Franchise Agreement. We also recommend, but do not require, that an individual with an equity interest in the franchise personally participate in the business and supervise operations.

If the franchisee is a business entity, anyone who owns an interest in the entity and their spouse must personally guarantee the performance of the franchisee's obligations under the Franchise Agreement by signing the Guaranty and Assumption of Obligations attached as Exhibit 3 to the Franchise Agreement.

We do not impose any anti-poaching restrictions that prohibits you, or any other franchisee, from soliciting or hiring any person currently employed or previously employed within the Boulder Designs System. However, if you hire another franchisee's employees within one year of the employee attending our training program, you are required to reimburse the other franchisee the then-current training fee and its costs associated with sending that employee to training.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the services, and products we specify periodically in strict accordance with our standards and specifications. We also have the right to limit the type or size of boulder products that you are permitted to offer (e.g., you may not sell boulder products exceeding a certain weight or dimension), and/or to condition your right to offer certain types or sizes of products on your compliance with our then-current guidelines and/or agreement to pay additional administrative or assistance fees. Currently, we authorize you to offer and sell boulders up to 5,000 lbs. with dimensions not to exceed 60 inches by 72 inches. We may authorize the offer and sale of larger boulders, conditioned on your completion of certifications and training, payment of additional administrative and assistance fees, your execution of additional documentation.

You may not sell any services, classes or products that we have not authorized in writing and you must discontinue offering any services, classes or products that we may disapprove within 30 days. Boulder Designs may modify any of its specifications, standards, or requirements as and when it deems necessary

and you must promptly modify your operation or product lines accordingly. There are no limits on our right to do so. If we modify the System, you may be required to add or replace equipment, supplies, signs and fixtures.

In addition, you must keep the Franchised Business open for the hours specified by the Manual(s) if applicable, and may only advertise through Boulder Designs approved media.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon such factors as we determine, including test marketing for the purpose of customer or operational feedback or evaluation, your qualifications, and regional or local differences.

We have the right to establish the maximum and minimum prices that you offer to your customers to extent permitted by law.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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.

THE FRANCHISE RELATIONSHIP

Provision	Section in the Franchise Agreement	Summary
a. Length of the franchise term	Section 4.1	10 years.
b. Renewal or extension of the term	Section 4.2	Additional 10-year term if certain conditions are met.
c. Requirements for franchisee to renew or extend	Section 4.2	You must meet all required conditions to renew including signing our then-current form of franchise agreement which may contain materially different terms and conditions than your original Franchise Agreement; provide notice; be in compliance with the provisions of the Franchise Agreement and other agreements; renovated your physical location to conform to our then-current image requirements; but up-to-date in all payments owed; paid the renewal fee; be in good standing with all applicable licenses and/or certifications; comply with current qualifications and training requirements; complete the drug testing; complete a background screening; provide proof that all certifications are up to date; and sign a general release.
d. Termination by franchisee	Section 16.1	You have a one-time option to terminate the Franchise Agreement at the end of the fifth calendar year, if you provide advance notice and sign a general and full release. You may terminate the Franchise Agreement if we materially breach and fail to cure (or begin

Provision	Section in the Franchise Agreement	Summary
		curing) the breach within 60 days of receiving your written notice.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 16.2	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	Section 16.2	You can avoid termination of the Franchise Agreement if you cure a default arising from: deleterious conduct, or noncompliance with a law or regulation, which you fail to cure within 30 days, or your failure to comply with mandatory specifications in the Franchise Agreement or Manual within 30 days of receiving our notice of termination or if you cure a default arising from your failure to make payments due us within 30 days of receiving our notice of termination; Failure to begin operations within 90 days from the date of the Franchise Agreement with 30 days right to cure; within 30 days of receiving notice that you have failed to maintain your business under the primary supervision of a(n) Internal Manager. If We terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
h. "Cause" defined – non-curable defaults	Sections 5.4, 5.5. and 16.2	We can terminate if you fail to develop the Approved Location within 180 days after the Effective Date of the Franchise Agreement. We also can terminate for failure to pay the Initial Franchise Fee or other amounts due within 10 days after receiving written notice; failure to have your Internal Manager satisfactorily complete any training program; attempted or actual transfer of business in violation of the Franchise Agreement; misuse of the Marks, or other act which impairs the goodwill of any of the Marks; material misrepresentation or omission in your franchise application; are conviction or "no contest" plea to a crime or offense that would place them on the sex offenders registry, was a violent felony, crimes against a human, sexual harassment against an employee, domestic abuse charges, animal abuse, elderly abuse, substance abuse, DWI or DUI, any theft charge or is likely to affect the reputation of either party or the Franchised Business; disclose, duplicate, or otherwise

Provision	Section in the Franchise Agreement	Summary
		misuse the Manual, Confidential Information or the Marks; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors or to pay any fees due us or any Affiliate; receive three or more default notices within two years,(or failure on 2 or more separate noticed occasions to comply with the same obligation in any time-frame); continue to violate any health, safety or other laws or conduct the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; repeatedly breach the Franchise Agreement or fail to comply with specifications; engaging in wholesale transactions without our prior written consent; or default under any other agreement between you and us(or an Affiliate) such that we (or the Affiliate) have the right to terminate the agreement. Termination of a Franchise Agreement will not automatically result in the termination of your other Franchise Agreements then in-effect between us unless the same material breach constitutes a breach of the other Franchise Agreement and we take separate steps to termination the Franchise Agreement or if we agree in writing to mutually terminate the Franchise Agreement.
i. Franchisee's obligations on termination/ non-renewal	Article 17	You must: stop operating the Franchised Business; stop using any Confidential Information, the System and the Marks; display a conspicuous sign that you are no longer a Franchisee; deliver to us all information written or electronic regarding contracts, customer lists, and marketing efforts; refrain from any action to reduce the goodwill of you customers or potential customers, towards us or other Franchisees; keep and maintain all business records for a period of 3 years; cancel or assign to us any assumed names; pay all sums owed to us including damages, liquidated damages and costs incurred in enforcing the Franchise Agreement; return the Manual(s) and all other Confidential Information; assign your telephone numbers to us; comply with the

Provision	Section in the Franchise Agreement	Summary
		covenants not to compete and any other surviving provisions of the Franchise Agreement; and if requested, assign your interest in the Approved Location to us.
j. Assignment of contract by franchisor	Section 18.1	No restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee – defined	Section 18.2	"Transfer" includes transfer of an interest in the Franchise, the Franchise Agreement, the Franchised Business's assets or the Franchisee entity.
l. Franchisor approval of transfer by franchisee	Section 18.2	Except for transfers among spouses, you may not transfer your interest in any of the items listed in (k) above without our prior written consent, unless authorized under state law.
m. Conditions for franchisor approval of transfer	Section 18.2	We have not exercised our right of first refusal; we have provided you with written consent to the transfer; all obligations owed to us are paid; you or any transferring owners have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective Transferee meets our business and financial standards; the Transferee and all persons owning any interest in the Transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; if you find the buyer for your franchised business on your own, you or the Transferee must pay the transfer fee applicable at the time you notice us you want to transfer. However, if we introduce you to the transferee or the transferee was otherwise part of our sales pipeline, then you or the transferee will pay the current transfer fee in addition to a referral commission in the amount of $39,500 or 15% of the total sale price of the franchised business, whichever is greater. All resales must come from leads you generate, and not corporate-generated leads; the Transferee or the owners of Transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the Transferee, if requested

Provision	Section in the Franchise Agreement	Summary
		by Us; the Transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached to the Franchise Agreement; and the Transferee has agreed that its Internal Manager will complete the initial training program and that Transferee has paid the transfer training fee before assuming management of the Franchised Business.
n. Franchisor's right of first refusal to acquire franchisee's business	Article 19	We may match an offer for your Franchised Business or an ownership interest you propose to sell, based upon our determination of the Value.
o. Franchisor's option to purchase franchisee's business	Section 17.4	During the 30-day period after the termination or expiration of the Franchise Agreement, we have the right, but not the obligation, to purchase any assets of the Franchised Business for book value.
p. Death or disability of franchisee	Sections 16.2 and 18.6	After a death or incapacity of one of your owners, his or her representative must transfer, subject to the terms of the Franchise Agreement, the owner's interest in the Franchised Business or in the entity owning the interest in the Franchised Business within 6 months of death or incapacity or We may terminate the Franchise Agreement. If We deem it necessary, We may take over the operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred, and We may charge a fee of $500 per day for this service and be entitled to reimbursement of expenses.
q. Non-competition covenants during the term of the franchise	Section 7.3 and 7.4	You, your owners (and members of their families and collaterals) and your officers, directors, executives, managers, and employees are prohibited from: attempting to divert any customer, employee or other business associate of ours, the Franchised Business, our Affiliate(s) or any other franchisee to a Competitive Business, or soliciting or attempting to induce any customer, employee or other business associate of ours, the Franchised Business, our Affiliate(s) or any

Provision	Section in the Franchise Agreement	Summary
		other franchisee to terminate or modify their business relationship with Us, the Franchised Business, our Affiliate(s) or any other franchisee or causing injury or prejudice to the Marks or the System; owning or working for a Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.2	For three years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and collaterals) and your officers, directors, executives or managers are prohibited from: owning or working for a business that offers or sells engraved concrete signage or concrete landscaping products or other products or services that are similar to those sold by the Franchised Business within 25 miles of the Approved Location or within the Territory (whichever is greater), and within 25 miles of any other Boulder Designs Businesses; or soliciting or influencing any consumers, employees or business associates of ours, our Affiliate(s) or any other franchisee to terminate or modify their business relationship with Us, our Affiliate(s) or any other franchisee.
s. Modification of the agreement	Sections 9.2 and 22.6	The Franchise Agreement can be modified only by written agreement between you and us.
t. Integration/merger clause	Section 22.6	Only the terms of the Franchise Agreement and all exhibits to the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 23.7	Except for actions or claims for injunctive relief or specific performance or relating to the Marks, Trade Secrets or Confidential Information, all disputes must be mediated in McLennan County, Texas. (Subject to state law)
v. Choice of forum	Section 23.2	Litigation must be initiated and maintained in the judicial district in which our principal place of business is located at the time the lawsuit was initiated, currently Waco, Texas. We have the right to seek injunctive relief from any court of competent jurisdiction. (Subject to state law)

Provision	Section in the Franchise Agreement	Summary
w. Choice of law	Section 23.1	Texas law applies (subject to state law), except that disputes over the Marks will be governed by the United States Trademark Act of 1946.

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure to promote the franchise.

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.

The following table includes certain historical information regarding the costs of material to make a single 1,000-pound boulder. We have not independently audited the reported results.

Material	Cost per Unit	Units per 1,000-pound boulder	Costs of Material per 1,000-pound boulder
Boulder Designs Complete Admixture[6]	$0.32/ounce[1]	85 ounces	$27.23
Boulder Designs Integral Colors and Accent Topcoats[6]	$3.13/pound[2]	2 pounds	$6.26
Boulder Designs Private Label Sealer[6]	$0.28/ounce[3]	5 ounces	$1.42
Boulder Designs Fiber Mesh[6]	$5.67/pound[4]	0.2 pounds	$1.13
Boulder Designs Liquid Release[6]	$0.18/ounce[5]	6 ounces	$1.10
White Portland Cement[7]	$17.00 to $40.00/bag	2.5 bags	$42.50 to $100.00
Sand[7]	$40.00 to $80.00/ton	0.5 tons	$20 to $40
Total Cost			**$99.64 to $177.14**

Notes

1. Boulder Designs Complete Admixture is sold in 5-gallon (640 ounce) pails that retail for $205.00.
2. Boulder Designs Integral Colors and Accent topcoats are sold in 25-pound bags that retail for $78.25.
3. Boulder Designs Private Label Sealer is sold in 5-gallon (640 ounce) pails that retail for $181.50.

4. Boulder Designs Fiber Mesh is sold in 1.5-pound bags that retail for $8.50.
5. Boulder Designs Liquid Release is sold in 5-gallon (640 ounce) pails that retail for $117.00.
6. These items are proprietary and must be purchased directly from us or our affiliate. Currently purchase of our initial Supplies Package includes following ingredients: complete admixture, integral colors and accent topcoat, private label sealers, fiber mesh, liquid release to build up to 20,000 lb boulder. Additional inventory and ingredients must be purchased at cost directly from us or our affiliate on as needed basis.
7. Following products are purchased locally from an approved supplier that meets our standards and specifications and cost may vary.

Your Franchised Business will be directly affected by a number of factors including costs as it relates to third party supplies, inflation, supply and demand of specific products needed for operation of your Franchised Business. Therefore, you should use this data only as a reference to help you conduct your own analysis. You should conduct an independent investigation of the costs and expense you will incur in operating your Franchised Business. We recommend that you make your own independent investigation to determine whether or not the franchised business will be profitable, and consult with an attorney and other advisors prior to executing the franchise agreement.

We have written substantiation in our possession to support the information appearing in this Item 19, and this information will be made available to you on reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 franchise outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of future income, you should report it immediately to our franchisor management by contacting Frank J. "Butch" Mogavero at 2324 N. Robinson Drive, Waco, Texas 76706, or email at info@boulderdesigns.net or telephone him at (877) 892-2954, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	102	97	-5
	2022	97	95	-2
	2023	95	84	-11
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	102	97	-5
	2022	97	95	-2

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2023	95	84	-11

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2021	3	0	0	0	0	0	3
	2022	3	1	0	1	0	0	3
	2023	3	0	0	1	0	0	2
Arizona	2021	3	3	0	0	0	1	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	1	0	0	5
Arkansas	2021	1	1	0	0	0	1	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
California	2021	5	0	0	0	0	0	5
	2022	5	0	0	1	0	0	4
	2023	4	0	0	2	0	0	2
Colorado	2021	4	0	0	0	0	0	4
	2022	4	0	0	1	0	0	3
	2023	3	0	0	3	0	0	0
Delaware	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Florida	2021	4	1	0	0	0	0	5
	2022	5	4	0	1	0	1	7

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2023	7	1	0	4	0	0	4
Georgia	2021	4	0	0	0	0	0	4
	2022	4	1	0	1	0	2	2
	2023	2	0	0	1	0	0	1
Idaho	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	1	0	0	1
Illinois	2021	3	0	0	0	0	0	3
	2022	3	2	0	0	0	0	5
	2023	5	0	0	1	0	0	4
Indiana	2021	5	2	0	2	0	1	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	1	3
Iowa	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Kansas	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Kentucky	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Louisiana	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Maryland	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Michigan	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Minnesota	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
Mississippi	2021	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Missouri	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Montana	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Nebraska	2021	2	0	0	1	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	2	0	0	0	0	1	1
	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
New Hampshire	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
New Jersey	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Mexico	2021	3	0	0	0	0	0	3
	2022	3	1	0	1	0	1	2
	2023	2	0	0	0	0	0	2
North Carolina	2021	2	2	0	2	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	1	0	0	0	0	2
North Dakota	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Ohio	2021	3	0	0	0	0	0	3
	2022	3	0	0	1	0	0	2
	2023	2	0	0	0	0	1	1
Oklahoma	2021	4	0	0	1	0	0	3
	2022	3	2	0	0	0	1	4
	2023	4	1	0	0	0	0	5
Oregon	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	1	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Pennsylvania	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	1	0	0	1
South Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
South Dakota	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Texas	2021	28	2	1	0	0	3	26
	2022	26	2	0	3	0	1	24
	2023	24	5	0	5	0	0	24
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Vermont	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Virginia	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	2	0
TOTALS	2021	102	14	1	9	0	9	97
	2022	97	18	0	12	0	8	95
	2023	95	14	0	21	0	4	84

Table No. 4
Status of Company-Owned Outlets
For Years 2021 to 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Texas	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2023

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
Alabama	0	0	0
Arizona	0	0	0
California	0	2	0
Florida	0	1	0
Georgia	0	0	0
Indiana	0	0	0
Kansas	0	0	0
Louisiana	0	1	0
Missouri	0	0	0
North Carolina	0	2	0
Ohio	0	0	0
Pennsylvania	0	1	0
South Carolina	0	0	0
Tennessee	0	2	0
Texas	0	4	0
Total	0	13	0

Exhibit B reflects the names of each of our current franchisees and the address and telephone numbers of their businesses as of December 31, 2023. Exhibit B also reflects the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who has had a franchise terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our fiscal year ended December 31, 2023. Exhibit B also reflects the name, city and state, and current business telephone number of franchisees who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

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

During our last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict their ability to openly communicate with you. There are no franchisee organizations sponsored or endorsed by us, and there are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit A are our audited balance sheets as of December 31, 2023, 2022 and 2021, and related statements of operations and member's deficit, and cash flows for the years ended December 31, 2023, 2022, and 2021.

Our fiscal year ends December 31.

ITEM 22 CONTRACTS

The following Agreements are attached to this Disclosure document as Exhibits:

Confidentiality Agreement	Exhibit C
Franchise Agreement and State-Specific Amendments	Exhibit D
Credit and Security Agreement	Exhibit E

ITEM 23 RECEIPT

Two copies of a receipt of this disclosure document appear as Exhibit K. Please return one copy to us and retain the other for your records.

EXHIBIT A

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

FINANCIAL STATEMENTS

BOULDER DESIGNS FRANCHISING, LLC

Audited Financial Statements

For the Years Ended December 31, 2023, 2022 and 2021

and Independent Auditors' Report

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STRENGTH IN NUMBERS
LMS
LUDWICK, MONTGOMERY & STAPP, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Member
Boulder Designs Franchising, LLC

Opinion

We have audited the accompanying financial statements of Boulder Designs Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2023 and 2022, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boulder Designs Franchising, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boulder Designs Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Boulder Designs Franchising, LLC as of December 31, 2021 were audited by other auditors whose report dated March 30, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boulder Designs Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boulder Designs Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boulder Designs Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ludwick, Montgomery, + Stamp, PC

Temple, Texas
March 15, 2024

BOULDER DESIGNS FRANCHISING, LLC
Balance Sheets
December 31, 2023, 2022, and 2021

ASSETS

	2023	2022	2021
Current Assets			
Cash	$ 151	$ 511	$ -
Franchise fees receivable, net	553,156	80,652	82,574
Inventory	133,159	160,690	182,456
Deferred costs and prepaid expenses	87,322	73,089	27,410
Total Current Assets	773,788	314,942	292,440
Property and Equipment			
Equipment	174,927	179,927	171,683
Less: accumulated depreciation	(99,331)	(76,093)	(50,413)
Total Property and Equipment, net	75,596	103,834	121,270
Other Assets			
Deferred costs, excluding current portion	214,248	213,347	143,925
Due from related party	-	27,736	21,405
Other receivables	1,568	700	-
Acquired franchise agreements, net	576,824	586,824	412,324
Finance right-of-use asset, net	632,502	779,133	-
Total Other Assets	1,425,142	1,607,740	577,654
Total Long-term Assets	1,500,738	1,711,574	698,924
Total Assets	$ 2,274,526	$ 2,026,516	$ 991,364

LIABILITIES AND MEMBER'S DEFICIT

Current Liabilities			
Notes payable	$ 530,480	$ 543,432	$ 103,568
Current installments of long-term debt	20,793	16,665	16,665
Accounts payable	291,188	636,778	309,112
Accrued expenses	172,154	53,106	82,671
Accrued interest payable	16,176	-	-
Deferred revenue, current	843,033	428,648	524,311
Current portion of finance lease liabilities	151,091	146,631	-
Total Current Liabilities	2,024,915	1,825,260	1,036,327
Long Term Liabilities			
Long term debt, net of current portion	252,760	270,775	43,051
Deferred revenue, net of current portion	2,935,560	1,647,064	1,466,844
Due to related parties	390,774	647,882	1,224,471
Finance lease liabilities, net of current portion	481,411	632,502	-
Total Long Term Liabilities	4,060,505	3,198,223	2,734,366
Total Liabilities	6,085,420	5,023,483	3,770,693
Member's deficit	(3,810,894)	(2,996,967)	(2,779,329)
Total Liabilities and Member's Deficit	$ 2,274,526	$ 2,026,516	$ 991,364

The accompanying notes are an integral part of the financial statements

BOULDER DESIGNS FRANCHISING, LLC
Statements of Income
For the Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Revenues			
Franchise fees & royalties	$ 420,131	$ 1,427,998	$ 952,845
Equipment Sales	763,122	486,777	474,703
Supplies & Others	406,107	249,339	292,252
Total Revenues	1,589,360	2,164,114	1,719,800
Expenses			
Cost of equipment and supplies	549,888	404,792	459,359
Licensing fees	264,911	200,974	196,894
Selling and marketing expense	135,967	183,606	142,358
General and administrative expenses	1,133,065	1,098,488	1,329,462
Finance lease expense	21,369	25,697	-
Amortization: finance right-of-use assets	146,631	142,303	-
Total Expenses	2,251,831	2,055,860	2,128,073
Operating Income (Loss)	(662,471)	108,254	(408,273)
Other expense, net	(53,274)	(41,125)	(6,060)
Net loss	$ (715,745)	$ 67,129	$ (414,333)

The accompanying notes are an integral part of the financial statements

BOULDER DESIGNS FRANCHISING, LLC
Statements of Member's Equity
For the Years Ended December 31, 2023, 2022, and 2021

	Member's Equity (Deficit)	Total
BALANCE -		
December 31, 2020	$ (2,038,709)	$ (2,038,709)
Contributions - 2021	148,691	148,691
Distributions - 2021	(474,978)	(474,978)
Net Income (Loss) - 2021	(414,333)	(414,333)
BALANCE -		
December 31, 2021	(2,779,329)	(2,779,329)
Contributions - 2022	403,269	403,269
Distributions - 2022	(688,036)	(688,036)
Net Income (Loss) - 2022	67,129	67,129
BALANCE -		
December 31, 2022	(2,996,967)	(2,996,967)
Contributions - 2023	259,214	259,214
Distributions - 2023	(357,396)	(357,396)
Net Income (Loss) - 2023	(715,745)	(715,745)
BALANCE -		
December 31, 2023	$ (3,810,894)	$ (3,810,894)

The accompanying notes are an integral part of the financial statements

BOULDER DESIGNS FRANCHISING, LLC
Statements of Cash Flows
For the Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Cash Flows from Operating Activities			
Net income (loss)	$ (715,745)	$ 67,129	(414,333)
Adjustments to reconcile net income (loss)			
to net cash provided (used) by operating activities:			
Depreciation	24,988	25,680	24,096
Amortization: finance right-of-use asset	146,631	142,303	-
Impairment loss on acquired franchise agreements	30,000	30,000	20,000
Decrease (increase) in:			
Franchise fees receivable	(472,504)	1,922	60,273
Inventory	27,531	21,766	33,223
Deferred costs	(15,134)	(115,101)	(61,897)
Other receivable	(868)	(700)	-
Increase (decrease) in:			
Trade accounts payable and accrued expenses	(226,542)	298,101	99,463
Accrued interest payable	16,176	-	-
Deferred franchise fees	1,702,881	84,557	162,232
Finance lease liability	-	921,436	-
Net cash provided (used) by operating activities	517,414	1,477,093	(76,943)
Cash Flows from Investing Activities			
Advances to (repayments from) related party	30,986	(6,331)	(10,457)
Settlement payment received on acquired franchise	-	-	20,000
Payments for acquired franchises	(20,000)	(204,500)	-
Acquisition of finance right-of-use assets	-	(921,436)	-
Capital expenditures	-	(8,244)	(16,150)
Net cash provided (used) by investing activities	10,986	(1,140,511)	(6,607)
Cash Flows from Financing Activities			
Proceeds from issuance of notes payable	222,500	480,744	86,000
Principal payments on notes payable	(235,452)	(40,880)	(114,126)
Proceeds from issuance of long-term debt	-	240,000	-
Principal payments on long-term debt	(13,887)	(12,276)	(16,665)
Principal payments on finance lease liability	(146,631)	(142,303)	-
Due to related party	(257,108)	(576,589)	454,628
Contributions received	259,214	403,269	148,691
Distributions paid	(357,396)	(688,036)	(474,978)
Net cash provided (used) by financing activities	(528,760)	(336,071)	83,550
Net increase (decrease) in cash	(360)	511	-
Cash and cash equivalents - beginning of year	511	-	-
Cash and cash equivalents - end of year	$ 151	$ 511	$ -
Supplemental disclosure			
Finance lease expense	$ 21,369	$ 25,697	$ -
Interest paid	$ 21,578	$ 4,884	$ 3,045

The accompanying notes are an integral part of the financial statements

NOTE 1 – NATURE OF BUSINESS

Boulder Designs Franchising, LLC (the "Company"), a company organized in the state of Texas in September 2017, operates as a franchisor of the Boulder Designs franchise concept in the United States of America. The Company has approximately 110 franchised outlets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results differ from those estimates. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, acquired franchise agreements, and valuation allowances for receivables.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issues Accounting Standards Codification ("ASC") 326, Financial Instruments – Credit Losses. The standard was effective for year-ends beginning after December 15, 2022. We adopted the requirements of the new standard effective January 1, 2023 and applied the standard retrospectively to both years presented, the years ended December 31, 2023 and 2022.

Cash and Cash Equivalents

Cash equivalents for purposes of the statements of cash flows are all highly liquid debt instruments purchased with a maturity of three months or less.

Franchise Fees Receivable

Franchise fees receivable are recorded at the invoiced amount and do not bear interest. The allowance for credit losses is the Company's best estimate of the amount of probable credit losses in the Company's existing receivables. The Company reviews its allowance for credit losses monthly. Balances past due over 90 days and over a specified amount are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for credit losses was $19,983, $19,983, and $13,686 at December 31, 2023, 2022, and 2021.

Inventory

Inventory consists of equipment, promotional apparel, and supplies that are sold to franchises and is stated at the lower of cost or market. The cost of equipment is determined using the specific cost method and the cost of promotional apparel and supplies is based on the average cost, determined on a rolling average basis.

Equipment

Equipment is stated at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

Long-lived assets, such as acquired franchise agreements, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

Advertising and Promotions

Advertising and promotion costs are expensed when incurred. Advertising and promotion expense for 2023, 2022 and 2021 was $59,148, $75,669, and $60,909, respectively.

Income Tax

Income taxes are provided in the financial statement for current state income taxes. As a single member limited liability company, the Company does not pay federal corporate income tax on its taxable income. Instead, the Company's member is liable for federal income taxes on the Company's taxable income. Accordingly, no provision for federal taxes is provided for in the accompanying financial statements. The federal income tax returns for the Company for 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Revenue Recognition

The Company transitioned to the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Top 606, *Revenue From Contracts with Customers* ("ASC 606"), from ASC Topic 605, *Revenue Recognition* and ASC Subtopic 952-605, *Franchisors – Revenue Recognition* (together, the "Previous Standards") on January 1, 2019 using the modified retrospective transition method. The financial statements reflect the application of ASC 606 guidance beginning in 2019.

The transition to ASC 606 represents a change in accounting principle. ASC 606 eliminates industry-specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the considerations to which the reporting entity expects to be entitled in exchange for those goods or services.

Franchise revenues consist primarily of royalties, initial and successor franchise fees, transfer fees, and other fees and commission income. The Company's primary performance obligations under the franchise license is providing certain pre-opening services and granting certain rights to use the Company's intellectual property. All other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by granting certain rights to use intellectual property over the term of each franchise agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)
Royalties are calculated as a percentage of franchise monthly dues and annual fees over the term of the franchise agreement. Initial and successor franchise fees are payable by the franchisee upon signing a new franchise agreement or successor franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee. The franchise royalties represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur.

Additionally, under ASC 606, the Company allocates a portion of the initial franchise fee to pre-opening services, which is recognized as revenue once those services are provided. The remaining initial fee and successor franchise fees, as well as transfer fees, are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Under the Previous Standards, initial franchise fees were recognized as revenue when the related franchisees completed the Company's new franchisee training. Successor franchise fees and transfer fees were recognized as revenue upon execution of a new franchise agreement.

The Company sells and delivers equipment purchased from third-party equipment manufacturers to U.S. based franchisee-owned stores. Revenue is recognized upon transfer of control of ordered items, generally upon delivery to the customer, which is when the customer obtains physical possession of the goods, legal title is transferred, the customer has all risks and rewards of ownership and an obligation to pay for the goods is created. Franchisees are charged for all freight costs incurred for the delivery of equipment. Freight revenue is recorded within equipment revenue and freight costs are recorded within cost of equipment and supplies.

All revenue amounts are recorded net of applicable sales tax.

Accrued Compensated Absences
Accrued compensated absences are lost if not used before the end of each calendar year; therefore, no accrual has been reflected in the financial statements.

Credit Risk
The Company maintains its cash accounts with three financial institutions. At December 31, 2023, 2022 and 2021, the Company had deposits of -$0- in excess of FDIC coverage of $250,000, respectively.

Contingencies
Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur.

The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unassertive claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingencies (continued)
If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

NOTE 3 – CURRENT OPERATING ENVIRONMENT

Beginning in the year ended December 31, 2021, the COVID-19 pandemic caused unprecedented economic volatility and uncertainty. Travel restrictions and the cancellation of trade show events due to the pandemic negatively impacted recent operating results. As of December 31, 2023, 2022, and 2021, the Company was in a member's deficit position, and current liabilities exceeded current assets by $1,251,127, $1,510,318, and $743,887, at December 31, 2023, 2022, and 2021. Management of the Company has taken initiative to efficiently manage the business, as well as increase liquidity and financial flexibility in order to mitigate the current impact of the COVID-19 pandemic. The Company has implemented certain cost reduction plans and is analyzing its sources for sales leads to take a more strategic approach at the regions and venues where the Company markets.

In addition, on March 12, 2022 the Company received a loan from the U.S. Small Business Administration in the amount of $240,000 that will be used towards current liability obligations. The note does not require payments to be made until 2024.

Based on current expectations and currently available information, management believes that these efforts provide the Company with the ability to continue as a going concern.

NOTE 4 – ACQUIRED FRANCHISE AGREEMENTS

At December 31, 2023, 2022 and 2021, acquired franchise agreements in the amount of $576,824, $586,824, and $412,324, respectively, consist of franchise rights previously sold by the Company that were repurchased due to various circumstances with the intent to resale. Impairment losses of $30,000, $30,000, and $20,000, were charged to operations during the years ended December 31, 2023, 2022, and 2021, respectively.

NOTE 5 – NOTES PAYABLE

Notes payable at December 31, 2023, 2022, and 2021 includes as aggregate balance of $530,480, $543,432, and $103,568, respectively, under various notes due for the acquisition of franchise rights discussed further in Note 4. The notes all due within twelve months from issuance and do not bear interest.

NOTE 6 – LONG-TERM DEBT

The following is a summary of notes payable as of December 31, 2023, 2022, and 2021:

	2023	2022	2021
Note payable with the SBA dated March 12, 2023 secured by equipment, due in monthly installments of $1,226, payments begin June 2024, maturesJune 2052.	$ 240,000	$ 240,000	$ -
Note payable with local institution dated June 24, 2020 secured by equipment, due in monthly installments of $1,399, matures July 1 2025	33,553	47,440	59,716
Total notes payable	273,553	287,440	59,716
Less: current portion	(20,793)	(16,665)	(16,665)
Long-term notes payable, net of current portion	$ 252,760	$ 270,775	$ 43,051

Maturities of notes payable are as follows:

Year Ending December 31:	Principal Amount
2024	$ 20,793
2025	22,856
2026	6,196
2027	6,433
2028	6,678
Thereafter	210,597
Total	$ 273,553

Total interest expense for the years ended December 31, 2023, 2022 and 2021 was $21,578, $4,884, and $3,045 respectively.

NOTE 7 – REVENUE RECOGNITION

Contract liabilities consist of deferred revenue resulting from initial and successor franchise fees, as well as transfer fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. The following table reflects the change in contract liabilities January 1, 2021 to December 31, 2023:

	December 31, 2023	December 31, 2022	December 31, 2021
Beginning of period	$ 2,075,712	$ 1,991,155	$ 1,828,923
Revenue recognized in period	(1,240,590)	(881,156)	(436,642)
Increase, excluding amounts recognized during period	2,943,471	965,713	598,874
End of period	$ 3,778,593	$ 2,075,712	$ 1,991,155

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2023. The Company has elected to exclude short term contracts, sales and usage based on royalties and any other variable considerations recognized on an "as invoiced" basis.

Contract liabilities to be recognized in:	Amount
2024	$ 843,033
2025	773,814
2026	765,271
2027	1,164,768
2028	231,707
Total	$ 3,778,593

NOTE 8 – FINANCE LEASES

At the commencement date, leases are classified as either operating or finance leases. For the years ended December 31, 2023, 2022 and 2021, the Company had one finance lease for a building. Additionally, for the years ended December 31, 2023, 2022 and 2021, the Company did not have any operating leases. Leases have remaining lease terms of 4 years.

NOTE 8 – FINANCE LEASES (CONTINUED)

The following summarizes the line items in the accompanying income statements which include amounts for finance leases at December 31:

	2023	2022	2021
Finance Leases			
Finance lease right-of-use assets	$ 921,436	$ 921,436	$ -
Accumulated amortization	(288,934)	(142,303)	-
Finance right-of-use assets, net	$ 632,502	$ 779,133	$ -
Current portion of finance lease liabilities	151,091	146,631	-
Finance lease long-term liabilities	481,411	632,502	-
Total finance lease liabilities	$ 632,502	$ 779,133	$ -

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2022	2022	2021
Weighted Average Remaining Lease Term			
Finance leases	4.0 years	5.0 years	-
Weighted Average Discount Rate			
Finance leases	3.0%	3.0%	-

NOTE 8 – FINANCE LEASES (CONTINUED)

The maturities of lease liabilities as of December 31, 2023 were as follows:

Year Ending December 31:	Finance
2024	168,000
2025	168,000
2026	168,000
2027	168,000
	672,000
Less: Interest	(39,498)
Present value of finance lease liabilities	$ 632,502

The following summarizes the line items in the income statement which include the components of lease expense for the years ended December 31:

	2023	2022	2021
Finance lease costs:			
Amortization of finance assets	$ 146,631	$ 142,303	$ -
Interest on finance lease	21,369	25,697	-
	$ 168,000	$ 168,000	$ -

NOTE 8 – FINANCE LEASES (CONTINUED)

The following summarizes cash flow information related to leases for the years ended December 31:

	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities			
Financing cash flows from finance leases	146,631	142,303	-
Non-cash amounts included in the measurement of right-of-use assets: Amortization expense of finance leases	146,631	142,303	-
Lease assets obtained in exchange for lease obligations			
Finance leases	-	921,436	-

NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES

From time to time, the Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

During 2021, a franchisee transferred his franchise rights to another individual in exchange for a $60,000 note payable. The Company has guaranteed payment of the note payable balance.

NOTE 10 – RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company enters into transactions and arrangements with affiliated entities owned by the Company's member. The member is in a position to determine the terms and prices of services charged to the Company. Therefore, the member may be able influence the profitability of the Company and affiliated under common control. Amounts due to these affiliated companies at December 31, 2023, 2022, and 2021 were $390,774, $647,882, and $1,224,471, respectively.

The Company has entered into a licensing agreement with and affiliated entity requiring the Company to pay a licensing fee to the entity equal to 10% of the Company's revenue. Amounts paid under this agreement for 2023, 2022 and 2021 were $264,911, $200,974, and $196,894, respectively.

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes the additional information in the notes to the financial statements when the fair value is different from the carrying value of the financial statements. The estimated fair value of accounts receivable, finance right-of-use assets, accounts payable, and accrued liabilities approximate the carrying amounts due to the relatively short maturity of these instruments. The carrying value of notes payable and finance lease liabilities also approximate the fair value since these instruments bear market rates of interest. None of these instruments are held for trading purposes.

NOTE 12 - RECLASSIFICATION

Certain amounts in 2022 and 2021 have been reclassified to conform to the 2023 presentation.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 15, 2024, the date which the financial statements were available to be issued. No subsequent items require disclosure to the financial statements.

EXHIBIT B

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

LIST OF FRANCHISEES AND
FRANCHISEES WHO HAVE LEFT THE SYSTEM

LIST OF FRANCHISEES
AS OF DECEMBER 31, 2023

Company Name	Contact	Address	City, ST Zip	Phone
Alabama				
BD by Custom Boulder	Phillip Pritchett	9845 AL Hwy 75	Horton, AL 35980	256.302.6441
Boulder Designs of Mobile	Castillo, Felix	14050 Railroad Street Bayou	La Batre, AL 36509	251.487.2313
Arizona				
RJC Ventures, LLC dba BD by RJC	Rick and Janelle Chaffee	30276 W. Crittenden Lane	Buckeye, AZ 85396	623.223.0263
BD by Exquisite Landscaping	Sean and Rhonda Coleman	5350 W. Bell Rd., Ste C-122 #476	Glendale, AZ 85308	602.999.5364
G & G Brown Enterprises, LLC	Gene & Gina Brown	13973 S. 181st Ave.	Goodyear, AZ 85338	623.337.5382
We Build Stones.Com LLC	Bryan Tomaras	2318 West Bent Tree Dr.	Phoenix, AZ 85085	425.623.4229
Jortiz Enterprises, LLC	Ortiz, Jose & Jessica	2811 N. Broken Arrow Avenue	Tuscon AZ 85745	520.954.6304
Arkansas				
BD by Baldogo	Lee and Stacy Baldogo	225 Crescent Dr.	Fort Smith, AR 72916	479.650.3930
Battle Tested Enterprises, Inc.	Sanders, Greg & Cheryl	5311 Columbia Road	Taylor, AR 71861	870.904.5639
California				
BD by RRP Partnership	Ryan/Perrin Loewen and Russell Spence	10218 Liberty Ave.	Livingston, CA 95334	209.535.6103
BD by A and R Enterprises, LLC	Jim & Rubio Anderson	2615 Land Park Dr.	Sacramento, CA 95818	916-572-5703
Colorado				
None				
Florida				
Paradise Rocks Florida, LLC	Miller, Daniel	4133 Wimbledon Drive	Cooper City, FL 33026	813-333-3323
SG Rocks, LLC/Griffin Trees	Sheri & Steve Griffin	16500 S. Jefferson Avenue	Lake Placid, FL 33852	863.465.7702
Boulder Designs by EZ	Zausch, Ed	239 New Gate Loop	Lake Mary, FL 32746	352.910.4104
WAK & JMK LLC dba Your BedRocks	Kelly, William	574 Oak Island Circle	Plant City, FL 33565	813.333.3323
Georgia				
Kenzie Lane Enterprises, LLC	Neel, Steven	850 West Conway Drive NW	Atlanta, GA 30327	770.466.8766

Idaho				
BD by 3B Enterprises, LLC	Mike/Stan Beus	7639 McDermott Rd.	Kuna, ID 83634	208.941.7275
Illinois				
BD by Corner Stone Master Builders, LLC	Brad Criner	19080 Mt. Moriah Ave.	Coffeen, IL 62017	618.237.9737
Josh Hetley	Hetley, Josh	1603 Parkview Drive	Highland, IL 62249	618.979.5709
BD by Tegtmeyer Enterprise, Inc – (Unit 1)	Nate Tegtmeyer,	2119 E. 1730 N. Road	Watseka, IL 60970	815.432.4748
BD by Tegtmeyer Enterprise, Inc – (Unit 2)	Nate Tegtmeyer,	2119 E. 1730 N. Road	Watseka, IL 60970	815.432.4748
Indiana				
BD by E & M Stone Creations, LLC	Erich and Mandy Nelson	1087 S. County Road 900 W	Greencastle, IN 46135	765.720.8665
BD by Roanoke Boulders, LLC	Welch, Melinda and Todd	11256 N US Highway 24E	Roanoke, IN 46783	260.415.4371
Above & Beyond Lawn Care, Inc.	Levi Mitchell	2621 S SR 446	Heltonville, IN 47436	812.369.2050
Iowa				
Gibbs Enterprises, LLC	Al Gibbs	709 5th Ave. S.E.	Dyersville, IA 52040	563.590.0709 563.875.2309 563.875.2577
BD by Hames Enterprises, Inc.	Chad Hames	27418 220th Ave.	Long Grove, IA 52756	563.210.6927
BD by Step One Capital	Scott Bakley	1912 Bentley Court	Norwalk, IA 50211	515.494.7509
Kentucky				
BD by Talego	Gonsalves, Tasonja	641 Highland Ave	Vine Grove, KY 40175	270-748-1220
Louisiana				
BD by LJ & LJ Enterprises, LLC	Jay and Lori Johnson	PO Box 361 Shipping: 4606 Lawndale Dr.	Benton, LA 71006	318.820.1038
Corey James Enterprises, LLC	Olivier, Corey & Angela	238 Nicholas Lane	Church Point, LA 70525	337.399.1123
Boulder Designs by The Grass and Rock Shoppe	Reed LeBlanc,	16341 Turf Grass Rd.	Welsh, LA 70591	337.857.5047
Massachusetts				

BD by Perreault Nurseries	Perreault, Joe & Mo	4 Carroll Road	North Grafton, MA 01536	508.873.7474
Michigan				
Boulder Designs by TJH	Todd and Jodi Hammond	516 Jackson Court	Coloma, MI 49038	269.876.2562
J & W Investments, LLC	Jeff, Twitty	6063 S. Evan Ln.	Brookline Station, MO 65619	417.880.4585
Minnesota				
BD by Boulder Creations	Dave Meyer	605 Chamberlain Ave SE	Buffalo, MN 55313	763.477.4532
Missouri				
J & W Investments, LLC	Jeff, Twitty	6063 S. Evan Ln.	Brookline Station, MO 65619	417.880.4585
Boulder Designs by TJ Northland	Tim & Juli DeLougherty	18608 Fightmaster Road	Trimble, MO 64492	763.245.2502
Nebraska				
BD by JTM Solutions, LLC	Jerry Monahan	14301C Circle, Suite B7	Omaha, NE 68144	402.681.2030
New Jersey				
BD by Fynan and Sons, LLC	Carla Fynan	306 Park Ave. Hainesport Business Complex	Hainesport, NJ 08036	609.405.3558
New Mexico				
Boulder Designs by Agape – Unit 1	Michael Hurst	302 N. Union Ave.	Roswell, NM 88201	575.420.0877
Boulder Designs by Agape- Unit 2	Michael Hurst	302 N. Union Ave.	Roswell, NM 88201	575.420.0877
New York				
Boulder Designs by Rolling Stone	Divitto, Justin & Michael	15 Dykeman Lane	Pawling, NY 12564	845.905.9638
North Carolina				
BD by Family Firesides	Zehr, Nathan/Stan	3766 Old Pink Hill Road	Pink Hill, NC 28572	910.372.2610
Boulder Designs by JAC	William Pruitt	55 Fox Run Lane	Sparta, NC 28675	336.200.2236 336.200.2235
North Dakota				
Infinite Edge, LLC	Ward, Adam & Emily	108 Dakota Drive	Hankinson, ND 58041	701.640.2326
Badlands Impressions, LLC	Schenfisch, Shannon & Shawna	4415 27th Street SE	Minot, ND 58701	701.720.1169
Ohio				

BD by FSLB Enterprises, LLC	Lance and Lynn Beus	4494 Ashton Grn	New Albany, OH 43054	409.550.5625
Oklahoma				
Pony Express Enterprises, LLC – Unit 1	Humbard, Jeff, Kim, and Colt	RR 1 Box 8	Goodwell, OK 73939	580.651.4910
Pony Express Enterprises, LLC- Unit 2	Humbard, Jeff, Kim, and Colt	RR 1 Box 8	Goodwell, OK 73939	580.651.4910
Boulder Designs by Old Central Custom Stone	Singer, Kurtis	4004 N. Sangre Road	Stillwater, OK 74075	405.633.0588
Green County Boulders	Keeter, Tommy	6125 E 106 Place	Tulsa, OK 74137	918.899.2192
BD by Craig Custom Stone, LLC	Jim Craig	1701 W. Highway 66	Yukon, OK 73099	405.301.1698
Oregon				
None				
Pennsylvania				
BD by Kneps Landscaping	Thomas “Chris” Knepley	101 Arch Street	Williamsport, PA 17701	570.279.0084; 570.329.5665; 570.320.7172
South Carolina				
BD by GO Concrete LLC	Galen Overholt	2139 Highway 20	Abbeville, SC 2962	864.378.4437; 864.379.8280
South Dakota				
BD by Bryan	Scherr, Bryan & Jessica	13466 335th Avenue	Roscoe, SD 57471	605.281.1033
Tennessee				
Standing Stone Enterprises, LLC	Sarkisian, Marty & Adrienne	13577 Crossville Hwy.	Monterey, TN 38574	831.777.8663
BD by Lewis Repairs	Paul Lewis; Cindy Lewis	85 Pierre Rd	Oakland, TN 38060	901.334.6659
Texas				
BD of Anton	Grace, Brenda and Casey	6450 Old US Hwy 84	Anton, TX 79313	806.893.7879
Custom Stonecraft, LLC	Russenberger, Brent	3843 Belle Way	Corinth, TX 76208	972.310.1909
Bd of Corpus Christi	Hoffman, Trent and Esther	5901 La Costa	Corpus Christi, TX 78414	361.288.8305
Boulder Designs by The Hill Country	John Thomas	425 Wildflower Hills, Suite C	Fredericksburg, TX 78624	830.998.9300
BD by T & T	Toby Derington	129 Continental Lane	Hillsboro, TX 76645	817.487.5480

Bedrock Boulders, LLC	Chao, Corey	10511 Windsor Lane, Ste 109	Houston, TX 77031	281.901.0788
BD by Stephanie	Johnson, Brad & Stephanie	18307 Mountfield Drive	Houston, TX 77084	281.345.9833
BD by Judson Outdoor	Thompson, Fred & Shannon	5017 US Hwy 259N	Longview, TX 75605	903.663.5296
BD by Yo Cinco Industries, LLC	Ladd Byars	1210 Castle Rock Ct.	Midland, TX 79708	432.556.5233
BD by Newberry Landscapes, LLC	Kat Newberry	271 Weiss Rd.	New Braunfels, TX 78130	830.481.1024
BD by Pinnacle	Art & Rene Rangel	2313 Echo Harbor Drive	Pearland, TX 77584	346.426.4929
4Everstone, LLC	Taft, Glenn	3489 Bristlecone Ct.	Rockwall, TX 75032	469.265.9813
BD by Bird's Eye Landscape, Inc.	Brent Pfingsten	1326 Door Key Rd.	San Angelo, TX 76904	325.651.2494
BD by Bradley Holman Consulting	Bradley Holman	3011 Mission Gate	San Antonio, TX 78224	936.332.8601
BD by Rivercity Stone Craft	Lozano, Paul	1311 E. Elmira	San Antonio, TX 78212	210.385.6201
BD by Olech Enterprises, Inc.	Scott and Andrew Olech	10730 Potranco Rd, Ste. 122-503	San Antonio, TX 78251	210.319.8349
BD by Torrey Lifestyle Inv., LLC	Lisa Torrey	24119 Lenze Rd., Unit C	Spring, TX 77389	713.503.5226
BD by Torrey Lifestyle Inv., LLC	Torrey, Lisa & John Torrey/Mogavero, Robin	24119 Lenze Rd., Unit C	Spring, TX 77389	713.503.5226
BD by Torrey Lifestyle Inv., LLC	Torrey, Lisa & John Torrey/Mogavero, Robin	24119 Lenze Rd., Unit C	Spring, TX 77389	713.503.5226
BD by Torrey Lifestyle Inv., LLC	Torrey, Lisa & John Torrey/Mogavero, Robin	24119 Lenze Rd., Unit C	Spring, TX 77389	713.503.5226
BD by Torrey Lifestyle Inv., LLC	Torrey, Lisa & John Torrey/Mogavero, Robin	24119 Lenze Rd., Unit C	Spring, TX 77389	713.503.5226
BD by The Hobbs Family	Hobbs, Mark	17402 Moreton Lane	Spring, TX 77379	832.350.5523
BD by S&B Team Investments, LLC	Seth Mogavero	2324 Robinson Dr.	Waco, TX 76706	254.742.2021
BD by Davoult Company	Davoult, Roy	1803 Kemp Blvd.	Witchita Falls, TX	940.636.2450
Utah				

Boulder Designs of Ogden	Dan Scarbrough	5057 West 1500 North	Plain City, UT 84404	801.920.4327; 801.540.5586
Washington				
BD by Nash	Ron Nash	5505 Mt. Aix Way	Yakima, WA 98901	509.901.9098
Wisconsin				
None				
Wyoming				
BD by Greenway	Rohrer, Jeff	3871 Walden Rd.	Cheyenne, WY 82007	307.631.8723

LIST OF FRANCHISEES WITH A SIGNED FRANCHISE AGREEMENT BUT OUTLET NOT OPENED AS OF DECEMBER 31, 2023

Company Name	Contact	Address	City, ST Zip	Phone
Florida				
None				

FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2023

The following are the names, city and state, and home telephone numbers of all Franchisees who have had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Marks as of December 31, 2023.

Non- Renewal:

Franchisee	Contact	City, Sate Zip	Phone
Diamond Designz, LLC	Diamond, Larry	Huntsville, AL 35806	256-519-5541
Boulder Designs by Always Green, LLC	Monette, Bob	Flagstaff, AZ 86004	928-699-1913
BD by Walker Ranch, LLC	Walker, Randy	Agua Dulce, CA 91390	661-713-7810
BD by Letterman Enterprises, LLC	Letterman, Jason	King City, CA 93930	83-229-1499
BD by Baker & Associates, LLC	Short, Eric	Palisade, CO 81526	970-201-1967
BD by ML Stone, LLC	Scott, Michael	Brighton, CO 80601	303-807-4335
BD at Altitude LLC	Fuller, Greg and Tammy	Castle Rock, CO 80109	720-989-0484
BD by Melcor Construction Inc.	Brown, Larry	Wellington, FL 33414-5165	561-20-7945
BD by Clarke Construction Group LLC (Unit 1)	Clarke, Chris	Ft Myers, FL 33966	239-362-1010
BD by Clarke Construction Group LLC (Unit 2)	Clarke, Chris	Ft Myers, FL 33966	239-362-1010
Boulders by the Jersey Boys, LLC	Bolsch, Ken	West Palm Beach, FL 33406	561-961-3011
BD by C&M Custom	Sims, Mike & Cynda	Chickamauga, GA 30707	423-771-8962
BD by Big Rock Signs, LLC	Pocock, John/Ball, John and Tami	Sugar City, ID 84448	208-346-7203
BD by AAA Superior Lawn Care, Inc	Wikoff, Bill	Springfield, IL 62711	217-971-6260
BD by Twin Timbers, LLC	Salamun, Tom	Creswell, OR 97426	541.517.4448
BD by OSAR Rocks	Lutz, Larry and Chris	Bernville, PA 19506	610.750.4883 484.797.4499
BD by Rock The Third Coast, LLC	Elliott, Eric	Pearland, TX 77851	832.603.7624
BD by CJAB Enterprise, LLC	Harris, Curtis & Jenna	Eastland, TX 76448	325.829.3674
Boulder Designs by F4 Creations, LLC	Fielder, Tuck and Phil and Dana	Farmersville, TX 75442	214.709.8397
BD by Custom Rock Works, LLC (Unit 1)	Backus, Robert	Keller, TX 76248	682.593.5582
BD by Custom Rock Works, LLC (Unit 2)	Backus, Robert	Keller, TX 76248	682.593.5582

Ceased Operations – Other

Franchisee	Contact	City, Sate Zip	Phone
DCO Ventures, LLC	O'Brien, Dan and Colleen	Indianapolis, IN 46250	317.670.6024
BD by Bahner Enterprises, LLC	Bahner, Todd	Wheelersburg, OH 45694	740-727-0344
BD by Wisconsin Craftworks, Inc.	Bastida, Abel	Pleasant Prairie, WI 53158	773.733.3387
BD by Rocks by Nancy	Ray, David and Nancy	River Falls, WI 54022	715.410.8145

Terminations:

Franchisee	Contact	City, Sate Zip	Phone
None			

Transfers:

Franchisee	Contact	City, Sate Zip	Phone
None			

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

EXHIBIT C

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT
By and Between

BOULDER DESIGNS FRANCHISING, LLC
FRANCHISOR AND

_____, PROSPECT

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement, made this ___ day of _____, 20____, by and between Boulder Designs Franchising, LLC, a Texas limited liability company formed and operating under the laws of the State of Texas, having its principal place of business at 2324 N. Robinson Drive, Waco, Texas 76706 ("Franchisor") and all jointly and severally, of _____ (hereinafter, "Prospect").

WHEREAS, Franchisor has developed and owns a unique system relating to the establishment and operation of businesses whose purpose is providing high-quality custom landscape boulders and business signage for residential, commercial, and industrial customers, and

WHEREAS, Prospect and Franchisor have entered into discussions which may involve the disclosure to Prospect of the proprietary information of Franchisor.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other, hereby agree as follows:

1. Proprietary Information/Confidential Treatment. During the course of business dealings between the parties, certain of the confidential information of Franchisor will be disclosed to Prospect. Prospect or any of its employees, shall not for any reason or purpose whatsoever, use for its personal benefit, or disclose, communicate or divulge to, or use for the benefit, direct or indirect, of any person, firm, association or corporation other than Prospect, any knowledge of confidential information which is proprietary to Franchisor ("Proprietary Information"). All Proprietary Information shall be the sole property of Franchisor and its assigns, and Prospect hereby assigns to Franchisor any rights it has or may acquire in such Proprietary Information. Prospect will have access to and become acquainted with various trade secrets and trade sources, consisting of patterns, operational systems and compilations of information, records, and specifications which are owned by Franchisor and which are regularly used in the operation of a franchised business. Prospect shall not disclose any of the aforesaid trade secrets, directly or indirectly, or use them in any way, at any time, except as required in the course of business dealings between Franchisor and Prospect.

2. Injunctive Relief. Any breach of provisions of this Agreement shall cause irreparable harm to Franchisor, and therefore, in the event of a breach or threatened breach of the provisions of this Confidentiality Agreement, Franchisor shall be entitled to an injunction restraining Prospect from disclosing or appropriating in whole or in part, the Proprietary Information, or from rendering any services to any person, firm, corporation, association or other entity to whom such confidential information, in whole or in part, has been disclosed or is threatened to be disclosed. Nothing herein shall be construed as prohibiting Franchisor from pursuing any other remedies available for such breach or threatened breach, including the recovery of damages or liquidated damages in the amount of $20,000 for each such breach, whichever is deemed higher by a court of law.

IN WITNESS WHEREOF, the parties hereunder have duly executed, sealed and delivered this Agreement on the day and year set forth above.

BOULDER DESIGNS FRANCHISING, LLC

By: _____
Frank J. "Butch" Mogavero
Chief Executive Officer

PROSPECT(S)

By: _____
Name/Title

By: _____
Name/Title

EXHIBIT D

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

Franchise Unit #_____

By and Between

BOULDER DESIGNS FRANCHISING, LLC, FRANCHISOR

and

_____, FRANCHISEE

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BOULDER DESIGNS FRANCHISING, LLC

FRANCHISE AGREEMENT

This Franchise Agreement made on the Effective Date identified on the Key Terms page ("Franchise Agreement" or "Agreement") by and between Boulder Designs Franchising, LLC, a Texas limited liability company, having its principal place of business at 2324 N. Robinson Drive, Waco, Texas 76706, ("Franchisor") and the franchisee identified on the Key Terms Page ("Franchisee").

WHEREAS, Franchisor has developed, and is in the process of further developing, a System identified by the trademark "Boulder Designs" and relating to the establishment and operation of a franchised business providing high-quality custom concrete curbing, trim, and edging for domestic, commercial, and industrial consumers; and

WHEREAS, Franchisor has developed a business plan and method of establishing and conducting the Business and operating Businesses emphasizing prompt and courteous service and utilizing certain standards, specifications, methods, procedures, techniques, management techniques, proprietary marks, commercial symbols, trade dress and other proprietary or confidential information, as they may be improved, and further developed from time to time hereafter by Franchisor (the "System"); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, use of the Marks (defined below); signage, decorations, equipment, furnishings and materials, as necessary; the Confidential Operations Manual; proprietary operating methods, procedures and techniques; methods and techniques for inventory and cost controls, record keeping, reporting, personnel management, and purchasing (all of which may be improved and further developed by Franchisor from time to time); all such Marks and other distinguishing characteristics being owned by Franchisor; and

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate BOULDER DESIGNS Businesses using the System and the Marks; and

WHEREAS, Franchisee desires to operate a BOULDER DESIGNS Business, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisor is willing to grant Franchisee a license under the System and the Marks to operate a Franchised Business, subject to Franchisee's strict compliance with the terms and conditions of this Agreement and in reliance upon Franchisee's representations made in this Agreement and in Franchisee's application to become a franchisee under the System.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any business entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this franchise agreement and all exhibits hereto and amendments hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

"Approved Supplier(s)" means only those companies, and vendors who provide the services, product items, supplies, signs, equipment and other items and services Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality

standards. Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of Approved Suppliers. Further description and requirements can be found in the terms contained in Article 13;

"**Business Entity**" means a corporation, limited liability company, limited partnership or other entity created pursuant to statutory authority.

"Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) engraved concrete signage or concrete landscaping products or other products or services that are the same as or similar to those sold by the Franchised Business or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or Boulder Designs' other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a franchise agreement with Franchisor, (b) any business operated by a publicly-held entity in which Franchisee owns less than a 5% legal or beneficial interest.

"Confidential Information" means all technical and non-technical information used in or related to BOULDER DESIGNS Businesses including but not limited to current, former, and prospect client list and related information and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information established by documentary evidence that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

"Covered Person" means (i) the individual executing this Agreement as Franchisee; (ii) each Owner, officer, director, manager, trustee, or general partner and Internal Manager of Franchisee and each Franchisee Affiliate if Franchisee is a Business entity; and (iii) the spouse, adult children, parents, collaterals, or siblings of the individuals included in (i) and (ii). Covered Person shall mean an individual who falls within the identified categories where on the Effective Date or later during the Term;

"Customer(s)" means any person or entity that purchases or receives good or services from Franchisee, as applicable;

"Effective Date" means the date set forth in the introductory paragraph of this Agreement which commences this Agreement's effectiveness and term;

"Electronic Depository Transfer Account" means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor;

"Former Franchisee" means any Boulder Designs franchisee(s) that have been terminated or whose Franchise Agreements have expired naturally under the terms of those Franchise Agreements.

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks, while not in Default;

"Franchised Business" means the BOULDER DESIGNS Business to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means Boulder Designs Franchising, LLC;

"Franchisor Indemnitees" means Franchisor and its Affiliates, successors, assigns, and designees of either entity and their respective directors, officers, employees, agents, shareholders, designs, and representatives of each, members, partners, owners, employees, agents, successors and assigns as further discussed in Section 21.3;

"Gross Revenue" means the aggregate of all income and monthly fees Franchisee receives from Customers for the purchase or provision of any goods or services, including enrollment fees, or any other person or business entity for the Franchised Business in connection with the Franchised Business (whether or not in accordance with the terms of the Franchise Agreement) and whether for check, cash, credit or otherwise, from the sale of products and services (including service charges in lieu of gratuity) regardless of the dollar amount Franchisee sells each product or service for, including, without limitation, all proceeds from any business interruption insurance and any revenue generated from National Accounts, but excluding (a) all insurance payments, check, cash, credit or debit card refunds made in good faith provided, prior to granting the refunds, the revenue related to the refunds was included in Gross Revenue, (b) any sales and equivalent taxes that Franchisee collects for or on behalf of and pay to any governmental taxing authority, and (c) any rebate Franchisee receives from a manufacturer or supplier. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier, or customer will be valued at the full retail value of the membership bartered in exchange for the goods or services provided to you. Gross Revenue also includes the proceeds of any business interruption insurance paid to you. Gross Revenue also includes any payments you receive from vendors;

"Gross Revenue Reports" has the meaning given to such term in Section 12.2;

"Incapacity" means the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Initial Fee" means paying Franchisor an Initial Fee of $63,000 to secure Franchisee's Territory.

"Initial Term" shall be 10 years as more fully defined in Section 4.1;

"Local Advertising" means the services required to fulfill Franchisee's local marketing requirements through Franchisee's own effort or by contracting with an Approved Supplier, if any. Marketing methods utilized may include but not be limited to those contained within the Manual, and approved advertising materials such as newspaper ads, direct mail, coupon direct mail co-ops, print media and business-to-business marketing efforts within the Territory;

"Internal Manager" means the person designated in writing by Franchisee and approved in writing by Franchisor who has primary responsibility for managing the day-to-day affairs of the Franchised Business, also known as "Designated Director", and if Franchisee is an individual and not a business entity, the Internal Manager shall be the Franchisee;

"Manual" means the Boulder Designs Operations Manual(s), whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and Internal Managers' manuals and all books, computer programs, password-true portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Marketing Fee" has the meaning given to such term in Section 11.2;

"Marks" means the trademark "Boulder Designs" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings, patents and other commercial symbols as Franchisor may designate to be used in connection with BOULDER DESIGNS Businesses, whether or not registered or recognized by the U.S. Patent and Trademark Office or any other Agency no matter where located;

"**National Accounts**" means group accounts for specific national or large regional commercial customers who may specify use of BOULDER DESIGNS projects with the clients' locations within a designated area;

"National Headstone Program" means a Boulder Designs National Account, that Franchisee shall participate in pursuant to the terms and conditions set forth in Exhibit 11 of this Agreement;

"Opening Advertising" has the meaning given to such term in Section 11.1;

"Royalty Fee" means paying the amount identified on the Key Terms Page;

"**Owner**" means (a) each person who signs this Agreement as "Franchisee", if the franchisee is a sole proprietorship; (b) each person who holds voting securities, if the franchisee is a corporation; (c) each member and manager, if the franchisee is a limited liability company; (d) each general and limited partner, if the franchisee is a partnership; and (e) each trustee and trust beneficiary, if the franchisee is a trust. If any Owner is a "Business Entity," the term "Owner" also includes the Owners of the Business Entity;

"Social Media" means online content created by individuals and/or entities using highly accessible and scalable publishing technologies through their desktop computer, laptop computer, smart phones, mobile phone or by other means available in the future. Social Media allows individuals and/or entities to connect in the online world to form relationships for personal and business use. The definition of Social Media includes user-generated content and consumer-generated media. Social Media occurs in many different forms, including, but not limited to, Internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos. Technologies for Social Media include, but are not limited to: blogs, picture-sharing, vlogs, wall-postings, e-mail, instant messaging, music-sharing, crowdsourcing, and voice over IP, to name a few. Some examples of Social Media sites and/or applications are Google Groups (reference, social networking), Wikipedia (reference), MySpace (social networking), Facebook (social networking), MouthShut.com and yelp.com (product reviews), Youmeo (social network aggregation), YouTube (social networking and video sharing), Avatars United (social networking), Second Life (virtual reality), Flickr (photo sharing), Twitter (social networking and microblogging), LinkedIn (business social media),Open Diary (blogging) and other microblogs such as Twitter and Jaiku, among others. This list is not inclusive and shall mean all Social Media available now and created in the future;

"Territory" has the meaning given to such term in Section 2.5, as well as Exhibit 1;

"**Transfer**" For purposes of this Agreement, "**Transfer**" as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) any interest in this Agreement, the License, the Store, substantially all the assets of the Store, or in the ownership of the franchisee (if you are an Entity). "**Transfer**" as a noun means any such sale, assignment, gift, transfer, pledge, mortgage or encumbrance;

"Transfer Fee" has the meaning given to such term in Section 18.2;

"Trade Secrets" means information in any form (including, but not limited to, technical or nontechnical data, know-how, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in BOULDER DESIGNS Businesses that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy;

"Transferee" means the individual or entity third party buyer, who purchases this Franchise Agreement if the Franchisee chooses to sell; and

"Wholesale Transaction" means any sale of five or more products or services (regardless of stage of completion) to a Customer whose purpose is to, in turn, offer such products or services for resale to a third-party. Sale of products includes sale of unfinished or raw boulders to Customers.

ARTICLE 2 - GRANT OF FRANCHISE

Section 2.1 Grant of Franchise

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one BOULDER DESIGNS Business using the System and Marks.

Section 2.2 Approved Location

Subject to all of the terms and conditions herein, Franchisor grants to Franchisee the right and license to operate a Franchised Business using the System and the Marks at an approved location ("Approved Location") and solely within the Territory. Franchisee hereby accepts such right and license subject to such terms and conditions and undertakes to operate the Franchised Business and to use the System and Marks solely in connection therewith. If the Approved Location of the Franchised Business is not determined as of the Effective Date, then Franchisee shall have up to 30 days to propose a location to Franchisor for approval. If Franchisor does not deny Franchisee's proposed location within 30 calendar days, the location shall be deemed approved. If Franchisee receives a denial from Franchisor, Franchisee must submit a new location until approved. When the Approved Location is determined, its description shall be identified on the Key Terms Page. Franchisee must only operate the approved Boulder Designs Business from the approved location and no other business.

Section 2.3 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity to perform any part of Franchisee's rights or obligations licensed herein, or to grant any person or entity the right to act as Franchisee's agent to perform any part of Franchisee's rights or obligations herein.

Section 2.4 The Territory

If the Key Terms Page identifies the Territory as a "Separate Territory" then, provided Franchisee is not in default under any of the terms hereof, Franchisor will not grant anyone by Franchisee the right to operate a BOULDER DESIGNS Business in the Territory subject to reserved rights by Franchisor pursuant to this Section 2.4 of this Agreement. If the Key Terms Page identifies the Territory as a "Shared Territory," then Franchisor may itself operate, or grant others the right to operate, one or more BOULDER DESIGNS Businesses in the Territory. If this Agreement initially grants a "Separate Territory," Franchisor has the right to convert the territory to a "Shared Territory," by delivering to Franchisee written notice of the change.

Franchisee's business activities are confined to retail transactions only. Franchisee may not enter into any Wholesale Transactions without first obtaining Franchisor's written consent. Franchisee acknowledges and agrees that conducting Wholesale Transactions without Franchisor's prior approval is a material breach of this Franchise Agreement, for which Franchisor may terminate the Franchise Agreement for cause without an opportunity to cure. Whether retail or wholesale, Franchisee may not offer or sell products or services outside of the Territory without prior written approval from Franchisor, and Franchisor may revoke its permission at any time at its sole discretion with 10 days' written notice to Franchisee. If any Wholesale Transactions interferes with National Accounts, Franchisee must immediately cease those Whole Transactions upon Franchisor's written notice. Franchisee shall use best efforts to maximize sales within the Territory, and Franchisee may not directly or indirectly solicit or advertise outside of the Territory, including on the Internet, without Franchisor's prior written consent. Franchisee shall only sell such customized Boulder Designs products within the Territory. Franchisee may participate in trade shows but

such shows are confined to the Territory unless prior written approval has been provided by Franchisor. Franchisee may only sell items at such trade shows that Franchisor specifies and approves.

Franchisee may accept orders outside Franchisee's Territory. If the Franchisee accepts clients outside of its Territory, and Franchisor awards that area containing those clients to another franchisee, you must relinquish those clients outside of your Territory to the new franchisee. If you accept clients outside of your Territory, and if that area is another franchisee's territory, you must pay the Franchisor and the franchisee the Encroachment Fee of $1,000 per job performed and 50% of revenue generated from such sale to the franchisee whose territory in which the sale was made. As the Franchisor, we do not grant the Franchisee a right of first refusal or any other rights for orders originating in areas that are not in Franchisee's Territory, and while Franchisor does not require it, we encourage you to buy additional Territories adjacent to your Territory if you want to secure those clients.

Whether the Territory is identified as a "Separate Territory" or a "Shared Territory," Franchisor has the right to provide or grant one or more other franchisees the right to provide products and services under the Marks in and outside the Territory. Franchisor also may establish, own or operate, and license others to establish, own or operate, or continue to own or operate, other businesses under other systems using other trademarks inside and outside of the Territory. Franchisor also may purchase or otherwise acquire the assets or controlling ownership of one or more businesses similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), which may operate anywhere, including within the Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Territory which are not franchised or licensed, Franchisor may, in its sole discretion: (i) offer to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a BOULDER DESIGNS Business; or (ii) offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name. Franchisor also may be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Territory. Franchisor has the right to sell any products authorized for BOULDER DESIGNS Businesses using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, Internet sales and catalog sales; provided, however, that no such sales shall be made to any Competitive Business within the Territory; and to engage in any activities not expressly forbidden by this Agreement.

Franchisor further reserve the right, to enter into agreements with specific regional or national commercial customers in order to establish a National Account, in any area, including in your Territory including but not limited to the National Headstone. If Franchisor establishes a National Account in your Territory Franchisee shall service the National Account under the same terms, pricing, and provisions negotiated for the National Account. Under certain circumstances if Franchisor determine in its sole discretion that Franchisee is not capable of servicing the National Account, or if the volume of services exceed demand at the time, Franchisor may at its sole discretion authorize other franchisees or other qualified third-parties to provide the services. See Section 3.6 of this Agreement for more information on the National Accounts.

Section 2.5 Diligence and Best Efforts

Franchisee shall diligently and fully exploit the rights in this Agreement by personally devoting best efforts, and in the case more than one individual has executed this Agreement as Franchisee, the individual so designated in this Agreement shall personally devote his or her best efforts towards the operation of the Franchised Business, or provide for full time management, trained and approved by the Franchisor, to manage the Franchised Business. Franchisor has the right, in its discretion, to implement a Minimum Gross Revenue requirement per month or annually by providing Franchisee at least 30 days' advance written

notice. If established, Franchisee's failure to meet such requirement may result in an obligation to complete additional training. Franchisee's refusal to complete such additional training is a material breach of this Agreement.

ARTICLE 3 - FEES

Section 3.1 Initial Fee

Upon execution of this Agreement Franchisee shall pay to Franchisor the Initial Fee identified in the Key Terms Page. The Initial Fee is fully earned and nonrefundable upon payment, and covers Franchisor's costs associated with sale of the franchise to Franchisee (45%), providing supplies and equipment to Franchisee (25%), training and onboarding the Franchisee (15%), and providing Franchisee pre-opening services (15%).

Section 3.2 Royalty Fees

Beginning on the date stated on the Key Terms Page and continuing on the first business day of each calendar month thereafter, for so long as this Agreement shall be in effect, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, Royalty Fees due to Franchisor. The first payment of the Royalty Fees will take place upon execution of this Agreement; the next monthly Royalty Fee payment will take place on the first business day of the calendar month which follows the month in which this Agreement was executed. Other than increases described in the Key Terms Page, Franchisor reserves the right to increase the Royalty Fee up to a maximum of an additional 20% per month during the Term of this Agreement. Franchisee shall have 30 days advance notice prior to the increased Royalty Fee taking effect.

Section 3.3 Taxes

If any taxes, fees, or assessments are imposed on Franchisee's payment of any fees (except taxes imposed on Franchisor's net taxable income), Franchisee shall also pay the amount of those taxes, fees, or assessments within 15 days after receipt of Franchisor's written notice to Franchisee.

Franchisee will promptly pay, when due, all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, sales taxes, use taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness incurred in the conduct of Franchisee's Boulder Designs Business. Franchisee agrees it will not permit a tax sale or seizure by levy or execution or similar writ or warrant or attachment by a creditor to occur against the location or any asset used in Franchisee's Boulder Designs Business.

Section 3.4 Electronic Transfer

Franchisor has sole discretion to determine and change the method by which Franchisee pays to Franchisor amounts due to Franchisor under this Agreement, which may include collecting payments through Franchisee's billing and collection agent. Currently, Franchisor requires all Royalty Fees and other amounts due from Franchisee to Franchisor to be paid either (a) through an Electronic Depository Transfer Account or (b) by Franchisee electronically transferring to Franchisor any funds due Franchisor. Within 15 days after successfully completing training, but no later than 30 days prior to opening the Franchised Business, Franchisee shall open and maintain an Electronic Depository Transfer Account ("ACH") and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor, by signing and returning an ACH Withdrawal Form in the form prescribed by Franchisor. Franchisee will give its financial institution instructions, in a form Franchisor provides or approves, and will obtain the financial institutions agreement to follow these instructions. Franchisee will provide Franchisor with copies of these instructions and agreements. The financial institution's agreement may not be withdrawn or modified without Franchisor's written approval, which approval is within Franchisor's

sole discretion. Franchisee will also sign all other forms for fund transfers as Franchisor or the financial institution may request.

Franchisor may require Franchisee's financial institution to send a monthly statement of all activity in the designated account to Franchisor at the same time it sends statements to the Franchisee.

Franchisor may further require Franchisee's financial institution to send any other reports of activity in the Franchisee's Operating Account to Franchisor as Franchisor reasonably determines and requests. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account.

If Franchisee maintains any other bank accounts for the Franchised Business, Franchisee must identify these accounts to Franchisor and provide Franchisor with copies of the monthly statements for all of these accounts and the details of all deposits and withdrawals to those accounts along with access to those accounts as set forth in the above paragraphs.

Franchisee shall make timely deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent and the establishment of a replacement Electronic Depository Transfer Account.

Section 3.5 Technology Fee

Franchisee shall pay to Franchisor its then-current technology fee ("Technology Fee") on the first of every month, which is currently as defined on the Key Terms page or as otherwise identified in Exhibit 1, as attached to this Agreement as of the Effective Date. Franchisor has the right to enforce this fee at Franchisor's discretion upon providing Franchisee 10 days' notice of their intent to enforce or increase to the current monthly Technology Fee.

The Technology Fee will cover Franchisor's cost of providing BOULDER DESIGN franchisees technology and other technical resources, including, without limitation, certain internet resources, website, email, intranet address, software, and other technology to facilitate Franchisee's operation of the Franchised Business. The parties acknowledge and agree that the technological environment is rapidly changing and that it is difficult to anticipate the cost of developing, acquiring, implementing, and licensing Internet and communications technologies that may benefit franchisees of the System. The Technology Fee cap shall increase automatically each calendar year by an amount not to exceed 10% of the prior year's Technology Fee cap. Franchisee agrees to pay the Technology Fee according to the terms prescribed by Franchisor.

In addition, Franchisor requires Franchisee to purchase, through an approved supplier, the approved point of sale system ("POS"). Franchisee will be responsible for any ongoing upgrades or updates to the POS, ongoing maintenance packages, and computer and software packages after installation. The computer system and/or POS for your Franchised Business will be dedicated to the operation of the Boulder Designs business and used for no other purpose.

Franchisee shall: (1) use proprietary software programs, as may be developed and prescribed by Franchisor, including system documentation manuals and other proprietary materials now and hereafter developed by Franchisor, in connection with the operation of the Business; (2) execute Franchisor's standard software license agreement, if necessary; (3) input and maintain in Franchisee's computer such data and information as Franchisor prescribes in the Manuals, software programs, documentation or otherwise; and (4) purchase new, different or upgraded software programs, system documentation manuals and other proprietary materials at then-current prices (except as provided in this Section), whenever Franchisor adopts such new, different or upgraded programs, manuals and materials systemwide; provided that, with respect to any required purchase of new, different or upgraded software programs (i) Franchisee shall be required to purchase any such program only after it has been tested and implemented in Franchisor-owned Businesses,

if any such Businesses then exist, and (ii) Franchisee shall be notified of the required purchase no less than 30 days before Franchisee is required to implement the program.

Franchisor has the right to independently access all information collected or compiled by or in accordance with Franchisee's use of any of the software packages at any time without first notifying Franchisee. Franchisee must update or upgrade any and all hardware and software as Franchisor deems necessary.

Franchisor requires that Franchisee have a dedicated business telephone line and phone service. The use of a cellular phone and accompanying usage plan will suffice. Franchisee shall pay third party providers for phone service and systems.

Section 3.6 National Accounts Program

Franchisor, from time to time, may solicit and obtain from National Accounts certain projects that may be located anywhere, including Franchisee's Territory. Franchisor reserve the right, to enter into agreements with specific regional or national customers in order to establish a National Account, in any area, including in the Territory.

If Franchisor obtains a National Accounts project in the Territory, Franchisor may, but is not obligated to, offer the project to Franchisee for execution and completion. If Franchisor makes such an offer, Franchisee agrees to service the National Account under the same terms, pricing, and provisions negotiated for the National Account. Under certain circumstances if Franchisor determines in its sole discretion that Franchisee is not capable of servicing the National Account, or if the volume of services exceed demand at the time, Franchisor may authorize other BOULDER DESIGNS franchisees or other qualified third-parties to provides the services to the National Account.

Franchisor retains all rights to the projects of National Accounts, including invoicing, processing, and making disbursements related to the National Accounts projects. If Franchisee chooses to participate in the National Accounts program, and if Franchisor successfully completes a project of a National Accounts program in Franchisee's Territory, Franchisor shall make the appropriate disbursement to Franchisee minus 15% of the Gross Revenues or any other amount, or method as designated at the sole discretion of the Franchisor pursuant to the terms of specific National Account derived from the National Accounts project. This National Accounts Program fee as determined by the Franchisor 15% of the Gross Revenue or otherwise from the National Accounts projects shall be retained by Franchisor as a fee for obtaining the project and for administrative costs related to the project.

If, before commencement of the National Accounts project, Franchisee refuses to or is unable to (per Franchisor's sole discretion) perform a National Accounts project, Franchisor retains the full right to assign the project to any other BOULDER DESIGNS franchisee or to its affiliate. If Franchisee accepts a project but is unable to complete the National Accounts project for any reason, it shall reimburse Franchisor for any costs Franchisor has already spent on the project and any other expenses Franchisor bears in reassigning the project to another franchisee or its affiliate.

Franchisee shall not be awarded finder's fees or any other compensation for National Accounts projects that are completed in the Franchisee's Territory.

On all National Account projects Franchisee expressly agrees and shall be responsible for providing any repair or replacement work to the end client. Franchisee shall make such repairs or replacements within thirty (30) days, subject to reasonable work conditions due to climate after Franchisee is served a valid claim from the customer. Franchisee shall be responsible for the costs of any materials, overhead, and/or labor required to bring the products within the standards prescribed by the Franchisor. In the event Franchisee fails to make any repairs or replacements as required hereunder, the Franchisor may undertake and/or arrange for such repair or replacements and charge Franchisee for the cost of effecting such repairs or replacements, including costs for labor, materials and overhead.

Simultaneously with the execution of this Agreement, Franchisee shall participate in Franchisor's current National Account the National Headstone Program by execution the National Headstone Program Agreement in the form attached hereto and incorporated herein as Exhibit 11 ("National Headstone Program Agreement"). Franchisee agrees to comply with all terms and provisions of the National Headstone Program Agreement. In lieu of the 15% National Accounts Fee, the Franchisor shall have the right to collect a deposit due per project. The deposit is based on template and materials selected by the customer and could vary based on the total project cost. Upon the Franchisee's acceptance of the project and completion the Franchisee is entitled to the remaining balance for the project. If in Franchisor's sole discretion Franchisee is not capable of servicing the National Headstone Program customer, or if the volume of services exceed demand at the time, Franchisor retains the right to authorize other BOULDER DESIGNS franchisees or other qualified third-parties to provides the services within Franchisee's Territory and the Franchisee does not have the right to be compensated for Franchisor or other franchisees providing services to the National Headstone Program customer within Franchisee's Territory.

Section 3.7 Late Fees

To cover the costs involved in processing late, if any payment under this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee for the Franchised Business is overdue for any reason or if Franchisee's bank account has insufficient funds to cover any payment due, Franchisee must pay to Franchisor, in addition to the original amount due, a late fee of $100 per late occurrence, insufficient funds, or bounced check. Each failure to pay monies when due is an Event of Default. In addition, Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fees, Technology Fees, or any other amounts due Franchisor, including reasonable accounting and collection fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

Section 3.8 Application of Payments

No payment by Franchisee or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Any endorsement, statement or communication by Franchisee to the effect that Franchisee's payment of a lesser amount than due constitutes full payment shall be given no effect and Franchisor may accept the partial payment without prejudice to any rights or remedies it may have against Franchisee. Franchisor's acceptance of payments by Franchisee other than as set forth in this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement. Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fes, Technology Fees, purchases from Franchisor or its Affiliates, or any other amount owed to Franchisor in any proportion or priority. Franchisor's acceptance of payment from any entity other than the named Franchisee shall be deemed to be payment by the named Franchisee and shall not be deemed to be recognition or substitution of the paying entity for the named Franchisee.

Section 3.9 No Withholding

Franchisee agrees that under no circumstances will Franchisee withhold or suspend payment of, or reduce the amount of the Royalty Fee, Marketing Fee, Technology Fee, or purchases payable under this Agreement.

Section 3.10 Default Fee

If you are in default under this Agreement, at our discretion, and without waiver of any of our rights under this Agreement, we may impose a fee ("Default Fee") in an amount up to $1,500 per event of default, plus

the cost of re-inspections and the costs enforcing compliance. You must pay the Default Fee within 3 days of our demand.

3.11 Required Equipment and Supplies

Franchisee shall also purchase required and additional equipment as identified in the Key Terms, Schedule 1, attached as Exhibit 1 and incorporated herein, and submit payment to Franchisor for the same at the same time as the Initial Fee unless otherwise agreed by the parties. Franchisee is solely responsible for shipping costs and any optional upgrades to the equipment in the Processor Machine, Trailer, Equipment, Marketing & Supplies Package.

ARTICLE 4 - TERM OF AGREEMENT AND RENEWAL

Section 4.1 Initial Term

The initial term of this Agreement shall commence upon the Effective Date and shall expire at midnight on the day preceding the tenth (10th) anniversary date of the Effective Date (the "Term" or the "Initial Term"), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

Section 4.2 Renewal

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new Franchise Agreement with Franchisor and paying the Renewal Fee as defined on the Key Terms page or as otherwise identified in Exhibit 1, as attached to this Agreement as of the Effective Date.

Franchisee has the right to renew the franchise for one successive term of 10 years ("Renewal Term"). To qualify for a successor franchise, each of the following conditions must have been fulfilled and remain true as of the last day of the term of this Agreement:

i. Franchisee shall give Franchisor written notice of such election to renew not less than nine months prior to the end of the Initial Term;

ii. Franchisee shall schedule to attend a refresher training and certification course with Franchisor at Franchisor's next available training;

iii. Franchisee shall complete, at its expense and to Franchisor's satisfaction, all maintenance, refurbishing, renovating, and remodeling required to comply with Franchisor's then-current standards and imaging requirements no later than 30 days after expiration of the Initial Term;

iv. Franchisee shall not be in material default of any provision of this Agreement any agreement Franchisee has with Franchisor, and shall at all times have substantially complied with all the terms and conditions of this Agreement during the term hereof or fully cured all Noticed Default(s);

v. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its subsidiaries and affiliates and shall have timely met such obligations throughout the Initial Term;

vi. Not less than 30 days prior to the expiration of the Initial Term, Franchisee shall execute the then-current form of Franchise Agreement being used by Franchisor, which may have terms that are materially different than the terms of the then-current Franchise Agreement;

vii. Franchisee shall comply with Franchisor's then-current criteria for operation of a Franchised Business, including background checks and moral character requirements;

viii. Franchisee shall have executed and delivered a general release of all claims, in a form prescribed by Franchisor, in favor of Franchisor and its Affiliates;

ix. Franchisee shall submit written documentation establishing that all certifications required during the Initial Term are in good standing and shall remain in good standing for the duration of the Renewal Term.

The Initial Term and any Renewal Term collectively may be referred to herein as the "Term" of this Agreement.

ARTICLE 5 - APPROVED LOCATION

Section 5.1 Selection of Site

Franchisee may choose to operate the Franchised Business out of a private residence or commercial business office, both of which must be located in the Franchisee's Territory as defined on the Key Terms page or as otherwise identified in Exhibit 1, as attached to this Agreement as of the Effective Date. In the event Franchisee chooses not to operate the Franchised Business out of the Franchisee's owners' home, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection by submitting Franchisor's Site Selection form with all supporting data and attachments. If Franchisor approves such selection, the site shall be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a site for the Franchised Business. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation: the condition of the premises; demographics of the surrounding area; proximity to other BOULDER DESIGNS Businesses and competitors; lease requirements; and overall suitability. Franchisor shall notify Franchisee of its approval or disapproval of a proposed site within 30 calendar days after Franchisor receives all information submitted from Franchisee. Franchisor will not unreasonably withhold approval; however, if Franchisor and Franchisee cannot agree on a location for the Franchised Business, Franchisor may in its sole discretion allow more time for site selection or terminate the Franchise Agreement. If the Franchise Agreement is terminated Franchisee is not entitled to any refund of the initial franchise fee or other deposits paid to Franchisor. If the Franchisor fails to respond in writing to the Selection of Site request within 45 calendar days, the site is deemed approved if the Site is in the Franchisee's Territory. If operating from Franchisee's home the site will be deemed automatically approved upon submission to Franchisor, provided the site is located within the Franchisee's Territory.

Franchisor does not represent that it, or any of its Affiliates, owners or employees, have special expertise in selecting sites. Neither Franchisor's assistance nor its approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location and assumes all risks with respect to the selection of the Approved Location.

Section 5.2 Lease of Approved Location

If applicable, after the designation of the Approved Location (and if the site is to be leased or purchased), Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor in writing. Franchisor shall not unreasonably withhold its approval. Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee must cause the landlord to sign the Lease Rider that is attached to this Agreement as Exhibit 10. The Lease Rider includes important provisions that protect our interests. If your landlord refuses to sign the Lease Rider in the form attached to this Agreement, we may reject your proposed location.

Section 5.3 Development of Approved Location

As applicable, Franchisor may make available to Franchisee, at no charge to Franchisee, concepts of standard plans for the Approved Location. Such standard plans and specifications as well as Franchisee's particular plans and specifications are subject to alteration as Franchisor deems necessary, or as Franchisee's local or state law requires. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such plans within 180 days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall: (i) obtain all zoning classifications and clearances which may be required by state and local laws, ordinances or regulations; (ii) obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained; (iii) employ a qualified, licensed general contractor to complete construction of all required improvements to the Approved Location; (iv) purchase any supplies or inventory, necessary for the operation of the Franchised Business; (v) purchase and install all equipment, signs, furniture and fixtures, including any computer equipment and Point of Sale systems, required for the operation of the Franchised Business from Approved Suppliers; (vi) install outdoor signage in compliance with Franchisor's then current specifications; (vii) provide a monthly written report to Franchisor, on Franchisor's prescribed form, describing the activities begun, completed and, if not completed, the percentage completed in connection with the development of the Approved Location; and (viii) establish a persistent high-speed broadband consistent with current standards and obtain at least one telephone number solely dedicated to the Franchised Business.

If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent, provided such request for extension is provided to Franchisor in writing at least 30 days after the Effective Date.

Section 5.4 Failure to Begin Operations

Should Franchisee fail to begin operating the Franchised Business within 180 days after the Effective Date, Franchisor has the right to terminate this Agreement with no refund to Franchisee of any amounts if Franchisee fails to cure such default within a thirty (30) day period.

Section 5.5 Opening

Before opening the Franchised Business and commencing business, Franchisee must:

i. fulfill all of its obligations pursuant to the other provisions of this Section 5.6;

ii. furnish Franchisor with copies of all insurance policies required by this Agreement and by the lease (if the Approved Location is leased), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

iii. complete initial training to the satisfaction of Franchisor;

iv. hire and train the personnel necessary or required for the operation of the Franchised Business;

v. obtain all necessary permits and licenses;

vi. purchase all Opening Project inventory not purchased pursuant to Section 5.4, as stated in Section 8.2;

vii. if Franchisee is a business entity, Franchisee has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

viii. pay in full all amounts due to Franchisor, or execute the Promissory Note and Security Agreement (attached hereto as Exhibit 9, if applicable) for any amounts due Franchisor.

Franchisee shall comply with these conditions and be prepared to continuously operate the Franchised Business within 180 days after the Effective Date. Time is of the essence.

5.5.1 BY VIRTUE OF COMMENCING OPERATIONS OF YOUR BUSINESS, FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS FULFILLED ALL OF ITS OBLIGATIONS TO FRANCHISEE THAT FRANCHISOR IS REQUIRED TO FULFILL PRIOR TO THE OPENING OF YOUR BOULDER DESIGNS BUSINESS.

Section 5.6 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of a BOULDER DESIGNS Business in full compliance with this Agreement and the Manual.

Franchisor may use Franchisee location as a training facility upon notice. If Franchisor elects to use the Franchised Business for training, Franchisor shall provide to Franchisee, in lieu of payment, which shall be considered payment in full, for use of the facilities: 1) the ability for Franchisee to enroll

Franchisee's employees or Internal Managers into the training class being taught by Franchisor at Franchisee's location. There is no limit on the number of times during this Agreement that Franchisor may use the Franchised Business.

Section 5.7 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor. If the lease for the Approved Location expires or terminates through no fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may allow Franchisee to relocate the Franchised Business in accordance with Franchisor's then-current site selection procedures. Any such relocation shall be at Franchisee's sole expense. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees.

Section 5.8 ADA Certification

At its sole expense, Franchisee shall furnish evidence satisfactory to Franchisor that the Approved Location (if not the Franchisee's home office) is designed, constructed, and altered in compliance, at all times, with the requirements of the Americans With Disabilities Act of 1990, the regulations now or hereafter adopted pursuant thereto, and any and all applicable state or local laws, statutes, ordinances, rules and regulations concerning public accommodations for disabled persons now or hereafter in effect. Franchisee shall indemnify, defend, and hold harmless the Franchisor from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, reasonable attorney's fees and disbursements) arising from Franchisee's failure to comply with this obligation.

ARTICLE 6 - PROPRIETARY MARKS

Section 6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor including those set forth in the Manual. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks.

Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks. Franchisee shall not contest the

validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

Section 6.2 Limitations on Use

Franchisee must use the Marks as the sole trade identification of the Franchised Business, and in accordance with Franchisor's written direction and specifications. Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give advanced written notice to Franchisor before filing applications for trademark and/or service mark registrations. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Approved Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated by Franchisee."

Franchisor has the sole right to maintain Social Media sites and/or applications including, but not limited to: Twitter, Facebook, LinkedIn and other sites or applications that Franchisor may establish. Franchisor does not allow Franchisee to establish or utilize Social Media sites or applications for business purposes. Franchisee and Franchisee's employees do not have the right to utilize the Marks on any Social Media sites and/or applications, even if made from a personal Social Media account. Further, any representations from Franchisee or Franchisee's employees regarding Franchisee's profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under this Franchise Agreement.

Section 6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any settlement, litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

Section 6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided Franchisee has timely notified Franchisor of such proceeding, agreed to be a witness in any legal proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense and settlement of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee for removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

Section 6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within 30 days after notice to Franchisee. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified, additional or substitute Mark.

Section 6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Such inspections may also include, without limitation, conducting any type of audit or review necessary to evaluate your compliance with all required payments, standards, specifications or procedures. We may, from time to time, make suggestions and give mandatory instructions with respect to your operation of your BOULDER DESIGNS franchise as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other items to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) clients and employees and to photograph or videotape the operations. You expressly agree that these visits will not imply that you are in compliance with your obligations under this Agreement or under the law or that we waive our right to require strict compliance with your obligations under this Agreement or the Manual. Furthermore, such visits will not create any responsibility or liability in our part. If you request that we make additional visits to your BOULDER DESIGNS franchise, you will pay the fees we establish for such visits. You will also allow us to visit your BOULDER DESIGNS franchise with prospective franchisees during your business hours.

Section 6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Mark or the words "Boulder Designs" or any variation thereof without Franchisor's prior written approval. An Affiliate, Mogavero Investments, LLC, is the sole owner of all right, title and interest in and to such domain names as Franchisor shall designate in the Manual including, but not limited to, www.boulderdesigns.net, which Mogavero Investments, LLC, has licensed to Franchisor the right to utilize the foregoing domain name(s).

Section 6.8 Approved Information System

Franchisor may designate the information system used in Franchisee's BOULDER DESIGNS franchise, including the computer hardware, software, other equipment and enhancements (the "Information System"). In such event, in connection with the approved Information System, Franchisee agrees to the provisions set forth below. If Franchisee suspects or know of a security breach, Franchisee must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. Franchisee assumes all responsibility for providing all notices of beach or compromise and all duties to monitor credit histories and transactions concerning customers of the BOULDER DESIGNS franchise, unless otherwise directed by the Franchisor.

Franchisee shall be solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against the Franchisor or its affiliates as the direct or indirect result of such disruptions, failures, or attacks. If Franchisee suspects or know of a security breach, Franchisee must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at Franchisee's sole expense. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the BOULDER DESIGNS franchise, unless otherwise directed by the Franchisor.

Franchisee hereby release and agree to hold the Franchisor and its affiliates, and Franchisor's respective officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from, or in connection with, the installation, maintenance, or operation of the information system and its billing and payment processing.

Section 6.9 Ownership of Information

All of the information Franchisor or its affiliates obtain from Franchisee or about Franchisee's BOULDER DESIGNS franchise, and all information in Franchisee's records or Franchisors concerning the members of Franchisee's BOULDER DESIGNS franchise (the "Information") and all revenues we derive from the Information will be our property. However, Franchisee may at any time during the term of this Agreement use in the operation of Franchisee's BOULDER DESIGNS franchise (but for no other purpose), to the extent lawful and at Franchisee's sole risk and responsibility, any information that Franchisee acquire from third parties in operating Franchisee's BOULDER DESIGNS franchise, such as customer data. The Information (except for information Franchisee provides to the Franchisor or its affiliates, including information provided by Franchisee's officers, directors, shareholders, partners or equity members of Franchisee entity) will become Franchisor property which Franchisor may use for any reason as Franchisor may deem necessary or appropriate in Franchisor's sole discretion. Franchisee hereby authorize Franchisee's any payment processors to release the information to the Franchisor at any time. Following termination or expiration of this Agreement, Franchisee will no longer use any of the Information, except to comply with Franchisee's post-term obligations under this Agreement and Franchisee authorizes Franchisee's payment processor to release the Information exclusively to the Franchisor and/or Franchisor's designees.

ARTICLE 7 - TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

Section 7.1 Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges Franchisor owns copyrights in the Manual, Franchisor's website (but not the domain names referred to above), and other copyrightable items that are part of the System. Franchisee acknowledges that while Franchisor claims copyrights in these and similar items, Franchisor has not registered, and is not required to register these copyrights with the United States Registrar of Copyrights. Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee and any Covered Person: (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in

written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents, representatives and Covered Persons, and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them. Franchisee shall only divulge Trade Secrets or other Confidential Information to individuals who must have access to it in order to operate the Franchised Business, and shall follow the requirements of Section 7.4 in doing so.

Franchisor claims common law rights, copyright protection and trade dress for the Manual, guidelines, photographs, product names, signage, promotional materials, training materials, this Agreement and any other documents, materials and items for the general ambiance and decor used in the operation of the System and the BOULDER DESIGNS Businesses. All information is proprietary and this Agreement requires Franchisee to keep such information confidential. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right or interest in Franchisor's common law rights, copyrights, trade dress, Trade Secrets, Confidential Information, the System, methods, procedures or any other intellectual property rights that are part of Franchisor's System or contest Franchisor's sole right to register, use or license others to use, except as limited by this Agreement, the common law rights, copyrights, trade dress, Trade Secrets, Confidential Information, System, methods, procedures or any other intellectual property rights that are a part of Franchisor's System.

Section 7.2 Additional Developments

All ideas, concepts, know-how, techniques, advertising or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, or other Covered Persons, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore. Further, any advertising materials Franchise submits to Franchisor for review will become Franchisor's property, and Franchisor may use or distribute these materials in any manner Franchisor deems appropriate, without compensation to Franchisee. Franchisor has the right to incorporate such items into the System and/or disclose them to other franchisees and other persons or entities. To the extent any item does not qualify as a "work made for hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

Section 7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Boulder Designs franchisees if owners of BOULDER DESIGNS Businesses, and Covered Persons were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor Covered Persons, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, Limited Liability Company or other business entity, shall:

i. divert or attempt to divert any customer, employee or other business associate of the Franchised Business, Franchisor, its Affiliate(s) or any other franchisee to any Competitive Business or solicit or otherwise attempt to induce or influence any customer, employee or other business associate of any of the foregoing to terminate or modify his, her or its business relationship with the Franchised Business, Franchisor, its Affiliate(s) or any other franchisee, by direct or indirect inducement or

otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

ii. own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

Section 7.4 Non-Disclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any Covered Person to execute a Non-Disclosure and Non-Competition Agreement, in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Franchisee shall use the employee specific Non-Disclosure Non-Compete Agreement contained in the Manual for all their employed or independently contracted employee, or one substantially similar in terms and compliant with the Franchisee's state law. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all non-disclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third-party beneficiary with the right to enforce such agreements.

Section 7.5 Reasonableness of Restrictions

Franchisee acknowledges the restrictive covenants contained in this Section are essential elements of this Agreement and without their inclusion; Franchisor would not have entered into this Agreement. Franchisee acknowledges each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, other franchisees, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

ARTICLE 8 - TRAINING AND ASSISTANCE

Section 8.1 Re-Boot Training and Initial Training

Franchisor shall make its re-boot training and its initial training programs available to the Franchisee and its Internal Manager.

Prior to attending the initial training program, the Franchisee, and/or the Internal Manager must successfully complete, to Franchisor's satisfaction, the re-boot training program. The re-boot training program is conducted over a 3-day period and consist of Hands-on and Classroom training that pertains to Franchisor's equipment, methods associated with Boulder Designs, facility, business planning and expectations as related to our System and Marks. There is no charge if Franchisee or its Internal Manager complete the re-boot training within 120 days prior to the scheduled initial training program; however, if not, then the Franchisee must pay the Franchisor the then-current re-boot training fee prior to attending the training program currently it is $2,500. Franchisee is responsible for all costs incurred for each of its re-boot training program attendees. If charged payment of the Re-Boot Training fee is due prior to attending the Re-Boot training and is non-refundable.

Upon execution of this Agreement, Franchisee shall pay Franchisor an Initial Training Fee in the amount specified in Exhibit 1, Key Terms Page. The initial training program consists of approximately five business day(s) of classroom training and on-the-job initial training program for the Franchisee and its initial manager. Instruction pertains to all material aspects of the operation of a BOULDER DESIGNS Business, including such topics as: BOULDER DESIGNS mission and principles; establishment of your business structure; legal filings; business licenses; banking and checking accounts; insurance; accounting and legal support; computer system and software installation; set up accounting systems; market research; marketing plan; optional establishment of office lease; employment suggestions; incoming call scripts; office administration; administrative management training; trademark usage guidelines; maintenance of quality

standards; customer service techniques; record keeping and reporting procedures; other operational issues; resale, transfer, renewals and assignment training; vendor interaction and ordering, and on-the-job training. Franchisor shall conduct the initial training program either in person at its headquarters or at another designated location or locations, as Franchisor requires. Initial Training amount is fully earned and nonrefundable upon completion of the Franchisee's training. If Franchisee does not successfully complete the initial training, Franchisor reserves the right to deduct any amount from Franchisee's Initial Training Fee to cover Franchisor's expense and the cost of providing the initial training course in addition to Franchisee paying Franchisor the On-Site Training Cancellation Fee and the other rights of Franchisor pursuant to this agreement.

Initial Training Fee is allocated to Franchisor's cost and expense in providing such training to the Franchisee and its initial manager; however, all expenses incurred by Franchisee and its employees in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Additional trainees will be at the then-current published rates. Any additional individuals or new internal managers are subject to fees under Section 8.4 of this Agreement.

Section 8.2 Opening Project/ Advanced Marketing Training

Franchisee shall provide written and photographic proof, if requested by Franchisor, of all opening marketing and Local Advertising performed. Said proof shall be remitted in accordance with the stipulations stated in Section 11.1.

Section 8.3 RESERVED

Section 8.4 New Internal Manager

After beginning operations, should Franchisee name a new Internal Manager, Franchisee must notify Franchisor in writing of the identity of the new Internal Manager and Franchisor must approve in writing the new Internal Manager. The new Internal Manager must attend and complete the next available re-boot training and initial training programs to Franchisor's satisfaction. Franchisee shall be responsible for all travel costs, room and board, and employees' salaries incurred in connection with the new Internal Manager's attendance at such initial training. Franchisor reserves the right to require Franchisee to pay Franchisor's then-current rate for such initial training, currently $7,250.

Section 8.5 Ongoing Training and Special Assistance

From time to time, Franchisor may provide, and if it does, has the right to require that the Internal Manager, Franchisee's other managers and/or employees attend ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training, except Franchisor has the right, but not the obligation, to charge a fee as stated in the manual and updated from time to time for Franchisee to attend an annual convention for the system. Franchisor shall not require the Internal Manager, Franchisee's other managers and/or employees to attend more than two session(s) in any calendar year and collectively not more than 10 days in any calendar year, not including any annual convention that is held by Franchisor. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Internal Manager's, Franchisee's other managers' and/or employees' attendance at such training.

Franchisor will provide Franchisee with Ongoing Assistance as Franchisor deems necessary. If Franchisee requests Franchisor to participate in assistance in completing a project for the Franchisee, Franchisee will pay a 40% Royalty based upon the Gross Revenue of the project.

Section 8.6 Additional Training

Franchisor encourages attending additional training regularly. From time to time, Franchisor may provide, and if it does, has the right to require that the Internal Manager, Franchisee's other managers and/or employees attend additional training programs. If additional training is requested by the Franchisee, or if

Franchisor deems that additional training is necessary, Franchisee shall pay $1,100 per day per attendee, or $5,500 for the full five business days of training per attendee whichever amount is higher. Additional Training may be held at Franchisor's facility or any other Franchisor designated location. Franchisee is solely responsible for any wages, travel, food, and other costs incurred on behalf of its employees who attend additional training.

Section 8.7 National or Regional Meetings

Franchisor provides annual training at the National or Regional Convention. Franchisee's attendance is mandatory. Franchisee shall pay $795 for two attendees by May 1st annually. Additional attendees are recommended and will be billed at $150 per additional attendee. If Franchisee fails to attend the Annual Convention Franchisee will incur an additional non-attendance fee of $795 as listed in the Manual(s).

Section 8.8 On-Site Training Cancellation Fees

If Franchisor or its representative is schedule to conduct an on-site training program, or scheduled for a visit at the Franchisee's location for training or other reasons, or if the Franchisee register for a training program and Franchisee subsequently cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire training program then Franchisee shall pay the Franchisor, their then-current on-site training cancellation fee (the "On-Site Training Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of schedule training program and how far in advance you notify the Franchisor in writing of the cancellation and the cost and expense incurred in rescheduling our travel arrangements.

8.09 Nature and Assistance of Training

Franchisee agree that Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. Franchisee also acknowledge that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes the Franchisor has failed to adequately provide any pre-opening services to the Franchisee or to its employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of Franchisee's BOULDER DESIGNS business, Franchisee must immediately notify the Franchisor in writing within thirty (30) days following the opening of Franchisee's BOULDER DESIGNS business or the Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by the Franchisor were sufficient and satisfactory in Franchisee's judgment, and complied with all representations made to the Franchisee.

8.10 **Delegation of Performance**

Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we contract to perform these obligations.

ARTICLE 9 - MANUAL

Section 9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall lend to Franchisee one copy/copies of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of One 1 or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement. Franchisee will be charged $1,500 for each replacement copy of the Manual(s).

Section 9.2 Revisions

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

Franchisee agrees that, because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor reserves the right, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchisee.

Section 9.3 Confidentiality

The Manual contains Trade Secrets and other Confidential Information of Franchisor and approved vendors, and its contents shall be kept confidential by Franchisee and all Covered Persons both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. Whether the Manual is in paper form or stored on computer-readable media, or both, Franchisee shall maintain the Manual in a secure manner at the Approved Location. If the Manual is in electronic form, Franchisee shall maintain the Manual in a password-true file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the Manual or any key, combination or passwords needed for access to the Manual. All persons whom Franchisee permits to have access to the Manuals or any other Confidential Information must first be required by Franchisee to sign the Confidentiality Agreement provided by Franchisor. Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

ARTICLE 10 - FRANCHISE SYSTEM

Section 10.1 Compliance with Standards

Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor. Franchisee must strictly enforce the Boulder Designs Culture and individual appearance requirements and dress code requirements with all employees and independent Internal Managers that Franchisee contracts with or hires, as more specifically stated in the Manual(s).

Section 10.2 Modification of the System

Franchisee recognizes that from time to time, Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new computer hardware and software, equipment, signs or fixtures. Franchisee agrees to make all required upgrades and modifications at its expense as may be required by Franchisor. Franchisee agrees to comply with Franchisor's directions within a reasonable time after receiving notice of such changes. Franchisor is not required to reimburse Franchisee for any costs or expenses associated with making such trade or service mark changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses in promoting a modified or substitute trademark or service mark. Any other additional investment other than modification or substitution of Marks is required to be made in the last year of the initial term, Franchisee may avoid making the investment by providing notice of intent not to renew the Franchise Agreement unless the investment is in connection with a modification to the System required by law or court order. Franchisee acknowledges any required

expenditures for changes or upgrades to the System shall be in addition to expenditures for refurbishment, remodeling, repairs and maintenance as required in Article 5 of this Agreement.

If this Franchise Agreement is signed as part of the transfer of an existing franchise, or renewal of an existing franchise, then the construction required under this Section 10 shall be the renovation of Franchisee's BOULDER DESIGNS business in accordance with the provisions of the predecessor franchise agreement. If, at our sole discretion, the Franchisor allow Franchisee to complete the renovation after signing this Agreement, the renovation must be completed in accordance with the provisions of this Section 10.

Franchisee may not make any changes to any building plan, design, layout or décor, or any equipment or signage in your BOULDER DESIGNS business without Franchisee's prior written consent, and such damages may not be contrary to the Brand Standard specifications.

Section 10.3 Variance

Franchisor has the right to vary standards or specifications for test market purposes or for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular BOULDER DESIGNS Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance.

Section 10.4 Data Security and Privacy

Data Security and Privacy. Franchisee must comply with all applicable federal, state and local laws, rules, and regulations regarding data security, protection, and privacy, including, without limitation and if applicable, the California Consumer Privacy Act ("CCPA"), Cal. Civ. Code § 1798.100, et seq. Franchisee must comply with any privacy policies, data protection polices, and breach response policies that Franchisor periodically may establish. Franchisee must notify Franchisor immediately regarding any actual or suspected data breach at or in connection with the Franchised Business. Further, whenever and to the extent Franchisee operates as a "Service Provider" under the CCPA or in a similar capacity under any other applicable federal, state, or local privacy law, Franchisee represents, warrants, and covenants that:

(1) Franchisee will not sell, make available or otherwise disclose any customer's "Personal Information" (as defined in the CCPA) to any third party for valuable consideration;

(2) Franchisee will retain, use, or disclose Personal Information only for the specific purpose of performing the services specified in this Agreement, and not any commercial or noncommercial purpose other than providing the services specified in this Agreement;

(3) Franchisee will not retain, use, or disclose Personal Information outside of the direct business relationship between Franchisee and Franchisor;

(4) Franchisee will delete any Personal Information upon Franchisor's request unless Franchisee can prove that such request is subject to an exception under applicable law; and

(5) Franchisee certifies that it understands and will fully comply with the restrictions of this section. Franchisee also acknowledges and agrees that Franchisor may modify the restrictions by written notice to Franchisee, including adding other similar privacy restrictions that may be required under other federal, state, or local privacy laws.

ARTICLE 11 - ADVERTISING AND PROMOTIONAL ACTIVITIES

Section 11.1 Local Advertising

Franchisee shall continuously promote the Franchised Business through Local Advertising and participate in any local marketing and promotional programs Franchisor establishes from time to time which includes a graphics package for use on Franchisee's vehicles as specified in the Manuals. ("Local Advertising")

Franchisee shall spend each year at least 10% of Annual Gross Revenue on Local Advertising conforming to Franchisor's standards. On the 31st of January of each year, after the Franchised Business opens, Franchisee will furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding one-year period (January through December).

Franchisee must submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within 30 days from the date of receipt by Franchisor. If Franchisor does not approve of the submitted materials within 30 days, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional materials prior to receiving written approval by Franchisor. Any advertising materials Franchisee creates will become Franchisor's exclusive property, and Franchisor may use or distribute these materials in any manner Franchisor deems appropriate, without compensation to Franchisee. (Franchise Agreement, Section 11.2 and 12.5).

Section 11.2 Marketing Fee

Each month during the Term, Franchisee shall pay a Marketing Fee in the amount stated on the Key Terms Pages. Franchisee shall submit payment in the same manner as the Royalty Fees and on such payment dates as Franchisor designates. Franchisor shall provide Franchisee 10 days' notice of an increase in Marketing Fees up to the monthly cap. The monthly cap shall automatically increase each calendar year by an amount not to exceed 10% of the prior year's cap.

Franchisor has the right to use Marketing Fee monies, in its sole discretion, to pay for creative development services (including creation and modification of logos, graphics and vehicle wraps), preparing or procuring market studies, providing or obtaining marketing services (including, without limitation, conducting client surveys, focus groups, and client interviews), developing, producing, distributing and placing advertising (including, without limitation, developing and producing point-of-sale advertising and promotional materials); developing product packaging, developing, updating and hosting Franchisor's website (including development of interior pages featuring franchised and Franchisor or Affiliate-owned businesses operating under the BOULDER DESIGNS System and Marks and developing locator programs) and/or an intranet or extranet system, obtaining sponsorships and endorsements, preparing and conducting sweepstakes and other promotions, providing and procuring public relations services, conducting public relations activities, creating or placing advertisements to solicit new franchise sales, including Internet advertising and information concerning franchise opportunities, to create and maintain one or more pages on Franchisor's website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates. Franchisor also may use Marketing Fee monies to reimburse itself for its costs of personnel and other administrative and overhead costs associated with providing the services described in this Section 11.2.

The Marketing Fee is not a trust or escrow, and neither we nor our affiliates have any fiduciary obligation for administering the Marketing Fee or for any other reason.

The parties acknowledge that Franchisor owns all rights, and retains all copyrights, in all design and content developed using Marketing Fee monies, and that Franchisor will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with these monies, and the allocations of Marketing Fee monies to production, placement and other costs. Franchisor will own all copyright in any works created using Marketing Fee monies. Franchisee

acknowledges and agrees that Franchisor is not obligated to expend Marketing Fees for placement of advertising in Franchisee's Territory, or to ensure that the Franchised Business benefits directly or *pro rata* from the expenditure of Marketing Fees. Franchisor has no fiduciary duty to Franchisee or to any other person with respect to the collection or expenditure of Marketing Fees.

Franchisor may establish and use an advertising council that provides them with guidance or suggestions regarding advertising and marketing matters.

Section 11.3 Internet Advertising

Franchisee, and any cooperative advertising program, may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at the uniform resource locator, www.boulderdesigns.net, which provides information about the System and the services Franchisor, its Affiliates and its franchisees provide. Franchisor will include at the BOULDER DESIGNS website an interior page containing information about the Franchised Business.

Franchisor retains the exclusive right to advertise or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, linking, search engines (and search engine optimization techniques), banner ads, video, video-streaming, digital signage, audio, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Boulder Designs website. Further, Franchisor retains the right to utilize whatever form of advertising that may become available in the future.

Franchisor has the sole right to maintain Social Media sites and/or applications including, but not limited to: Twitter, Facebook, LinkedIn and other sites or applications that Franchisor may establish. Franchisor does not allow Franchisee to establish or utilize Social Media sites or applications for business purposes. Franchisee and Franchisee's employees do not have the right to utilize the Marks, any of the Trade Secrets, the Confidential Information, the common law copyrighted materials including the programs, photographs, program names, signage, promotional materials, Manual, training materials, Franchise Agreements, and/or any other documents, materials and items for the general ambiance and decor used in the operation of the System and the BOULDER DESIGNS Businesses on any Social Media sites and/or applications, even if made from Franchisee's personal Social Media account. Further, any representations from Franchisee or Franchisee's employees regarding Franchisee's profits or earnings made on any Social Media site and/or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under this Franchise Agreement.

Section 11.4 Directory Advertising

Franchisee is required to list and advertise the telephone number(s) and address (if applicable) for the Franchised Business in various online directories, as specified by Franchisor, such as Google and Facebook. Franchisee must be in the directory heading or category as specified by Franchisor.

ARTICLE 12 - ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

Section 12.1 Records

After the opening date of the Franchised Business, Franchisee shall submit to Franchisor, upon request, the financial, operational and statistical reports and information as Franchisor may require to (i) provide Franchisee with consultation and advice in accordance with this Agreement; (ii) monitor Franchisee's performance under this Agreement and Franchisee's purchases, revenue, operating costs, expenses and profitability; (iii) develop chain-wide or system statistics; (iv) develop new operating procedures; (v) develop new authorized services, remove unsuccessful authorized services, including unsuccessful

Approved Suppliers and improve and enhance authorized services; and (vi) implement changes in the Boulder Designs System to respond to competitive and marketplace changes.

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles described by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, copies of negotiated checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

Section 12.2 Financial Management

Franchisee shall make available sufficient working capital to permit operation of the Franchised Business in compliance with this Agreement. Franchisee shall pay the debts of, and taxes and assessments against the Franchised Business. Franchisee shall discharge any encumbrance against the Franchised Business within 30 days of its creation.

Section 12.3 Gross Revenue Reports

Franchisee shall maintain an accurate record of Gross Revenue and shall deliver to Franchisor by close of business on 30th of each month via e-mail or intranet system a signed and verified statement of Gross Revenue ("Gross Revenue Report") for the previous calendar month in a form that Franchisor approves or provides in the Manual. Additionally, Franchisee end of each fiscal year end provide Franchisor with an annual Gross Revenue and other financial statements. Franchisee acknowledges and expressly agrees that Franchisor shall use Franchisee data in any matter Franchisor deems fit at its sole discretion, including for the purposes of soliciting and marketing the franchised business.

Section 12.4 Financial Statements

Franchisee shall, at its expense, submit to Franchisor within sixty days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis. If required by Franchisor, such financial statements shall be compiled, reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

Section 12.5 Other Reports

Franchisee shall fill out and submit a Quality Control Data Sheet for every job completed. These reports are due annually July 31 for all projects January 1st through June 30th and the report is due annually January 31st for all projects done between July 1st through December 31st of the prior year.

Franchisee shall submit the Local Marketing Report annually along with the Gross Revenue Reports as stated in Section 12.3. Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's prospective franchisees, Franchisor's lenders or prospective lenders, as required with respect to offering Franchisor's or its Affiliate's securities to the public or as required to sell, merge or in any other manner transfer Franchisor's assets or any type of certificates representing an ownership interest in Franchisor. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement. Franchisor may in its sole discretion require the reports pursuant to this Section 12.5 are submitted on a monthly basis upon written seven-day notice to the Franchisee.

Section 12.6 Computer/Software/Phone System

Franchisee must purchase, install, update, upgrade and use computer, credit card processing systems, surveillance systems, point-of-sale system, software and phone systems consisting of hardware and software in accordance with Franchisor's specifications listed in the Manual(s). The computer system and/or POS for your Franchised Business will be dedicated for the operation of your Boulder Designs business and used for no other purpose.

Franchisee must purchase, for use in the Franchised Business at least one computer (placement will be discussed in the Manual(s)) with the specified software installed on them. Franchisor may require that Franchisee add additional, new or substitute software, replace or upgrade the computer systems and equipment, and enter into maintenance agreements with third parties. Franchisee must also purchase and install a basic financial recordkeeping software or cloud service, including the software or cloud service for a basic office suite such as Microsoft office with Word and Excel. Presently, Franchisor requires Franchisee to use the QuickBooks accounting system. Franchisee will be responsible for any upgrades or updates to the system thereafter. Franchisor will have access to the accounting system through QuickBooks remote access. All sales must be processed through the approved POS systems and reported as gross revenue and no other supplemental or secondary POS system may be used. Franchisor retains the right to designate an Approved Supplier for the POS system and when designated Franchisee within thirty days of notice from the Franchisor use the Approved Supplier for the POS system for the Franchised Business. Franchisee shall grant Franchisor independent access to any POS system.

Franchisee must own and maintain at least one smartphone capable of sending and receiving text messages, emails, and the ability to connect to the internet. In the event Franchisee is unable to answer phone calls, voicemail services must be active with a professional outgoing message stating Franchisee's name, affiliation, and a brief request of callers to leave their contact information in order to be reached. We reserve the right to act as collection agent for the phone system, and collect fees Franchisee owes. Franchisee must purchase and use only the authorized phone to operate the Franchised Business.

Franchisor shall have full access to all of Franchisee's computer, software and phone data and systems and all related information by means of continuous direct access, whether in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement. Franchisor shall have the right to independently access Franchisee's entire computer, point-of-sale system, software and phone data and systems and all related information collected or compiled by Franchisee or in accordance with Franchisee's use of the computer, software, and phone systems, at any time, without notifying Franchisee.

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures and similar problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). Franchisor does not guarantee that information or communication systems that Franchisor or others supply will not be vulnerable to E-Problems. It is Franchisee's responsibility to protect itself from E-Problems. Franchisee should also take reasonable steps to verify that its suppliers, third-party vendors, lenders, landlords, and governmental agencies on which it relies, have reasonable protection from E-Problems. This may include taking reasonable steps to secure Franchisee systems (including firewalls, password protection and anti-virus systems) and to provide backup systems.

12.6.1 Consistent with the foregoing, among other things, Franchisor reserves the right periodically to undertake technology initiatives, the purpose of which would be enhance the technology associated with the franchise system including, without limitation, enhanced internet capability, use of proprietary digital applications and enhanced support services. Although Franchisor cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the remaining term of this Agreement, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions or

modifications) and required service or support. Franchisor has no obligation to reimburse franchisee for any Computer System costs. As otherwise permitted in this Agreement, we may access the Computer System and retrieve all pertinent information relating to the operation of the Border Magic business in areas that we have the ability to control and/or remedy.

12.6.2 Notwithstanding the fact that franchisee must purchase, use, and maintain the Computer System consistent with our standards and specifications, franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, updates and upgrading of the Computer System, including compliance with the standards that we periodically require; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; (3) the installation, maintenance and support of the Computer System, although Franchisor may from time to time require or recommend third parties to provide these functions; and (4) any and all consequences that may arise if the Computer System is not properly operated, maintained and upgraded, including but not limited to virus and spyware issues.

12.6.3 All of your Computer Systems must be compliant with all applicable laws, regulations, and commonly accepted industry standards, including without limitation those laws, regulations, and commonly accepted industry standards relating to privacy, data security, and the processing and protection of confidential personal information, including without limitation the Payment Card Industry Data Security Standards and all other standards applicable to electronic payments that may be published from time to time by payment card companies.

Section 12.7 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine copy and audit the books, records and tax returns (both the business returns and Franchisee personal income tax returns) of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus late fees and interest as defined in Section 3.7. If the audit is conducted due to (i) Franchisee's failure to provide required reports to us, or (ii) if any such inspection or audit reveals an underpayment of 2% or more of the amount due for any period covered by the audit, then Franchisee shall in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). In addition to any other rights Franchisor may have, including the right to Terminate this Agreement, Franchisor may conduct such further periodic audits and/or inspections of Franchisee's books and records as we reasonably deem necessary for up to one year thereafter at Franchisee's sole expense, including, without limitation, reasonable professional fees, travel, and lodging expenses directly related thereto. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

In the event that there are three deficiencies during any 24-month period, the second deficiency shall be considered a material default of this Agreement and Franchisor shall have the right to terminate this Agreement without providing Franchisee the opportunity to cure the default.

Section 12.8 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting, banking and legal professionals and tax authorities, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Revenue, profits, losses, income, tax liabilities, tax payments, including federal, state and local tax returns, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement plus three years or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

ARTICLE 13 - STANDARDS OF OPERATION

Section 13.1 Authorized Products, Services and Suppliers

Franchisee shall provide or offer for sale, or contract to offer for sale, or use at the Franchised Business only those product items, supplies, and services Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. **Franchisor has the right, periodically and in its discretion, (a) to limit the type or size of products Franchisee is permitted to offer (e.g., Franchisee may not sell Boulder products exceeding a certain weight or dimension), and/or (b) to condition Franchisee's right to offer certain types or sizes of products on Franchisee's compliance with Franchisor's then-current guidelines and/or agreement to pay additional administrative or assistance fees. The parties acknowledge that, as of the Effective Date, Franchisee may neither offer nor sell Boulder products exceeding 5,000 lbs. in weight or with dimensions exceeding 60 inches by 72 inches.**

If required by Franchisor, any such items or services shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or an Affiliate, or a third party from which Franchisor derives a fee or profit). Franchisee shall not offer for sale, sell or provide through the Franchised Business or from the Approved Location any items or services Franchisor has not approved in writing.

Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of Approved Suppliers for some or all of the specified items and services, and Franchisor may from time to time issue revisions to such list. Franchisor's designation of a particular third-party supplier whom Franchisee must purchase, lease or license specified services from does not constitute a representation or warranty of the Approved Supplier's ability to meet Franchisee's requirements nor of the fitness or merchantability of the services sold, leased or licensed by the supplier. Franchisee understands and agrees that its sole remedy in the event of any shortages, delays or defects in the services purchased, sold, leased from a designated third party Approved Supplier shall be against the Approved Supplier, not Franchisor or Franchisor's Indemnitees.

Franchisee shall purchase certain supplies and equipment necessary for the Franchised Business from the Franchisor. Franchisor retains the right to add, delete or change such requirement regarding the designated or Approved supplier for such supplies and equipment. Currently the Franchisor shall be the sole supplier for such equipment and initial supplies, and other optional equipment and supplies as set forth in Schedule 1 of the Key Terms Page (Exhibit 1 to the Franchise Agreement). Franchisee shall not contract with alternative suppliers for these supplies and equipment, and accordingly there are no procedures for securing approval for alternative suppliers for such items. Franchisee shall pay in full all amounts due to Franchisor for such equipment and supplies identified in Attachment 1 of the Exhibit 1 of this Agreement in full same time and manner as the Initial Franchise Fee paid to the Franchisor or execute the Promissory Note and Security Agreement (attached hereto as Exhibit 9, if applicable) for amounts due Franchisor under this Section.

FRANCHISOR AND ITS AFFILIATES DISCLAIM ALL EXPRESS OR IMPLIED WARRANTIES CONCERNING ANY PRODUCTS OR SERVICES PROVIDED BY APPROVED SUPPLIERS, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AVAILABILITY, QUALITY, PRICING OR PROFITABILITY. ALL WARRANTIES ARE DERIVED STRICTLY AND SOLELY FROM THE MANUFACTURERS. Franchisee acknowledges that Franchisor may, under appropriate circumstances, receive fees, commissions, field-of-use license royalties, or other consideration from approved suppliers based on sales to franchisees, which consideration shall be contributed to Franchisor.

Franchisor may exercise its option to act as an intermediary between Franchisee or customer and Approved Supplier. However, this act by Franchisor does not create or constitute an agency relationship, nor an

informed intermediary relationship between Franchisor and Approved Supplier and does not subject Franchisor to any liability on behalf of Approved Supplier's warranty nor any product liability under any theory, in any jurisdiction.

If Franchisee desires to utilize any services or products Franchisor has not approved (or for services and products that require supplier approval by Franchisor), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. At present, there is no cost to Franchisee for Franchisor to begin the process of reviewing the suggested supplier, however, Franchisor reserves the right to require a fee for Franchisor to review suggested suppliers, in addition to any costs incurred against Franchisor.

Franchisee will be notified of any such changes within no less than 30 days of implementation. Franchisee or supplier shall bear all expenses incurred by Franchisor in connection with test marketing the product to determine whether it shall approve an item, service or supplier. Franchisor will decide, in its sole discretion, within 90 days after receiving the required information whether Franchisor temporarily approves the supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product, quality of products or services at competitive prices, production and delivery capability, and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications Franchisor deems confidential. If Franchisor does not submit approval in writing to the Franchisee within 90 days, the proposed item, service, or supplier is deemed denied.

Notwithstanding anything to the contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor within 30 days.

Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing, either for the purpose of customer or operational feedback or evaluation, and regional or local legal differences. Franchisor has the right to give its consent to one or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 13.1 and shall not create any rights in Franchisee to provide the same products or services.

Section 13.2 Appearance and Condition of the Franchised Business; Refurbishment

Franchisee shall maintain the Franchised Business in "like new" condition, and shall repair or replace equipment, fixtures and signage as necessary to comply with the standards and specifications of Franchisor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

Franchisee shall prominently display, at Franchisee's expense, both on the interior and exterior of the Franchisee's BOULDER DESIGNS business premises, signs in such form, color, number, location and size, and containing such Marks Franchisor may designate. Franchisor may require the Franchisee to use illuminated signs. Franchisee shall obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with all laws and ordinances. Franchisee shall not display in or upon Franchisee's BOULDER DESIGNS business premises any sign or advertising of any kind to which Franchisor may object. Franchisee reserves the right to require Franchisee to update Franchisee's signage at any time at Franchisee's sole expense.

Franchisee shall conform to all quality and customer service standards prescribed by the Franchisor in writing.

Section 13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of Franchisee or an Internal Manager who has successfully completed Franchisor's training program. The Internal Manager shall devote sufficient efforts to the management of the day-to-day operations of the Franchised Business. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its current Internal Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

Section 13.4 Days of Operation

Franchisee shall keep the Franchised Business open for business during normal business hours and on the days specified in the Manual.

Section 13.5 Inspections

Franchisee will permit Franchisor and/or Franchisor's representatives to enter Franchisee's location or office at any time during normal business hours and upon reasonable notice, for purposes of conducting inspections. Franchisee will cooperate fully with Franchisor and/or Franchisor's representatives in inspections by rendering assistance as Franchisor and/or Franchisor's representatives may reasonably request and by permitting them, at their option, to observe how Franchisee is selling the products and rendering the services, to monitor sales volume, to conduct a physical inventory, to confer with Franchisee's employees and customers and to remove samples of any products, supplies and materials in amounts reasonably necessary to return to Franchisors office for inspection and record keeping. Franchisor may also contact suppliers and obtain information about Franchisee purchases and the status of your account. Upon termination or expiration, Franchisor can stop access to our proprietary products from any supplier or distributor. The inspections will be performed in a manner that minimizes interference with the operations of the Boulder Designs Business. Franchisor and/or Franchisee may videotape the inspections. Upon notice from Franchisor, and without limiting Franchisor's rights under this agreement, Franchisee will take all necessary steps to correct immediately any deficiencies detected during inspections, including immediately stopping use of any equipment, advertising, materials, products, supplies or other items that do not conform to Franchisor's then current requirements. If Franchisee fails or refuses to correct any deficiency, Franchisor has the right, without any claim to the contrary by Franchisee, to enter Franchisees location or office without being guilty of trespass or any other tort, for the purpose of making or causing to be made all corrections as required, at Franchisee's expense, payable by Franchisee upon demand.

Section 13.6 Licenses and Permits

Franchisee is solely responsible for ensuring that the Franchised Business is designed, constructed or improved, equipped and furnished in accordance with System standards. Franchisee shall secure and maintain in force all required licenses, permits and certificates, including a business license or Franchisee's state's equivalent, necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to environmental protection, occupational hazards and health, workers' compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales taxes, if applicable. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

Section 13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, or of the issuance of any order, writ, injunction, award or

decree which may affect the operation or financial condition of the Franchised Business not more than 24 hours after such commencement or issuance. Franchisee shall deliver to Franchisor not more than 72 hours after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any law, rule or regulation that reflects a notice of re-inspection by a date certain by the governmental agency or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation. Franchisee will provide Franchisor with any information Franchisor requests, within 72 hours of request, about the progress and outcome of events.

Section 13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to protect the reputation and goodwill of the Marks and this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain and require from its employees and contracted personnel, if applicable, high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. Franchisee shall immediately resolve any customer complaints regarding the quality of service of the Franchised Business or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee shall use his/her best efforts to resolve the customer complaints as soon as practicable and shall, whenever feasible, give the customer the benefit of the doubt. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor, in its sole discretion, determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor, in its sole discretion, believes that Franchisee has failed to adequately address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee shall pay to Franchisor immediately on demand. Franchisor has the right to terminate this Agreement for violation of this Section.

Franchisee shall, in all dealings with the customers, suppliers, Franchisor and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which may be injurious to Franchisor's business and the goodwill associated with the Proprietary Marks and other Boulder Designs Businesses. Franchisee and Franchisee's employees shall be required to adhere to all aspects of this Section. Failure to adhere to this section shall result in a default of this Agreement. Franchisor's specifications do not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any manner. We will not be liable to you or others on account of the designation of standards for the operation of the Franchised Business under the System.

Franchisee and Franchisee's owners agree to comply, and to assist Franchisor to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and Franchisee's owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and Franchisee's owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT ACT, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, or any blocking of Franchisee or Franchisee owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 17.2 below.

Section 13.9 Uniforms

Franchisee shall abide by any uniform or dress code requirements stated in the Manual or otherwise. Uniforms, or logoed apparel, if required, must be purchased from an Approved Supplier, if such is

designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms or logoed apparel. Failure to wear such designated uniforms shall constitute a material default of this Agreement.

Section 13.10 Credit Cards

Franchisee shall honor all credit cards approved by Franchisor. Franchisee must obtain the prior written consent of Franchisor prior to honoring any previously unapproved credit cards or other credit devices. Franchisee shall keep all communication connections and access to financial and credit card information secure in a manner which is in compliance with all legal requirements and security requirements or issuing credit card companies. Franchisee shall at all times comply with all payment card industry data security standards laws and regulations including any laws applicable to abandoned property and escheat and shall hold Franchisor harmless from any and all claims and liabilities.

Section 13.11 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's independent contractors, employees, Internal Managers, officers, agents and representatives to use best efforts to enhance and improve the System and the sales of all services and products provided as part of the System. Best efforts are defined as set forth in Section 2.6 hereof. Franchisor will have the sole discretion to issue a Notice of Termination with 60 days right to cure or in the alternative, Franchisee may lose territorial exclusivity.

Franchisee is encouraged to submit suggestions, in writing, to Franchisor for improving elements of the system, including products, services, equipment, service format, advertising and any other relevant matters, that Franchisor considers adopting or modifying standards, specifications and procedures for the system. Franchisee agrees that any suggestions made are Franchisor's exclusive property. Franchisor has no obligation to use any suggestions. If any suggestion is implemented by Franchisor, said suggestion will become part of the system and no compensation is owed to Franchisee. Franchisee may not use any suggestions inconsistent with Franchisee's obligations under this agreement without our written consent.

Franchisee shall operate the Franchised Business so that it is clearly identified and advertised as a "Boulder Designs" business. Franchisee shall use the trademark "BOULDER DESIGNS" and the other Marks which now or hereafter may form a part of the System, on all signs, paper supplies, business cards, uniforms, advertising materials, technology platforms, signs and other articles in the identical combination and manner as the Franchisor may prescribe in writing and the Franchisee shall supply to the Franchisor samples or photographs of the same upon Franchisor's request. Franchisee shall comply with all trademark, trade name, service mark and copyright notice marking requirements and Franchisee shall supply to the Franchisor samples or photographs of the same upon our request.

Section 13.12 Period of Operation

Notwithstanding local law, Franchisee must keep the Franchised Business open to the public and operating during the days and times Franchisor prescribes periodically.

Section 13.13 Former Franchisees

Franchisee acknowledges that Former Franchisees are in a position to compete unfairly with Franchisor, Franchisee and/or other members of the System, and cause great injury to the reputation of the System and/or the Proprietary Marks. Franchisee therefore agrees as follows:

i. Franchisee will not sell, loan, give or otherwise transfer or deliver to any Former Franchisee, or allow any Former Franchisee to copy or otherwise obtain, any confidential business information about the System; any advertising or promotional materials produced by Franchisor or which bear any of the Proprietary Marks; any other of our materials or publications, including, without limitation, the Manual; any directory or roster of franchisees or Approved Suppliers, any other

customer lists or mailing lists pertaining in any way to the System; or any other information about the Boulder Designs Business or the System which is not available to the public;

ii. Franchisee will not refer prospective Customers to any Former Franchisee;

iii. Franchisee will not notify or advise any Former Franchisee of, or in any other way assist any Former Franchisee in learning about, the date, time and place of any meetings of franchisees;

iv. If Franchisee observes any Former Franchisee using any of the Proprietary Marks in any way, or utilizing business premises or motor vehicles from which the Proprietary Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observation to Us, along with all details available to Franchisee;

v. Franchisee shall, in general, have no dealings with a Former Franchisee which Franchisee, under this Agreement, could not have with a person who has never been a Boulder Designs Franchisee; and

vi. The provisions of this Section 13.13 shall apply to Franchisee upon notice of the expiration or termination of another Franchisee's Franchise Agreement.

Section 13.14 Franchisees Employees

Franchisee will maintain a competent, conscientious staff and contract or employ the minimum number of individuals necessary to meet the anticipated volume of business and to achieve the goals of the system. Franchisee will take all steps necessary to ensure that Franchisee's Internal Managers and employees meet the employment criteria, keep a neat appearance, and comply with any dress code Franchisor requires, and subject to the requirements of landlords, if applicable. Franchisee is solely responsible for the terms of its employees' employment and independent Internal Managers' compensation and, except for training under this agreement, for the proper training of the employees in the operations of Franchisee's Boulder Designs business. Franchisee is solely responsible for all employment decisions and functions, including contracting, hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping. Franchisee will not recruit or hire any employee of a Boulder Designs franchise operated by Franchisor or another Franchisee within the system without obtaining the employer's written permission.

Section 13.15 Customer Lists

Franchisee will present to customers any evaluation forms Franchisor requires and will participate and/or request its customers to participate in any marketing surveys performed by or for Franchisor. Franchisee will maintain a current customer list containing each customer's name, address, telephone number and zip code and supply a copy of the list to Franchisor on an as requested basis. Franchisee must participate in any process Fran develops to record all customer information. Franchisee retains ownership of Franchisees customer lists. Franchisor will not use Franchisees customer list for any profit or in any activity adverse to, or in competition with, Franchisee for so long as this Agreement is in effect.

Section 13.16 Other Franchisee's Employees

Franchisee is not prohibited from soliciting or hiring other BOULDER DESIGN franchisee's employees. If Franchisee employs another BOULDER DESIGN franchisee's employee who has attended Franchisor's training within 12 months of the hire date with Franchisee, Franchisee shall pay to the other franchisee the then-current training fee of Franchisor plus the other franchisee's actual costs for sending its employee to training, including but not limited to travel costs, lodging, wages, and food.

Section 13.17 Legal Compliance

In addition to complying with its obligations under this Agreement, Franchisee shall comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders. Such laws, rules, regulations, ordinances, and orders vary from jurisdiction to jurisdiction and may be amended or

implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances, and orders and to adhere to them at all times during the term of this Agreement. Failure to comply with applicable federal, state, and local laws, rules, regulations, ordinances, and orders is a material breach of this Agreement and Franchisor reserves the right to terminate this Agreement immediately for cause and without an opportunity to cure.

Section 13.18 Limitation of Products and Services

Franchisor has the unlimited right to specify the size of products and services Franchisee may offer at any time, or condition Franchisee's right to offer certain types or sizes of products on Franchisee's compliance with Franchisor's then-current guidelines and/or agreement to pay additional administrative or assistance fees. Currently, Franchisee is prohibited from accepting any project that exceeds 5,000 pounds, and any project that is more than five feet in height and six feet in width.

Section 13.19 Customer Complaints

Franchisee agrees to promptly address all complaints in accordance with the procedures contained in the Operations Manual or as otherwise provided by the Franchisor. If Franchisee is unable or unwilling to resolve a customer complaint within forty-eight (48) hours, and it becomes necessary for us to reimburse a customer in settlement of his or her complaint about work performed at or by your Boulder Designs business, you agree to promptly reimburse us for amounts expended on account of any such complaint. Your obligations and liabilities under this Section shall survive any termination or expiration of this Agreement.

ARTICLE 14 - FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

Section 14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, newsletters, webinars and other methods with respect to planning, opening and operating the Franchised Business as Franchisor deems appropriate, in its sole discretion. Generally, this service will be made available at no additional charge. Franchisee will be billed, at Franchisors option, for special assistance as defined in Section 8.5 for any advice or guidance needed or given directly to Franchisee's customers, Internal Managers, general contracts or contractual entities. Franchisor retains the right to refuse this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner.

Section 14.2 Pricing

Franchisee generally has the right to establish prices for the items and services sold within the Franchised Business; provided that Franchisor has the right to establishing the maximum and/or minimum prices at which Franchisee may charge customers to the extent permitted by law.

Section 14.3 Periodic Visits

Franchisor or Franchisor's representative may make periodic visits, which may be in person, electronic or telephonic, which may be announced or unannounced, to the Franchised Business for the purposes of observation, consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business, and may prepare, for the benefit of either or both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report shall be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor, and within the time period required by Franchisor, with time being of the essence.

Franchisor or Franchisor's representative shall offer Franchisee such general guidance as Franchisor deems appropriate, which may be provided by telephone, email, webinars, newsletters, or other methods as deemed appropriate by Franchisor.

Section 14.4 System Improvements

Franchisor shall communicate improvements in the System to Franchisee as such improvements may be developed or acquired by Franchisor and implemented as part of the System.

Section 14.5 Marketing and Promotional Materials

Franchisor may periodically provide, through the Internet site www.boulderdesigns.net or other medium, advertising and promotional materials including ad-slicks, brochures, fliers, menus and other materials in a variety of forms and formats to Franchisee for use in the operation of the Franchised Business.

ARTICLE 15 - INSURANCE

Section 15.1 Types and Amounts of Coverage

If applicable and at its sole expense, Franchisee shall procure within 30 days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as additional insured's or loss payees and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

a. "all risk" property insurance, including business interruption insurance, customarily obtained by similar businesses in your general area to cover, at a minimum, all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Boulder Designs Business; and

b. General commercial liability insurance in an amount of not less than $1,000,000 per occurrence with a $2,000,000 general aggregate; and

c. Comprehensive general liability insurance, including products and contractual, in an amount of not less than $30,000 per occurrences with a $30,000 general aggregate; and

d. Workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than $500,000; and

e. Vehicle replacement insurance to cover the cost of acquiring a replacement vehicle, typically around $30,000; and

f. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than $1,000 combines single limit.

g. Franchisor reserves the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that Franchisor is named as additional insured on these cybersecurity insurance policies. Franchisor's insurance requirements, including types of coverages and amount may change over time.

Section 15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

Section 15.3 Additional Insured; Certificates of Coverage

All insurance policies procured and maintained by Franchisee pursuant to this Agreement shall (a) name Franchisor as an additional insured; (b) waive any right to assert a claim back against Franchisor; and (c) undertake to notify Franchisor 30 days in advance of any cancellation or material change in the policy. Franchisee must provide Franchisor with certificates of coverage at least annually. If Franchisee fails to provide the certificate of insurance, Franchisor (in addition to all other rights and remedies) may purchase such insurance in the name of and on behalf of Franchisee, and Franchisee shall immediately reimburse Franchisor's expenses and premiums paid to obtain such insurance.

Section 15.4 Carrier Standard

Such policies shall be written by an insurance company licensed in the State in which Franchisee operates and having at least an "A-" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide.

Section 15.5 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 6.4 and 21.3. Franchisee shall provide annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least 30 days prior written notice to Franchisor and shall reflect proof of payment of premiums.

Section 15.6 Failure to Maintain Coverage

If Franchisee fails to procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

ARTICLE 16 - DEFAULT AND TERMINATION

Section 16.1 Termination by Franchisee

If Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within 30 days after receiving written notice identifying the claimed breach, Franchisee has the right to terminate this Agreement unless the breach cannot reasonably be cured within such 30 days. If the breach cannot reasonably be cured in such 30 days Franchisee has the right to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach.

Franchisee also has a one-time option to terminate this Agreement by delivering to Franchisor written notice of Franchisee's election to terminate no earlier than the first day and no later than the last day of the fourth anniversary of the Effective Date of this Agreement. If Franchisee delivers written notice in timely fashion and executes and delivers to Franchisor a termination agreement and general and full release in the form Franchisor requires, this Agreement will terminate on the last day of the fifth anniversary of the Effective Date of this Agreement.

The provisions of Article 17 will apply to termination pursuant to this Section 16.1.

Section 16.2 Termination by Franchisor

16.2.1. Franchisor may Terminate upon Thirty (30) Days' Notice and opportunity to cure for occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have

the option, but not the obligation, to provide Franchisee with a longer notice and cure period, as Franchisor may determine in its sole discretion:

i. fails to have its Internal Manager satisfactorily complete any training program pursuant to Section 8.3; or

ii. fails on two or more separate occasions within any period of 24 months to submit reports or other information or supporting records when due, to pay any Royalty Fee, amounts due for purchases from Franchisor and/or any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee; or

iii. Except as otherwise provided above, Franchisor has the right to terminate this Agreement, by delivery of written notice providing Franchisee an opportunity to cure, if Franchisee fails to comply with any other provision of this Agreement. For breaches involving nonpayment of amounts owed to Franchisor or failure to comply with applicable laws, the cure period is 10 days. For all other breaches, the cure period is 30 days or as otherwise indicated in Franchisor's written notice to Franchisee.

16.2.2. Franchisor has the right to terminate this Agreement, by delivery of written notice of termination, without affording Franchisee an opportunity to cure, if Franchisee:

iv. is convicted of or pleads no contest to a crime or offense that would place them on the sex offender's registry, was a violent felony, crimes against a human, sexual harassment against an employee, domestic abuse charges, animal abuse, elderly abuse, substance abuse, DWI or DUI, any theft charge, or is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business; or

v. discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information or the Marks; or

vi. abandons, fails or refuses to actively operate the Franchised Business for 30 or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor); or

vii. submits to Franchisor on two or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that fail to report and/or understate by more than 2% any Royalty Fee or any other fees owed to Franchisor for any applicable accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error; or

viii. is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for 30 days or longer (unless a *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; if lessor evicts Franchisee from the Approved Location; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within 30 days or is not in the process of being dismissed; if Franchisor is listed as a creditor in any legal action; or

ix. misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks; or

x. receives more than three notices to cure during any two-year period of the term of this Franchise Agreement,(or failure on 2 or more separate noticed occasions to comply with the same obligation

in any time-frame) or repeatedly fails to comply with one or more requirements of the franchise, whether or not these failures to comply are corrected after notice; or

xi. engages in any activity exclusively reserved to Franchisor; or

xii. repeatedly breaches this Agreement and/or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

xiii. the Franchisor makes a reasonable determination that continued operation of the franchise by the Franchisee will result in an imminent danger to public health or safety, or Franchisee otherwise has not complied with applicate federal, state, or local law as described in Section 13.17.

xiv. defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, including nonpayment under a promissory note (in a form attached as Exhibit 9 or otherwise) between the parties, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates; or

xv. surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required; or

xvi. makes any material misrepresentations relating to the acquisition of the Franchised Business or the Franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business or system; or

xvii. after curing any failure in accordance with curable defaults, described below, engages in the same noncompliance whether or not such noncompliance is corrected after notice;

xviii. engages in Wholesale Transactions without Franchisor's prior written consent; and

Section 16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

Section 16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor or an Affiliate is an Approved Supplier to Franchisee or which Franchisee receives from an Approved Supplier who is not Franchisor, until such time as Franchisee corrects the breach.

Section 16.5 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by Franchisee regarding this particular franchise unit (or any person/company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any of Franchisor's Affiliates) and Franchisee (or any of Franchisee's affiliates). Any default by Franchisee (or any person/company affiliated with Franchisee) under any other agreement, specifically related to this particular franchise unit, including, but not limited to, any lease and/or sublease, between Franchisor (or any of Franchisor's Affiliates) and Franchisee (or any person/company affiliated with Franchisee), and any default by Franchisee (or any person/company affiliated with Franchisee) under any

obligation to Franchisor (or any of Franchisor's Affiliates) may be regarded as a default under this Agreement. Any default by Franchisee, specific to this particular franchise unit (or any person/company affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any of Franchisor's Affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any of Franchisor's affiliates) and Franchisee (or any of Franchisee's affiliates). This provision specifically excludes a default regarding Franchise Unit #1 having a cross-defaulting effect on Franchise Unit #2, which is not in default based upon its own actions, which is owned by one or more of the same owners, members, partners, shareholders, or unit holders.

In each of the foregoing cases, Franchisor (and any of Franchisor's Affiliates) will have all remedies allowed by law, including termination of Franchisee's rights under the Franchise Agreement (and/or those of any person/company affiliated with Franchisee) and Franchisor's (and/or Franchisor's Affiliates') obligations under the Franchise Agreement. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity. Franchisor is free to pursue any rights and/or remedies available.

ARTICLE 17 - RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

Section 17.1 Actions to be Taken

Except as otherwise provided herein, upon termination and non-renewal or expiration, this Agreement and all rights granted herein to Franchisee shall terminate and Franchisee shall:

i. immediately cease to operate the Franchised Business, shutter any office to the public, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or Former Franchisee of Franchisor;

ii. deliver to Franchisor, all information, including any contracts, e-mail transmissions, written memorandums, customer sheets, or any other written or electronic data regarding customer lists or marketing efforts;

iii. refrain from taking any action to reduce the goodwill of Franchisee's Customers or potential Customers, towards Franchisor, other Franchisees or any other aspect of the System;

iv. cease to use the Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

v. immediately take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any fictitious or assumed name or equivalent registration filed with state, city or county authorities which contains the name "Boulder Designs" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five days after termination or expiration of this Agreement;

vi. pay all sums owing, after the Effective Date of Termination or Expiration of this Agreement through the date that Franchisee completes all post termination obligations required under this Agreement, to Franchisor, and any Affiliate, which may include, but not be limited to, all damages, liquidated damages, costs and expenses, unpaid Royalty Fees, Marketing Fee, Technology Fee, or any other amounts due to Franchisor or any Affiliate within five (5) days after Termination or expiration of this Agreement or the date on which Franchisee completes all post-termination obligations required under this Agreement, whichever occurs first;

vii. immediately return to Franchisor the Manual(s) and all other Confidential Information including records, files, instructions, brochures, agreements, accounting reports, disclosure statements and

any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

viii. assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or numbers associated with the Franchised Business or Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to Franchisor, or its assignee;

ix. keep and maintain all business records pertaining to the business conducted at the Franchised Business for three years after the Effective Date of Termination or Expiration of this Agreement. During this period, Franchisee will permit Franchisor to inspect such business records as frequently as Franchisor deems necessary; and

x. comply with the Covenant of Non-Competition attached as Exhibit 2 to this Agreement, and all other applicable provisions of this Agreement.

If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the premises for the purpose of making or causing to be made all changes as may be required, at a reasonable expense (this expense to be paid by Franchisee upon demand) and at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to Franchisee's property or others, and without liability for trespass or other tort or criminal act. Franchisee agrees that Franchisee's failure to make these alterations will cause an irreparable injury to Franchisor.

Franchisee must notify Franchisor in advance if Franchisee desires to remain in possession of the business and operate a noncompetitive business. Franchisee must make all modifications or alterations to the business immediately upon termination of this agreement as necessary to distinguish the appearance of the business from that of other Boulder Designs Franchisees operating under the System. Franchisee will make all specific additional changes to the Business as stated in Section 17.1 (i) above. Franchisee agrees to refrain from taking any action to reduce the goodwill of Franchisee's customers or potential customers towards Franchisor, our Franchisees or any other aspect of the System.

Section 17.2 Post-Termination Covenant Not to Compete

Franchisee acknowledges the restrictive covenants contained in this Section and in Section 17.1 are fair and reasonable and will not impose any undue hardship on Franchisee or any Covered Person, since Franchisee and Covered Person has other considerable skills, experience, and education which afford Franchisee and Covered Person the opportunity to derive income from other endeavors, and are justifiably required for purposes including, but not limited to, the following:

i. protecting the Trade Secrets and other Confidential Information of Franchisor;

ii. inducing Franchisor to grant a Franchise to Franchisee; and

iii. inducing Franchisor to incur costs in training Franchisee and its officers, directors, executives, managers, Internal Managers and any other Covered Person, if necessary.

Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any Covered Person shall, for a period of three years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

i. own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within 25 miles of the Approved Location or within the Territory (whichever is greater), and (b) within 25 miles of the location of any other BOULDER DESIGNS Business in existence at the time of termination or expiration; or

ii. solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor, its Affiliate(s) or any other franchisee to terminate or modify his, her or its business relationship with Franchisor, its Affiliate(s) or any other franchisee, by direct or indirect inducement or otherwise.

In furtherance of this Section, Franchisor has the right to require officers, managers, and partners along with certain individuals and any Covered Person to execute a standard form non-disclosure or non-competition agreements in a form the same as the Non-Disclosure and Non-Competition Agreement attached as Exhibit 2.

Section 17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location, without the threat of committing a tort or trespass, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay immediately upon demand.

Section 17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has an option to purchase Franchisee's proprietary and/or other equipment, supplies and inventory as provided in this Section 17.4. The purchase price for the processor and its accessories (which includes, but is not limited to, the mail box, pillar, jig with texture mats, texture mats and bench leg jogs) will be calculated as follows:

Period	Price
0-12 months	$4,887
12-24 months	$3,258
24-48 months	$1,629
After 48 months	$543

The purchase price for any other equipment will be the fully depreciated book value of the equipment, assuming straight line depreciation over a period of 10 years. The purchase price for the add mixture/formula will be $10 per unit/bucket. Franchisor has the right to offset against the purchase price any amounts owed to Franchisor or an Affiliate of franchisor, including Liquidated Damages pursuant to Section 17.9., below.

To exercise this option, Franchisor shall deliver written notice to Franchisee identifying the equipment and any other items that Franchisor intends to purchase. Franchisee shall promptly arrange for the delivery of said items to Franchisor, at Franchisee's sole cost and expense, so that it is received by Franchisor no later than 15 days following delivery of Franchisor's notice. Franchisor shall pay the purchase price within five days after the items are delivered.

17.4.1 Alternative Option to Purchase Assets /Assumption of Lease

Franchisor shall, within thirty (30) days following the expiration or termination of this Agreement for any reason (other than for renewal of the Franchise), have the option, at our sole judgment, to purchase all or any portion of the assets of the Franchised Business and any other materials, equipment or supplies bearing our Marks, and to have Franchisee assign and transfer the business lease for the premises to Franchisor. The purchase price for the portion of your inventory or supplies purchased directly from us or any of our affiliates shall be at your cost. Our purchase price for the remaining inventory, equipment, parts, fixtures and furnishings utilized by you in the operation of the Franchised Business shall be the fair wholesale market value thereof. In addition, Franchisor shall be permitted to deduct and withdraw from the purchase price to be paid to Franchisee for any such items all sums due and owed to us. In determining the fair market value of such items, the parties shall exclude any factor or increment for goodwill or going-concern value. Except as provided below, the purchase price will be paid in cash at the closing of any such purchase which will occur no less than thirty (30) days from the date of exercise of the option.

If the parties are unable to reach agreement as to the fair market value of the assets of the Franchised Business to be purchased by us, the parties hereby agree to appoint an independent appraiser to make such determination, whose determination will be binding upon the parties. The fees and expenses of such appraisal shall be paid in equal proportions by the parties. If you do not object to proposed appraiser within twenty (20) days after our notice, such appraiser will be deemed approved by both parties.

Section 17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect until they are satisfied in full or by their nature expire.

Section 17.6 Existence of Claim

Franchisee expressly agrees that the existence of any claim that Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Article 17.

Section 17.7 Injunction

Franchisee acknowledges that any threatened or actual failure to comply with the requirements of this Article 17 would cause Franchisor to suffer immediate and irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the *ex parte* entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article 17. Franchisor may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement, statute, common law or otherwise.

Section 17.8 Franchisor is Attorney In Fact

Franchisor may, if Franchisee fails or refuses to do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary to: cause discontinuation of Franchisee's use of the name Boulder Designs or any other related or similar name or use thereunder; cancellations of services related to the Franchised Business; the execution of an assignment or sublease of the Approved Location; and Franchisor is hereby irrevocably appointed by Franchisee as Franchisee's Attorney In Fact to do so.

Section 17.9 Liquidated Damages

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from continuing Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. Therefore, upon termination of this Agreement according to its terms and conditions resulting from a breach by Franchisee, Franchisee agrees to pay to Franchisor within

15 days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the Royalty Fee of $595 per month until the first anniversary, and $795 per month until the second anniversary, and $950 per month multiplied by the number of months remaining in the Franchise Agreement, or until the Territory is resold, whichever occurs first, without the necessity of holding a full trial, and without the necessity of posting security or bond. The parties agree that this calculation reflects a reasonable, good faith pre-estimate of those damages. The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the continuing Royalty Fees. Franchisor retains all other remedies available to it in equity or at law.

Section 17.10 Referral Commission for Transfer to Corporate-Generated Lead

The parties hereto acknowledge and agree that if, the Franchisor introduce to Franchisee the transferee or the transferee was otherwise part of the Franchisor's sales pipeline, then Franchisee shall pay liquidated damage in the amount of $39,500 or 15% of the total sale price of the franchised business, whichever is greater. This fee covers Franchisor's loss of corporate generated lead to the franchisee. Franchisor retains all other rights under this agreement and all other remedies available to it in equity or at law.

ARTICLE 18 - TRANSFERABILITY OF INTEREST

Section 18.1 Transfer by Franchisor

This Agreement and all rights and duties herein are fully transferable in whole or in part by Franchisor. Franchisor may sell, assign or transfer its rights and obligations under this Agreement to any party, without Franchisee's approval or prior notice to Franchisee. Such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor herein. Franchisor and its Indemnitees shall thereafter have no liability for the performance of any obligations contained in this Agreement.

"Transfer" means any act or circumstance by which ownership or control is shifted in whole or in part from one entity or person to another, including without limitation any changes in the present ownership of the stock or interest in, or other direct or indirect beneficial interest in the franchise or the Franchisee, as of the effective date of this Agreement or the issuance of ownership interest in the franchise or Franchisee if a business entity, and specifically excluding Franchisee's genetically-related parents or children. Franchisee agrees to notify Franchise or of any change in the ownership in Franchisee while this Agreement is in effect. All such changes are a transfer subject to the provisions of this Agreement.

Section 18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's (or its owners') personal or collective skills and financial ability. Accordingly, except for percentage of ownership transfers *inter se*, neither Franchisee nor any Owner may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor, such approval will not unreasonably be withheld.

All resales must come from leads Franchisee generates and not come from corporate-generated leads. If Franchisee is in default of this provision, Franchisee shall be required to pay Franchisor liquidated damages as identified in Section 17.10. of this Agreement.

Franchisee shall not transfer to third-party who is not qualified to be a franchisee under the franchisor's then-existing standards for the approval of new or renewing franchisees. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. A Franchisee

shall not have the right to sell, transfer, or assign the franchise, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business, without the written consent of the Franchisor, except that the consent shall not be withheld unless the buyer, transferee, or assignee does not meet the standards for new or renewing franchises, or the Franchisee and the buyer, transferee, or assignee do not comply with the transfer conditions specified in the franchise agreement.

If Franchisee is in compliance with this Agreement, Franchisor's written consent to such transfer shall be conditioned upon the satisfaction of the following requirements, which shall not be unreasonably withheld, conditioned or delayed, if Franchisor has not exercised their right of first refusal, other than the completion of the below items:

i. Franchisee has complied with the requirements set forth in Article 19;

ii. Franchisee has paid the Transfer Fee to Franchisor in an amount as defined on the Key Terms page or as otherwise identified in Exhibit 1, as attached to this Agreement as of the Effective Date. Transfer Fee is nonrefundable upon payment, plus if applicable liquidated damages as identified in Section 17.10 plus any then current-Initial Training Fee;

iii. Transferee scheduled training for Transferee and Transferee's Internal Manager, if different then Franchisee's Internal Manager, not more than 90 days from the date of Transfer;

iv. all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

v. the prospective Transferee has satisfied to Franchisor's satisfaction that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require, to operate a franchised business;

vi. the Transferee and, if Franchisor requires, all persons owning any interest in the Transferee, have executed the then-current Franchise Agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fees and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

vii. Franchisee has executed a general and full release in favor of Franchisor and its officers, governing persons, agents and employees, in the form prescribed by Franchisor; provided, however, that if a general release is prohibited by law, Franchisee shall give the maximum release allowed by law;

viii. Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective Transferee relating to the intended sale or transfer of the Franchise;

ix. the Transferee and the Transferee's Owners have agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of the term;

x. Franchisee has agreed to be bound by the obligations of the new franchise agreement, any existing Franchise contracts and to guarantee the full performance thereof by the Transferee, if required by Franchisor;

xi. Transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable Federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

xii. Franchisee, and if Franchisee is a Business Entity, all of the Franchisee's Owners, and Internal Manager has executed and delivered to Franchisor a Non-Disclosure and Non-Competition Agreement in a form satisfactory to Franchisor and in a substance the same as the Non-Disclosure and Non-Competition covenants contained in Articles 7 and 17 and attached as Exhibit 2;

xiii. the Transferee agrees that its Internal Manager shall complete, to Franchisor's satisfaction, a training program, in substance, similar to the initial training described in Article 8 prior to assuming the management of the day-to-day operation of the Franchised Business.

Section 18.3 Transfer to a Controlled Entity

If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's written consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

i. the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

ii. Franchisee owns all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

iii. all obligations of Franchisee to Franchisor, or any Affiliate, are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2;

iv. the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

v. all holders of a legal or beneficial interest in the Controlled Entity and each person's spouses have entered into an agreement with Franchisor, jointly and severally, guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

vi. each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

vii. copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors and stockholders, managing members and members and general partners and limited partners, as applicable, authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the Transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

Section 18.4 Franchisor's Disclosure to Transferee

Franchisor has the right but not the obligation, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended Transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship

of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended Transferee identified by Franchisee.

Section 18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted herein. Franchisor will not withhold consent for "For-Sale Advertising" unreasonably upon written notice by Franchisee.

Section 18.6 Transfer by Death or Incapacity

Upon the death or incapacity (as determined by a court of competent jurisdiction) of any individual franchisee or any Owner of a Business Entity franchisee, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding six months following such event, transfer such individual's interest in the Franchised Business or any Owner's interest in Franchisee to a third party approved by Franchisor or Franchisor shall have the right to terminate this Agreement. Such transfers, including transfers by will or inheritance shall be subject to the conditions for assignments and transfers contained in this Agreement unless prohibited by the choice of law provision of the state where Franchisee resided, with such choice of law provision being applicable only for this Section 18.6 During such six-month period, the Franchised Business must remain at all times under the primary management of an Internal Manager who otherwise meets Franchisor's management qualifications.

Following the death or incapacity of an individual franchisee or the Owner of a Business Entity franchisee, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated individual's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently $500 per day plus reasonable expenses.

Section 18.7 Transfer upon Divorce or Partnership Dissolution

If this Agreement is in the name of two persons who are married or two or more persons who are partners as Franchisees, this Section describes the policies to be applied upon divorce or dissolution of the partnership. During the period when a divorce or partnership dissolution action is pending, Franchisee must adopt one of the following methods of operation:

i. if one of the parties is willing to relinquish his or her right and interest in the franchise, thereby leaving his or her spouse or partner(s) to carry on the franchise unit, he or she may do so by assigning the interest to his or her spouse or to his or her partner(s) provided the remaining spouse or partner(s) has successfully completed basic management training;

ii. if the parties to a divorce or dissolution action agree that, despite their difficulties, they can continue to operate the franchised business jointly on a "business-as-usual" basis during the proceeding, they may do so; or

iii. if the parties in a divorce action or in partnership dissolution are not agreeable to operate under alternatives (a) or (b) then they must make arrangements to have their Franchised Business operated by a third-party Internal Manager until the divorce or dissolution may be completed. The new Internal Manager must be approved by Franchisor and have satisfactorily completed basic management training; and

iv. divorcing parties may, after final order or judgment, continue to operate their Franchised Business in the form of a partnership or other business entity even though they are no longer husband-and-wife. In such case, however, they must enter a formal agreement which defines the respective rights

and obligations, file a signed copy with Franchisor, assign this agreement to the new entity, and comply with all other requirements for establishing the Franchised Business as a partnership or other business entity.

ARTICLE 19 - RIGHT OF FIRST REFUSAL

Section 19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted herein, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal from a responsible and fully disclosed person or entity, as applicable, along with all pertinent documents including any contract or due diligence materials, to Franchisor. The offer must apply only to the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

Section 19.2 Franchisor's Right to Purchase

Franchisor shall, for 14 days from the date of delivery of all such documents, have the contractual right, exercisable by written notice to Franchisee, of first refusal and shall offer the seller payment at least equal to the value offered in the *bona fide* offer.

Franchisor's credit shall be deemed at least equal to the credit of any such above-referenced disclosed person or entity, as applicable. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to 60 days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

Section 19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this Right of First Refusal within 14 days, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale, assignment, conveyance, gift, pledge, mortgage, sublicense or otherwise transfer fail to close within 60 days after the offer is delivered to Franchisor, Franchisor's Right of First Refusal shall renew and be implemented in accordance with this Article 19.

ARTICLE 20 - OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 4 are the sole Owners of Franchisee, and further that:

i. Representations. If Franchisee is a Business Entity, Franchisee makes the following representations and warranties: (1) it is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state(s) in which the Territory is located; (3) execution of this Agreement and the development and operation of the Franchised Business are permitted by its governing documents; and (4) Franchisee's governing documents shall at all times provide that the activities of Franchisee are limited exclusively to the development and operation of the Franchised Business and such other Franchised Businesses (if any) as Franchisor may authorize Franchisee to develop and operate;

ii. Governing Documents. If Franchisee is a Business Entity, Franchisee represents and warrants that copies of its formation and governing documents have been furnished to Franchisor. When any of these governing documents are modified or changed, Franchisee shall provide copies to Franchisor promptly;

iii. Ownership Interests. If Franchisee is a Business Entity, Franchisee represents and warrants that all

interests in Franchisee are owned as set forth in attached Exhibit 4.

Franchisee shall comply with Article 20 prior to any change in ownership interests and shall execute and deliver to Franchisor addenda to Exhibit 4 as changes occur in order to ensure the information contained in Exhibit 4 is true, accurate and complete at all times.

ARTICLE 21 - RELATIONSHIP AND INDEMNIFICATION

Section 21.1 Relationship

This Agreement represents a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

Franchisee acknowledge and agree that Franchisee are solely responsible for all decisions relating to employees, agents, and independent contractors that Franchisee may hire to assist in the operation of Franchisee's business. Franchisee agree that any employee, agent, or independent contractor that Franchisee hire will be Franchisee's employee, agent, or independent contractor, and not Franchisor's employee, agent, or independent contractor. Franchisee also agree that Franchisee are exclusively responsible for the terms and conditions of employment of Franchisee's employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. Franchisee agree to manage the employment functions of Franchisee's franchised business in compliance with federal, state, and local employment laws.

Section 21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action Franchisee shall do so. If Franchisee fails to do so, it shall be considered an act of Default.

Section 21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor Indemnitees from and against all losses and expenses (as defined herein) incurred in connection with any action, suit, demand, claim, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following, Franchisee's: (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or ruling, standard, or directive or of any industry standard; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) libel, slander or any other form of defamation by Franchisee including defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts or omissions by Franchisee or any

of Franchisee's agents, servants, employees, Internal Managers, partners, proprietors, affiliates, or in any manner in connection with the Franchised Business; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information; (g) the inaccuracy, lack of authenticity, or non-disclosure of any information by Franchisee; (h) any unapproved service provided by Franchisee at, from, or related to the operation at the Approved Location; (i) or any services provided by any affiliated or non-affiliated participating entity.

For the purpose of this Section, the term "losses and expenses" shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, costs of or resulting from franchisees duties in the preparation of the purchase order regarding franchisees taking accurate measurements and representing the customer's desire for both color and type of fabric, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described. Franchisee agrees to give us notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from our gross negligence or willful acts.

At Franchisee's expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that Franchisor will seek Franchisee's advice and counsel and shall keep Franchisee informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by Franchisor shall in no manner or form diminish Franchisee obligation to indemnify Franchisor and to hold Franchisor harmless.

All losses and expenses incurred under this Section 21.3 shall be chargeable to and paid by Franchisee pursuant to Franchisee's obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity or defense.

Franchisor Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify Franchisor Indemnitees for all losses and expenses which may arise out of any acts, errors, or omissions of these third parties.

Under no circumstances shall Franchisor Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Franchisor Indemnitees from Franchisee.

Franchisor's right to indemnity shall exist notwithstanding the fact that joint or several liability may be imposed upon Franchisor by statute, ordinance, regulation or judicial or arbitral decision.

Section 21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or preceding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's

part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

Section 21.5 Enforcement of Covenants

Franchisee acknowledges and agrees that (i) this section is reasonable because it promotes and protects the subject matter of this Agreement and/or the underlying relationship and/or deters any potential conflict of interest; (ii) the time, territory, and scope of the covenants provide in this Section are reasonable and necessary for the protection of our legitimate business interests; (iii) franchisee has received sufficient and valid consideration in exchange for those covenants; (iv) enforcement of the same would not impose undue hardship because you have sufficient professional skills; and (v) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section is judicially determined to be unenforceable by virtue of its scope or in terms of area, restricted activity or length of time, but may be made enforceable by reductions of any or all thereof, the same will be so modified and enforced to the fullest extent permissible. Franchisee agrees that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section. Franchisee acknowledges that any breach or threatened breach of this Section will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee consents to the issuance of a temporary or permanent injunction prohibiting any conduct violating the terms of this Section. Such injunctive relief will be in addition to any other remedies or claims for damages that we may have.

Section 21.6 Disputed Enforceability

The parties have attempted in the above Section to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the above provision is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify this Section to the extent it deems necessary to make supervision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision with Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.

Section 21.7 Franchisee's Acknowledgment

Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, Confidential Information, and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets, and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

ARTICLE 22 - GENERAL CONDITIONS AND PROVISIONS

Section 22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it herein, or to insist upon strict compliance by Franchisee with any obligation or condition herein, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

Section 22.2 Injunctive Relief and Specific Performance

A breach by Franchisee of any of the restrictions or obligations contained in Articles 6, 7 and/or 17 would result in irreparable injury to Franchisor as the damages arising out of any such breach would be difficult to ascertain. Therefore, Franchisor, in its sole discretion, shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, and/or specific performance with respect to such breach without the necessity of posting security or bond, or having an evidentiary hearing, even if required by statute in the Franchisee's jurisdiction, provided that an original notarized copy of this Agreement is provided to a Court of competent jurisdiction.

Section 22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, Internal Manager or partner of the recipient party); (b) two business days after being sent via guaranteed overnight delivery by a commercial courier service; (c) five business days after being sent by Registered Mail, return receipt requested, (d) three business days after being sent via International Airmail, or (e) on the date the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, if mailed. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to Franchisee at the address set forth in the Key Terms Page.

Section 22.4 Guaranty and Assumption of Obligations

All Owners shall be required to execute, as of the date of this Agreement, the Guaranty and Assumption of Obligations attached as Exhibit 3.

Section 22.5 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for its approval and, except as otherwise specifically provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

Section 22.6 Entire Agreement

This Agreement, including its Exhibits, constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated

by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor has made in the disclosure document.

Section 22.7 Severability and Modification

Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any Section, paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, Sections, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid Sections, paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. If any term of this agreement may be construed in two or more ways, one that would render the term invalid or otherwise voidable or unenforceable and another that would render the term valid and enforceable, that term has the meaning that renders it valid and enforceable.

Notwithstanding the above, each of the covenants contained in Articles 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

Section 22.8 Construction

All captions are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof or thereof. Should any provision of this Agreement require interpretation or construction, it is agreed by Franchisor and Franchisee the court, administrative body, mediation panel, sole mediator or other person or entity interpreting or construing this Agreement shall not apply a presumption the provisions hereof shall be more strictly construed against Franchisor by reason of the rule of construction that a document is to be construed more strictly against the person or entity who, or through its agent, prepared same.

Section 22.9 Force Majeure

Except for the obligation to make payments herein, neither party shall be liable for delays in delivery or performance of its obligations, or for failure to deliver or perform its obligations under this Agreement due to a cause or circumstances beyond its reasonable control, including, without limitation, an act of nature, act of civil, government, or military authority, act of terrorism, governmental priority, strike or other labor disturbance, flood, fire, explosion, epidemic, other hostilities, or failure of the Internet (not resulting from the actions or inactions of such party). The party claiming excuse because of force majeure shall use its commercially reasonable efforts to promptly correct such failure or delay in performance and shall promptly notify the other party to this Agreement of any delay or failure to perform which may be excused by this provision, which notification will also specify the expected date of resumption of performance. In the event of any such delay, this Agreement shall be extended for a period equal to the time lost by reason of the delay, but not to exceed 12 months. If, however, either party is unable to perform its obligations under this Agreement for reasons excused by this provision for a period in excess of 12 consecutive months (or otherwise agreed to in writing by both parties), the parties may terminate this Agreement without penalty after 30 days written notice to the other party.

Section 22.10 Timing

Time is of the essence with respect to all provisions in this Agreement. Failure to perform any act within the time required or permitted by this Agreement, unless excused, shall be a material breach of this Agreement.

Section 22.11 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees, or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. Notwithstanding anything in this Agreement to the contrary, no endorsement or statement on any payment (or on any document accompanying said payment) for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction.

Franchisor has the right to accept any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law.

Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

Section 22.12 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

Section 22.13 No Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

Section 22.14 Survival of Terms

Each provision of Articles 17, 21, 22, 24, and those provisions hereinabove provided relating to covenants against post-termination/expiration use of the Proprietary Marks, Know-How and Copyrights will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

Section 22.15 No Affiliate Liability

Franchisee acknowledge and agree that none of Franchisor's past, present, or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, parents, affiliates, controlling parties, entities under common control, ownership, or management, vendors, service providers, agents, attorneys, or representatives will have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of the relationship between Franchisee and Franchisor, or (iii) any claim against Franchisor based on any of Franchisor's alleged unlawful acts or omissions.

Section 22.16 Disavowal of Oral Representations

Both parties acknowledge that each want all terms of the business relationship to be defined in this written agreement, and that neither party wants to enter into a business relationship with the other in which any

terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, both parties agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between the Franchisor and the Franchisee. Each party agrees that neither party has placed nor will place any reliance on any such discussions. Franchisee agrees that no representations have been made to the Franchisee concerning this Agreement or the BOULDER DESIGNS franchise other than as contained in this Agreement and in the Franchise Disclosure Document Franchisee has received before the Franchisee signed this Agreement. Franchisee agrees that no claims, representations, warranties, or guarantees, express or implied, regarding actual or potential earnings, sales, profits, or success of your BOULDER DESIGNS franchise have been made to the Franchisee other than as set forth in Item 19 of the FDD.

Section 22.17 Other Franchisees

Franchisee acknowledge that other BOULDER DESIGNS franchisees have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. Franchisee also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to other of our BOULDER DESIGNS centers (whether franchised, or centers that the Franchisor or its affiliates operate), and will not be entitled to require Franchisor to grant similar variations or privileges to the Franchisee.

ARTICLE 23 - DISPUTE RESOLUTION

Section 23.1 Choice of Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Franchisee will be governed by and construed in accordance with the laws of the State of Texas, without regard to its conflict of law rules. Franchisor and Franchisee acknowledge that the agreements regarding applicable law, forum, and venue set forth in this Section 23. provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the relationship created by this Agreement. Franchisor and Franchisee further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

Section 23.2 Venue

Any action brought by either party against the other shall be brought and maintained exclusively within the state or federal court serving the judicial district in which Franchisor maintains its principal business address at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Notwithstanding the foregoing, nothing in this Agreement shall bar Franchisor's right to seek injunctive relief from any court of competent jurisdiction.

Section 23.3 Rights and Remedies

Remedies are cumulative. No remedy in this Agreement for any party is intended to be exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief or specific performance against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions. Franchisee's rights and remedies regarding Franchisor's breach of this Agreement are as set forth in this Agreement.

Section 23.4 Limitations of Claims

YOU MUST BRING ALL CLAIMS ARISING OUT OF (WHETHER SOUNDING IN CONTRACT TORT, OR OTHERWISE) OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN US, OUR AFFILIATE, OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES AND YOU WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM, OR YOUR CLAIM WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN THIS TWO-YEAR PERIOD. THIS PROVISION IS INTENDED TO SHORTEN ANY APPLICABLE STATUTE OF LIMITATIONS TO THE EXTENT PERMITTED BY LAW.

Section 23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, other than those stated within this Agreement. Franchisee waives and disclaims any right or claim to consequential damages against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's damages shall not exceed an amount greater than Franchisee's Initial Fee and Royalty Fee payments.

Franchisee acknowledges that if any claim or action is begun for the enforcement of this Agreement or for any alleged dispute, breach, default or misrepresentation under any term of this Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs (including all fees and expenses incident to mediation, appellate, bankruptcy and post judgment proceedings), incurred in the action or proceeding in addition to any other relief that the party is entitled. Franchisee acknowledges that in the event of a dispute with the Franchisor, the dispute must be mediated first, as described below, otherwise the Franchisee will waive the right to recover their Attorney's Fees in the event that the Franchisee wins the claim or action. Attorney's fees include paralegals fees, administrative costs, investigated costs, cost of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorneys to the prevailing party. The non-prevailing party must reimburse the prevailing party on demand for all of the above listed expenses the prevailing party incurs.

Section 23.6 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION WHATSOEVER, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM, INCLUDING BUT NOT LIMITED TO, RELATING TO THE OWNERSHIP OF ANY OF FRANCHISOR'S MARKS OR THE UNAUTHORIZED USE OR DISCLOSURE OF FRANCHISOR'S TRADE SECRETS OR CONFIDENTIAL INFORMATION OR FOR INJUNCTIVE RELIEF OR SPECIFIC PERFORMANCE.

Section 23.7 Mediation

Except for actions or claims for injunctive relief or specific performance or the unauthorized use or disclosure of Franchisor's Trade Secrets or Confidential Information, nonpayment of fees, and actions or claims related to termination of this Agreement for any reason by either party, all claims, disputes and other matters in question between Franchisor and Franchisee arising out of or relating to this Agreement, the business relationship or any other agreement, including whether this Mediation clause is binding upon the parties, shall be resolved by non-binding mediation before the Center for Public Resources -- National Franchise Mediation Program, FAM, or another mutually agreeable mediator. Notwithstanding the above, the following shall not be subject to mediation:

i. disputes and controversies arising from the Sherman Act, the Clayton Act or any other Federal or state antitrust law;

ii. disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of any Confidential Information, the Proprietary Marks or any other trademarks;

iii. disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business under lease or sublease.

Both parties will sign a confidentiality agreement reasonably satisfactory to Franchisor. Upon submission, the obligation to attend mediation in the county and state designated by Franchisor (currently McLellan County, Texas) is binding on both parties. Each party will bear his, her or its own costs for the mediation, except the mediation fee and the fee for the mediator will be split equally.

Any information disclosed by either party in mediation may only be used for those purposes and may not be used in any following litigation or arbitration. Mediation must be conducted in person, and no telephonic or electronic appearance by any of the parties or their counsel is permitted except for the purposes of scheduling mediation or discussing non-material mediation-related matters.

To initiate mediation, either Franchisor or Franchisee shall appoint one mediator and after appointment of the mediator, shall notify in writing the other of such appointment within three business days after selection of said mediator. The mediation shall be conducted in McLellan County, Texas as directed by the sole mediator. If an agreement is reached between the parties, then the signed award of the mediator shall be final and binding upon Franchisor and Franchisee and any other party to the mediation. Judgment may be entered upon the award of the mediator in any court having competent jurisdiction. If the first mediation between the Franchisor and Franchisee is not successful, both parties agree, prior to instituting any court action except as excluded within this Section, to participate in a second mediation session, and a third if necessary, which shall last at least eight hours or until an agreement is reached whichever occurs first.

Neither illness, Covid, inconvenience, weather, or any other reason shall serve to excuse your personal appearance for mediation.

Section 23.8 Withholding Consent

In no event will Franchisee make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by Franchisor. Franchisee's sole remedy for any such claim is to submit it to non-binding mediation as described in this Article 23.

Section 23.9 Waiver of Class Action

EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY.

ARTICLE 24 - ACKNOWLEDGMENTS

Section 24.1 Receipt of this Agreement and the Franchise Disclosure Document

Franchisee represents and acknowledges it has received, read and understands this Agreement and Franchisor's disclosure document, along with any applicable state addendums and Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges it has received an exact copy of this Agreement and its Exhibits fully filled in, except for signatures, prior to the date on which this Agreement was executed. Franchisee further represents and acknowledges it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure

document required by the 2007 Amendment to the Federal Trade Commission Rule entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

Franchisee understands that Franchisor is relying on Franchisee to disclose any matters inconsistent with any of the acknowledgments contained herein, so that Franchisor can correct any misunderstandings.

Franchisee acknowledges and agrees that in all of Franchisee's dealings with Franchisor, Franchisor's officers, directors, employees, and agents acted only in a representative capacity and not in an individual capacity. Franchisee further acknowledges that this Agreement, and all business dealings between Franchisee and such individuals as a result of this Agreement, are solely between Franchisee and Franchisor.

Section 24.2 Consultation by Franchisee

Franchisee represents it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents it has either consulted with such advisors or has deliberately declined to do so.

Section 24.3 True and Accurate Information

If the Franchisee is a Business Entity, Franchisee warrants and represents that Franchisee is duly organized, validly existing and in good standing under the laws of the state of its organizations, and that Franchisee has the power to sign deliver and carry out this Agreement. Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

Franchisee agrees that applicable laws may require Franchisor to disclose Franchisee's name, home address and telephone number and Franchisee consents to such disclosure. Franchisee must notify Franchisor of any change in Franchisee's name, home address and telephone number within 10 days of the change. Franchisee releases Franchisor and its officers, directors, stockholders, agents, employees, and successors and assigns from all claims arising out of or related to Franchisor's disclosure of such information.

Section 24.4 Risk

Franchisee represents it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a BOULDER DESIGNS Business involves business risks and the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby. In addition, Franchisor makes no warranty as to Franchisees ability to operate the Franchised Business in the Territory. It is Franchisee's obligation to seek or obtain advice of counsel specifically on this issue. If legislation enacted by, or regulation of, any governmental body restricts or prevents Franchisee's operation of the Franchised Business in the Territory, the Franchisor is not liable for damages, nor required to indemnify Franchisee or to return any monies received from Franchisee.

Section 24.5 No Guarantee of Success

Franchisee represents and acknowledges it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges there have been no representations by Franchisor's directors, managers, members, employees, attorneys or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure document or this Agreement.

Section 24.6 No Violation of Other Agreements

Franchisee represents its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any Owner is a party.

Section 24.7 Independent Obligations

Each obligation or other provision contained in this Agreement shall be deemed and construed as a separate and independent covenant, condition and obligation of the party bound by, undertaking or making the same, and not dependent on any other provisions of this Agreement, unless expressly so provided. If any party has breached any obligation or other provision contained in this Agreement in any respect, the fact there exists another obligation or provision relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached shall not detract from or mitigate the fact the party is in breach of the first obligation or other provision contained in this Agreement.

Section 24.8 Gender

Whenever the context of this Agreement requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural.

Section 24.9 Franchisor's Business Judgment

The parties recognize, and any mediator or judge is affirmatively advised that certain provisions of this Agreement describes the right of Franchisor to take (or refrain from taking) certain actions in its sole discretion, and other actions in the exercise of its reasonable business judgment. Where this Agreement authorizes Franchisor to make a decision based upon Franchisor's reasonable business judgment, Franchisor is permitted to consider its own business interests as well as the business interests of the Franchisee and the franchise system in general. If Franchisor makes a decision based upon it's a reasonable business judgment, neither a mediator nor a judge shall substitute his or her judgment for the judgment so exercised by Franchisor. The fact that a mediator or judge might reach a different decision than the one made by Franchisor is not a basis for finding that Franchisor made its decision without the exercise of reasonable business judgment. Franchisor's duty to exercise reasonable business judgment in making certain decisions does not restrict or limit Franchisor's right under this Agreement to make other decisions based entirely on Franchisor's sole discretion as permitted by this Agreement. Franchisor sole discretion means that Franchisor may consider any set of facts or circumstances that it deems relevant in rendering a decision.

Even though this Agreement contains provisions requiring Franchisee to operate the Business and the Franchised Business in compliance with the System: (1) Franchisor does not have authority to control the day-to-day conduct and operation of Franchisee's business or employment decisions; and (2) Franchisee and Franchisor do not intend for Franchisor to incur any liability to third parties in connection with or arising from any aspect of the System or Franchisee's use of the System, whether or not in accordance with the requirements of the Manuals.

Nothing in this Agreement or any related Agreement is intended to disclaim the representations Franchisor made in the Disclosure document. The submission of this Agreement to Franchisee does not constitute an offer to Franchisee, and this Agreement shall become effective only upon execution by Franchisor and Franchisee.

[Signature Page to follow]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed and delivered this Agreement on the Effective Date.

FRANCHISOR:

BOULDER DESIGNS FRANCHISING, LLC

By: _____
Frank J. "Butch" Mogavero
Chief Executive Officer

FRANCHISEE:

By: _____
Name/Title

_____
Name, Individually

_____
Name, Individually

EXHIBIT 1

TO THE FRANCHISE AGREEMENT

KEY TERMS PAGE

This Agreement is made by and between the person or entity whose name appears, or the persons whose names appear, on the Signature Page of this Agreement

Effective Date:	_____
Franchisee:	_____
Franchisee's Address for Notices:	_____
	_____
Approved Location:	_____
Type of Territory:	☐ Separate Territory (may be converted by Franchisor to a Shared Territory pursuant to Section 2.5)
	☐ Shared Territory
Territory:	_____
Initial Franchise Fee:	☐ Standard: $63,000
	☐ Other: $_____
Initial Training Fee:	$12,000
Royalty Fee:	☐ New Franchisee: Greater of: (i) 7% of Collected Gross Revenue for the previous month; or (ii) the minimum royalty fee. The "minimum royalty fee" is: (i) $595 for the initial twelve (12) full and/or partial month after opening; and (ii) $795 per month for months 13-24; and (iii) $950 per month for the remainder of the term.
	☐ Renewing Franchisee: Greater of: (i) 7% of Collected Gross Revenue for the previous month; or (ii) the minimum royalty fee. The "minimum royalty fee" is: $950 per month for the remainder of the whole term.
	*Royalty Fees are subject to increase as stated in Section 3.2.
Renewal Fee:	$5,500
Transfer Fee:	$7,500
Equipment Fee (includes_____ _____:	
Technology Fee:	Currently $65.00 per month, up to $150 per month
Marketing Fee:	Currently $0 per month, but up to $200 per month
	*Marketing FEES are subject to increase as stated in Section 11.2.

Franchisor Address for Notices: Boulder Designs Franchising, LLC
2324 N. Robinson Drive
Waco, Texas 76706
Attention: President

IN WITNESS WHEREOF, this Key Terms Page, attached to the Franchise Agreement, is made effective as of the date first written above.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

SCHEDULE 1
TO THE KEY TERMS PAGE

REQUIRED AND OPTIONAL EQUIPMENT

Boulder Designs® Machines and Equipment		
Quantity	Description	Supplier
1	Concrete Mixer	Boulder Designs
1	Boulder Designs Transport Trailer	Boulder Designs
1 set	Truck signage – magnet set	Boulder Designs
1 set	Operations manual, technology manual, sales manual, marketing materials, contracts and forms	Boulder Designs
	Processor and Proprietary Equipment	Boulder Designs
Materials and Supplies		
Quantity	Description	Supplier
As needed	Integral Color	Boulder Designs
As needed	Fiber mesh	Boulder Designs
As needed	Top Coat	Boulder Designs
As needed	Private Label Sealer	Boulder Designs
As needed	Boulder Designs Name Plates	Boulder Designs
As needed	Boulder Designs Complete Admixture	Boulder Designs
As needed	Liquid Release	Boulder Designs
As needed	Imprint Stamps	Boulder Designs
As needed	Epoxy Bonder	Boulder Designs

A list of additional required and optional equipment and supplies, purchasable through third party suppliers, will be provided in the Boulder Designs Operations Manual.

EXHIBIT 2

TO THE FRANCHISE AGREEMENT

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") made as of the ____ day of _____, 20____, (the "Effective Date") is by and between _____ ("Franchisee") and _____ ("Individual").

W I T N E S S E T H:

WHEREAS, Franchisee is a party to that certain Boulder Designs Franchising, LLC Franchise Agreement ("Franchise Agreement") by and between Franchisee and Boulder Designs Franchising, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to or to review certain Trade Secrets and other Confidential Information of the Company, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to Company's Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party, including any Covered Person or using such Trade Secrets or other Confidential Information to compete against Company, Franchisee or any other franchisee of Company in a Competitive Business now or in the future.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Recitals

The above preamble and recitals are true and correct and incorporated into this Agreement.

2. Trade Secrets

Individual understands Franchisee possesses and will possess the Company's Trade Secrets, which is important to its business. For purposes of this Agreement, "Trade Secrets" is information, without regard to form including, but not limited to, technical or non-technical data, knowhow, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, pro-formas, strategic plans, product plans, project plans, blueprints, lists of actual or potential customers or suppliers which are not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Individual understands Franchisee's providing of access to the Trade Secrets creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets.

3. Confidential Information

For purposes of this Agreement, "Confidential Information" means technical and nontechnical information and know-how used in or related to the BOULDER DESIGNS Businesses and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by the Company. Confidential Information shall not include, however, any information established by documentary evidence that: (a) is now or subsequently becomes generally available to the public through no fault of the Individual; (b) the Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is

independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

4. Confidentiality/Non-Disclosure

Individual shall not whether in person, in writing, through the Internet or online through Social Media sites and/or applications communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any of the Company's Trade Secrets or Confidential Information.

Individual's obligations under paragraph 4(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee as an employee, agent, officer, director, executive, manager or member of Franchisee or a holder of a legal or beneficial interest in Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Individual shall (and Franchisee is entitled to) communicate Individual's obligations under this Agreement to any future customer or employer of Individual to the extent deemed necessary by Franchisee for protection of Franchisee's rights and obligations herein.

5. Non-Competition

Individual agrees that for the period the Individual has a relationship with Franchisee and the period of two years after the Individual no longer has a relationship with Franchisee and has ceased engaging in the conduct stated below, Individual shall not, directly or indirectly, own an interest in, manage, operate, provide services to, carry on, be engaged in or take part in, or share in the earnings of any Competitive Business anywhere within (1) the greater of: (i) 25 miles of Franchisee's Approved Location as described in the Franchise Agreement; or (ii) the Territory, as detailed in Section 2.5 of the Franchise Agreement, also described as follows:

_____
_____
_____
_____; and (2) 25 miles of any BOULDER DESIGNS Business wherever located in existence at the time of termination of the relationship with Franchisee, without the express written consent of Franchisee. Further, the Individual agrees for the period the Individual has a relationship with Franchisee and the period of two years after the Individual no longer has a relationship with Franchisee, the Individual shall not divert or attempt to divert any customer, employee or other business associate of Franchisee, the Company, the Company's Affiliate(s) (as defined in the Franchise Agreement) or any other franchisee to any Competitive Business or solicit or otherwise attempt to induce or influence (by direct or indirect means) any customer, employee or other business associate of Franchisee, the Company, the Company's Affiliate(s) (as defined in the Franchise Agreement) or any other franchisee to terminate or modify their business relationship with Franchisee, the Company, the Company's Affiliate(s) (as defined in the Franchise Agreement) or any other franchisee.

"Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) offers or sells engraved concrete signage or concrete landscaping products or other products or services that are the same as or similar to those sold by the Franchised Business or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or Boulder Designs' other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a franchise agreement with Franchisor, (b) any business operated by a publicly-held entity in which Franchisee owns less than a 5% legal or beneficial interest.

Except as set forth in paragraph 5(a), "Affiliate" means any business entity that controls, is controlled by, or is under common control with Individual.

6. Miscellaneous

This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

The Company reserves the right to reduce the scope of the obligations under the covenants contained in Articles 7 and 17 of the Franchise Agreement unilaterally and without the consent of any other person or entities effective upon giving notice thereof.

If all or any portion(s) of any provision(s) of this Agreement are held to be invalid, unreasonable, illegal or unenforceable under applicable law, such invalid, unreasonable, illegal or unenforceable portion(s) of any provision(s) shall be amended, limited or excluded from this Agreement to the minimum extent required by applicable law so that this Agreement shall otherwise remain in full force and effect and enforceable in accordance with its terms.

This Agreement shall be effective as of the Effective Date and shall be binding upon the successors and assigns of Individual, Individual's family members, ancestors, descendants, and collaterals, and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns and Boulder Designs Franchising, LLC.

Individual shall reimburse Franchisee or Company for any and all costs and attorney fees incurred by Franchisee or Company in the enforcement of the terms of this Agreement.

The failure of either party to insist in any one or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. Whenever the context of this Agreement requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural. Capitalized terms not herein defined shall have the meaning set forth in the Franchise Agreement.

The Company shall be a third-party beneficiary of this Agreement.

If individual violates this Agreement and competes with Franchisor, its Assigns, or any Franchisees, Franchisor has the right to require that all sales made by the competitive business are reported to Franchisor. Individual will also pay to Franchisor, without demand, a weekly fee of $1000, retroactive to the first date of the violation and for each week that the violation continues or until judicial order is entered, without being deemed to revive or modify this Agreement. These payments are liquidated damages to compensate Franchisor for its damages from Individual's violation of this covenant not to compete and are not a penalty. Individual agrees that the length of time and geographical restrictions contained in this Agreement are fair and reasonable and not the result of overreaching, duress or coercion of any kind. Individual agrees that its full, uninhibited and faithful observance of each of the covenants in this Section will not cause any undue hardship financial or otherwise and that the enforcement of each of these covenants in this Section will not impair Individual's ability to obtain employment commensurate with Individual's abilities and on terms fully acceptable to Individual or otherwise to obtain income required for the comfortable support of Individual and Individual's family and the satisfaction of Individual's creditors. Individual agrees that his/her special knowledge of the business of a Boulder Designs franchise would cause Franchisor and its franchisees serious injury and loss if Individual, or anyone acquiring this knowledge through Individual, were to use this knowledge to the benefit of a competitor or were to compete with Franchisor or any of our other Franchisees.

If any court finally holds that the time or Territory or any other provision in this Section is an unreasonable restriction upon Individual, Individual agrees that the provisions of this Agreement are not rendered void, but apply as to time and Territory or to any other extent as the court may judicially determine or indicate is a reasonable restriction under the circumstances involved.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

IN WITNESS WHEREOF, Franchisee has caused this Agreement to be executed by its duly authorized officer, manager or executive and Individual has executed this Agreement, all being done in triplicate originals with one original being delivered to each party and Company as of the Effective Date.

INDIVIDUAL:	**FRANCHISEE:**
_____	By: _____
Name, Individually	Name/Title

EXHIBIT 3

TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

1. I have read the Franchise Agreement between BOULDER DESIGNS FRANCHISING, LLC and _____ (the "**Franchisee**").

2. I own a beneficial interest in the Franchisee, and would be considered an "**Owner**" within the definition contained in Franchise Agreement.

3. I understand that, were it not for this Guaranty and Assumption of Obligation ("**Guaranty**"), Franchisor would not have agreed to enter into the Franchise Agreement with the Franchisee.

4. I will comply with all of the provisions contained in Article 7 of the Franchise Agreement concerning the use of the Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except ***(a)*** to the Franchisee's employees on a need to know basis, ***(b)*** to the Franchisee's and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and ***(c)*** as otherwise may be required by law.

5. I will comply with all of the provisions contained in Article 18 of the Franchise Agreement concerning the assignment of my interests in the Franchisee.

6. While I am an "Owner" of the Franchisee and, for a two-year period after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first), I will not:

6.1 divert or attempt to divert any present or prospective customer of any BOULDER DESIGNS franchises to any competitor or do anything to harm the goodwill associated with the Marks and the System;

6.2 employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or induce such person to leave his or her employment; or

6.3 own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business conducting landscape architecture or outdoor living construction services, other than another Boulder Designs franchise operated pursuant to a valid franchise agreement with Franchisor. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that is, or is intended to be, located in the Territory (as defined in the Franchise Agreement) or market area of any other business operating under the Boulder Designs System and Marks. If the two-year restrictive period would be unenforceable under applicable law as an unreasonable restraint of trade, then such restriction is modified to prohibit you and each Owner, as applicable, from soliciting or providing services, during said two-year period, to any client previously serviced by the Franchised Business. This two-year restriction will be tolled during any period of my noncompliance.

7. I agree that the provisions contained in Article 23 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

8. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement.

9. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Franchisee before seeking recovery from me under this Guaranty.

10. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

11. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT**.

12. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

13. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered by each of the undersigned, intending to be legally bound hereby, on the date set forth in the introductory paragraph of this Guaranty.

PERSONAL GUARANTOR

_____

NAME, Individually

ADDRESS:

TELEPHONE:

PERCENTAGE OF OWNERSHIP
IN FRANCHISE: _____%

PERSONAL GUARANTOR

_____

NAME, Individually

ADDRESS:

TELEPHONE:

PERCENTAGE OF OWNERSHIP
IN FRANCHISE: _____%

EXHIBIT 4

TO THE FRANCHISE AGREEMENT

OWNERS; OFFICERS, DIRECTORS AND MANAGERS

Holders of Legal or Beneficial Interest:

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone #: _____
Mailing Address: _____
_____
_____
Email: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone #: _____
Mailing Address: _____
_____
_____
Email: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone #: _____
Mailing Address: _____
_____
_____
Email: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone #: _____
Mailing Address: _____
_____
_____
Email: _____
Percentage of ownership: _____%

Officers, Directors and Managers:

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone #: _____
Mailing Address: _____
_____
_____
Email: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone #: _____
Mailing Address: _____
_____
_____
Email: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone #: _____
Mailing Address: _____
_____
_____
Email: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone #: _____
Mailing Address: _____
_____
_____
Email: _____
Percentage of ownership: _____%

EXHIBIT 5

TO THE FRANCHISE AGREEMENT

FRANCHISE DISCLOSURE QUESTIONNAIRE

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN THE STATE OF CALIFORNIA: DO NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS IN THIS QUESTIONNAIRE.

As you know, Boulder Designs Franchising, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, Boulder Designs Franchising, LLC will be referred to as "Boulder Designs", "We" or "Us." The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading.

Prospective Franchisee acknowledges:	Date	Initials
Date you received FDD	____/____	
Date of your first face-to-face meeting with a Boulder Designs Franchising representative for the purpose of discussing the sale or possible sale of a franchise	____/____	
Date you received the Franchise Agreement with all blanks filled in except signatures	____/____	
Date you received a copy of any addendum or additional documents, if any, with all blanks filled in except signatures	____/____	
Date you signed the Franchise Agreement	____/____	
Date you signed any addendum or additional documents	____/____	
Earliest date you delivered a check or money to Boulder Designs or its representative	____/____	

ACKNOWLEDGMENT REGARDING OWNERSHIP OR OTHER INTEREST

Acknowledgment Regarding Controlling Persons. Franchisee hereby acknowledges that Franchise Owner is a(n):

_____ Individual _____ Corporation

_____ Partnership _____ Limited Liability Company

_____ Joint Venture _____ Other business form

_____(describe)

Franchise Owner hereby warrants and represents that the following persons own, either legally or beneficially, voting control of Franchise Owner:

NAME	TYPE OF OWNERSHIP (LEGAL OR BENEFICIAL)	PERCENTAGE OF INTEREST OWNED

Please review each of the following questions carefully and respond to each with YES or NO, and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Disclosure document we provided to you?

_____

The following only applies to Maryland residents and/or franchises to be operated in the State of Maryland:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions. You acknowledge that Boulder Designs Franchising, LLC is relying on the accuracy of the above information, and that the information set forth above is true and correct. (The following persons must sign: each owner of a corporation or limited liability company, each partner; or sole proprietor).

FRANCHISEE/APPLICANT

By: _____
Name, Title

_____
Name, Individually

EXHIBIT 6

TO THE FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT

AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **Boulder Designs Franchising, LLC**

I (We) hereby authorize Boulder Designs Franchising, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: _____ Branch: _____

City: _____ State: _____ Zip: _____ Phone: _____

ACH/Routing Number: _____ Account Number: _____
(Must be Nine Digits)

This authorization is to remain in full force and effect until Boulder Designs Franchising has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (Us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 3 and 11 of the Franchise Agreement.

_____	_____
Print Franchisee / Account Holder Name	Print Franchisee/Co-Account Holder Name
_____ _____	_____ _____
Franchisee / Account Holder Signature & Date	Franchisee/Co-Account Holder Signature & Date
_____	_____
Daytime Phone Number	Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

Please Return Form to: Boulder Designs Franchising, LLC
ATTN: Franchise Accounting Department
2324 N. Robinson Drive
Waco, Texas 76706
Phone (877) 892-2954

EXHIBIT 7

TO THE FRANCHISE AGREEMENT

TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned ("Franchisee") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Boulder Designs Franchising, LLC ("Franchisor"), upon the following terms:

1. This assignment is made under the terms of the Boulder Designs Franchising Franchise Agreement dated _____ authorizing Franchisee to do business as "Boulder Designs Franchising" (the "Franchise Agreement"), which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Franchised Business covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, Franchisee's limited right to use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor request, Franchisee will immediately sign all documents, pay all monies, and take all other action necessary to transfer the listings and numbers to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are: _____. Franchisee shall provide Franchisor with all numbers on the rotary series and all numbers the Franchisee uses in the Franchised Business in the future within 5 business days of creation of that number.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listings Franchisee incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listings and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory or online advertising.

5. Franchisee appoints Franchisor as Franchisee's Attorney-In-Fact to act in Franchisee's place for the purpose of assigning any telephone number covered by Paragraph 3 above to Franchisor or Franchisor's designees or Transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for five (5) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Telephone Number Assignment Agreement and Power Of Attorney to be duly signed as evidenced by their signatures appearing below.

FRANCHISEE: EACH OF THE BELOW PERSONS AGREES TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT, IN BOTH INDIVIDUAL AND REPRESENTATIVE CAPACITIES.

Signed the _____ day of _____, 20___.

FRANCHISEE:	**FRANCHISEE:**
By:_____	By: _____
Name/Title	Name/Title
_____	_____
Name, Individually	Name, Individually

EXHIBIT 8

TO THE FRANCHISE AGREEMENT

STATE-SPECIFIC AMENDMENTS

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA

This Amendment to the Boulder Designs Franchise Agreement dated _____, 20___ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. Section 3.1 of the Franchise Agreement is amended to reflect the following:

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

2. The second paragraph of Section 18.2 of the Franchise Agreement is amended with the following:

It is unlawful for a franchisor to prevent a franchisee from selling or transferring a franchise, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business, to another person provided that the person is qualified under the franchisor's then-existing standards for the approval of new or renewing franchisees, these standards to be made available to the franchisee, as provided in Section 20029, if applicable, and to be consistently applied to similarly situated franchises operating within the franchise brand, and the franchisee and the buyer, transferee, or assignee comply with the transfer conditions specified in the franchise agreement. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. A Franchisee shall not have the right to sell, transfer, or assign the franchise, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business, without the written consent of the Franchisor, except that the consent shall not be withheld unless the buyer, transferee, or assignee does not meet the standards for new or renewing franchises described in subdivision (a) of the California Business and Professions Code, Section 20028, if applicable, or the Franchisee and the buyer, transferee, or assignee do not comply with the transfer conditions specified in the franchise agreement.

3. Article 24 is deleted in its entirety.

4. Exhibit 5 to the Franchise Agreement is hereby removed in its entirety.

5. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____
Frank J. "Butch" Mogavero
Chief Executive Officer

By: _____
Name/Title

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF HAWAII

This Amendment to the Boulder Designs Franchise Agreement dated _____, 20___ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. Section 3.1 of the Franchise Agreement is amended to reflect that payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

This Amendment to the Boulder Designs Franchise Agreement dated _____, 20___ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Amendment form an integral part of, and are incorporated into, the Franchise Agreement. This Amendment is being executed because: a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; b) Franchisee is a resident of the State of Illinois; and/or c) the franchise will be located or operated in the State of Illinois.

2. Section 3.1 of the Franchise Agreement is amended to reflect that payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.

3. Section 22.6 is deleted and replaced with the following:

This Agreement, including its Exhibits, constitutes the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements, no other representations (except for or other than those contained in the disclosure document) having induced Franchisee to execute this Agreement.

4. The following sentence is added to the end of Section 23.1:

Notwithstanding the foregoing, the Illinois Franchise Disclosure Act shall govern this Agreement.

5. The following sentence is added to the end of Section 23.2:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in this Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

6. The following sentence is added at the end of Section 23.4:

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation; 1 year after Franchisee becomes aware of the underlying facts or circumstances; or 90 days after delivery to Franchisee of a written notice disclosing the violation.

7. The following sentence is added to the end of Section 23.2:

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

Any capitalized terms that are not defined in this Amendment shall have the meaning given them in the Franchise Agreement.

Except as expressly modified by this Amendment, the Franchise Agreement remains unmodified and in full force and effect.

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

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA

This Amendment to the Boulder Designs Franchise Agreement dated _____, 20___ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. Renewal. Section 4.2. of the Franchise Agreement is amended by the addition of the following language:

> Provided that you cannot be required to prospectively asset to a release, assignment, novation, waiver or estoppel which purports to relieve Franchisor from liability under Indiana Code 23-2-2.7.

2. Authorized Products, Services and Suppliers. Section 13.1. of the Franchise Agreement is amended by the addition of the following language:

> Notwithstanding anything to the contrary contained in this Agreement, Franchisor shall not require that you purchase any goods, supplies, inventories, or services exclusively from us or sources we designate where such goods, supplies, inventories, or services of comparable quality are available sources other than those we designate, provided that our publication of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by us does not constitute designation of a source nor does our reasonable right to disapprove a supplier constitute a designation, and further provided that the above restriction on designation of sources does not apply to the principal goods, supplies, inventories, or services manufactured by or for us or trademarked by us.

3. Transfer by Franchisee to a Third Party. Section 18.2. of the Franchise Agreement is amended by the addition of the following language:

> Provided that you cannot be required to prospectively asset to a release, assignment, novation, waiver or estoppel which purports to relieve Franchisor from liability under Indiana Code 23-2-2.7.

4. Dispute Resolution. Article 23 of the Franchise Agreement is amended by the addition of the following language:

> Notwithstanding anything to the contrary in this Article 23, if this Article 23 requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation pursuant to IC 23-2-2.7-1(1). Notwithstanding anything to the contrary contained in this Article 23, the choice of law for any cause of action brought under this Agreement will be subject to any superseding provisions contained in Indiana's Franchise Acts, IC 23-2-2.5 and 2.7. You will be permitted to bring actions arising under IC 23-2-2.5 at any time within three years from the date of violation pursuant to IC 23-2-2.7-1(10). You cannot be required to recognize the adequacy or inadequacy of any remedy. The waiver or release of any rights with regard to this Agreement is prohibited under IC 23-2-2.7-1(5).

5. Acknowledgments. Article 24 of the Franchise Agreement is amended by the addition of the following language:

> However, such representations are not intended to nor shall they act as a release, assignment, novation, waiver or estoppel which purports to relieve Franchisor from liability under Indiana Code 23-2-2.7.

6. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the Indiana Franchise Practices Law is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND

This Amendment to the Boulder Designs Franchise Agreement dated _____, 20___ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The second sentence of Section 3.1. of the Franchise Agreement is amended to state the following: "All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement."

2. Section 16.2, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

3. The following sentence is added to the end of Transfer by Franchisee to a Third Party, Section 18.2:

   The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Transfer to a Controlled Entity, Section 18.3:

   This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Consent to Jurisdiction, Section 23.2:

   A Franchisee in Maryland may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following sentence is added at the end of Limitations of Claims, Section 23.4:

   Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

7. All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

8. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law is met independently of this Amendment. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

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

10. Section 24.1, 24.2, 24.4 and 24.5 of the Franchise Agreement has been deleted in its entirety.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____
Frank J. "Butch" Mogavero
Chief Executive Officer

By: _____
Name/Title

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

This Amendment to the Boulder Designs Franchising, LLC Franchise Agreement dated _____, 20___ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. Section 3.1. of the Franchise Agreement is amended to state the following: "Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement."

2. The provisions of this Amendment form an integral part of, and are incorporated into, the Franchise Agreement. This Amendment is being executed because: a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; b) Franchisee is a resident of the State of Minnesota; and/or c) the franchise will be located or operated in the State of Minnesota.

3. Section 22.6 is deleted and replaced with the following:

   This Agreement, including its Exhibits, constitutes the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements, no other representations (except for or other than those contained in the disclosure document) having induced Franchisee to execute this Agreement.

4. The following sentence is added to the end of Section 23.1:

   Notwithstanding the foregoing, the Minnesota Franchise Act shall govern this Agreement.

5. The following sentence is added to the end of Section 18.2:

   Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01-80C.22.

6. The following sentence is added to the end of Sections 16.2 and 18.2:

   With respect to franchises governed by Minnesota law, the Franchisor will comply with Minnesota Statutes Sec. 80C.14, Subs, 3, 4, and 5 which require, (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

7. The following sentence is added at the end of Section 18.2:

   Under Minnesota Rule 2860.4400J, certain liquidated damages clauses are unenforceable.

8. The following sentence is added to the end of Section 23.2:

   Minnesota Statute §80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

   The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

9. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the Minnesota Franchise Act is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK

This Amendment to the Boulder Designs Franchising, LLC Franchise Agreement dated _____ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

In recognition of the requirements of the General Business Law of the State of New York, Article 3, Section 687 and Article 33, Sections 680-695, and the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, the Disclosure document for Boulder Designs Franchising, LLC, for use in the State of New York shall be amended as follows:

1. Renewal. Section 4.2(viii) of the Franchise Agreement (with respect to signing a general release) is amended by the addition of the following language:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Laws of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL 687.4 and 687.5 be satisfied.

2. Transfer by Franchisee to a Third Party. Section 18.2. of the Franchise Agreement is amended by the addition of the following language:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Laws of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL 687.4 and 687.5 be satisfied.

3. Choice of Law. Section 23.1. of the Franchise Agreement is amended by the addition of the following language:

> ; however, the governing choice of law shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

4. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the New York General Business Law is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

This Amendment to the Boulder Designs Franchising, LLC Franchise Agreement dated _____ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code 51-1901 through 51-19-17, and the policies of the Office of the State of North Dakota Securities Commission, the Disclosure document for Boulder Designs Franchising, LLC for use in the State of North Dakota shall be amended as follows:

1. Sections 2.5, and 17.2 and Exhibit 2 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which the Franchisee must agree. The Securities Commissioner of the State of North Dakota has held that covenants restricting competition, contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Covenants not to compete such as those referenced above are generally considered unenforceable in the State of North Dakota;
2. Section 3.1 of the Franchise Agreement is amended to reflect that payment of Franchise Fee will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business.
3. Section 23.1, of the Franchise Agreement provide that Texas law governs the Franchise Agreement. The Securities Commissioner of the State of North Dakota has held that Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, therefore, this provision is void and of no effect in the State of North Dakota;
4. Sections 23.2 and 23.7 of the Franchise Agreement provides that Franchisees must consent to the jurisdiction of the McLennan County, Texas. The Securities Commissioner of the State of North Dakota has held that requiring Franchisees to consent to jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Investment Law. The site of mediation or arbitration shall be agreeable to all parties; therefore, this provision is amended to provide that the state of mediation or arbitration shall be agreeable to all parties;
5. Section 23.5 of the Franchise Agreement stipulates that the Franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the Franchise Agreement. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Franchise Agreement is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney fees;
6. Section 23.5 of the Franchise Agreement requires the Franchisee to consent to a waiver of exemplary and punitive damages. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, therefore, this portion of Section 23.5 is void and of no effect in the State of North Dakota; and
7. Section 17.9 of the Franchise Agreement stipulates that the Franchisee shall pay liquidated damages to Franchisor if the Franchise Agreement in terminated early.

8. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Franchise Agreement is amended to provide that Franchisor is entitled to recover all costs and expenses, including attorney fees allowable by law; and

9. Section 23.6 of the Franchise Agreement stipulates that the Franchisee shall agree to a Waiver of Jury Trial. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Franchise Agreement is void and of no effect in the State of North Dakota; and

10. Section 4.2 of the Franchise Agreement requires the Franchisee to sign a general release upon renewal of the Franchise Agreement. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Franchise Agreement is void and of no effect in the State of North Dakota; and

11. Section 23.4 of the Franchise Agreement requires a limitation of Claims. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Franchise Agreement is amended to provide that the statute of limitations under North Dakota law applies; and

12. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the North Dakota Franchise Investment Law is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

This Amendment to the Boulder Designs Franchising, LLC Franchise Agreement dated _____ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. Choice of Law. Section 23.1. of the Franchise Agreement is amended by the addition of the following language:

> , excluding any claims arising under Section 19-28.1-14 of the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA

This Amendment to the Boulder Designs Franchising, LLC Franchise Agreement dated _____ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. Section 3.1 of the Franchise Agreement is amended to reflect that payment of Franchise Fee will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business.

2. Section 23.7, of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein: "In the event that either party shall make demand for mediation, such mediation shall be conducted in a mutually agreed upon site.

3. Section 16.2 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein: "Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law." To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

4. Sections 16.2 and 16.3 of the Franchise Agreement are amended by the following language: South Dakota law provides for a Thirty Day (30) notice to cure any default prior to termination, including the non-payment of royalty and service fees, amount due for purchases from Franchisor or its affiliates or other payments due to Franchisor.

5. Section 23.1 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein: "The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement, and interpretation under the governing law of Texas."

6. Section 23.7 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein: "In the event that either party shall make demand for mediation, such mediation shall be conducted in a mutually agreed upon site. The mediation proceeding shall take place in the McLennan County, Texas. In connection with any mediation proceeding the provisions of Rule 408 of the Federal Rules of Evidence."

7. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the South Dakota Franchises Brand-Name Goods and Services Law is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

[*the signature page is the following page*]

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

This Amendment to the Boulder Designs Franchising, LLC Franchise Agreement dated _____ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The second sentence of Section 3.1. of the Franchise Agreement is amended to state that "Franchisee will pay the Initial Fee when Franchisor completes its pre-opening obligations under the Franchise Agreement."
2. Section 16.2, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*);
3. Pursuant to Section 13.1564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
4. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____ By: _____
Frank J. "Butch" Mogavero Name/Title
Chief Executive Officer

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

This Amendment to the Boulder Designs Franchising, LLC Franchise Agreement dated _____ between Boulder Designs Franchising, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. In the event of a conflict of laws, the provision of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Act") will prevail.

2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, Franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

6. Pursuant to RW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of Franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of Franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits Franchisor from restricting, restraining, or prohibiting Franchisee from (i) soliciting or hiring any employee of a franchisee of Franchisor or (ii) soliciting or hiring any employee of Franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

8. Item 5 of the disclosure document is supplemented by the following:

   "The Department of Financial Institutions, Securities Division, requires that Franchisor defer the collection of the initial franchise fees until Franchisor has fulfilled its initial pre-opening obligations to Franchisee and Franchisee is open for business."

9. Section 21.6 to the franchise agreement has been deleted in its entirety and replaced with the following:

"The parties have attempted in the above Section to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the above provision is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify this Section to the extent it deems necessary to make supervision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision with Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee."

10. Section 22.5 has been deleted in its entirety and replaced with the following:

"Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for its approval and, except as otherwise specifically provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees and assumes no liability or obligation to Franchisee or any third party, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval."

11. Section 24.4 and Section 24.5 of the Franchise Agreement have been deleted in their entirety.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR: **FRANCHISEE:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____
Frank J. "Butch" Mogavero
Chief Executive Officer

By: _____
Name/Title

EXHIBIT 9

TO THE FRANCHISE AGREEMENT

PROMISSORY NOTE

PROMISSORY NOTE AND SECURITY AGREEMENT

$_____ _____, 20____

FOR VALUE RECEIVED, _____, whose address is _____ ("**Debtor**", whether one or more) jointly and severally promises to pay to the order of Boulder Designs Franchising, LLC, a Texas limited liability company, or its affiliates, successors, and assigns ("**Franchisor**" or "**PAYEE**") at its offices at 2324 N. Robinson Drive, Waco, Texas 76706, or such other location as PAYEE may hereafter designate, the principal sum of _____and ___/100 Dollars ($_____), together with interest on the unpaid principal balance outstanding from time to time hereon at a rate equal to 8.5% per annum or the Maximum Rate, whichever is less, under the terms and conditions of this promissory note and security agreement ("Note"). This Note is due and payable in 42 monthly installments of principal and interest. The first of 42 payments shall be in an amount of $_____ commencing _____, 20__, and on the first day of each and every calendar month thereafter, and the 42nd and final installment shall be due on _____, 20____, on which date the entire unpaid principal balance and all accrued and unpaid interest is due and payable in full. Each payment will first be applied to accrued and unpaid interest and then to principal. Any payment not received by PAYEE within ten (10) days of its due date is subject to a late fee of Fifty Dollars ($50).

"**Maximum Rate**" means the maximum lawful rate of interest permitted by applicable usury laws now or hereafter enacted which interest rate shall change when and as said laws change, to the extent permitted by law, effective on the day such change in said laws becomes effective.

If Franchisor terminates the Franchise Agreement dated as of the date hereof between Franchisor and _____ (the "**Franchise Agreement**") for any of the reasons stated in Section 16.2 of the Franchise Agreement or, if Debtor fails to make a payment of principal, interest or any installment thereof when due, and such failure continues for a period of ten (10) days, Franchisor may declare the entire unpaid principal balance of, and all accrued but unpaid interest on, the indebtedness evidenced by this Note immediately due and payable without notice or demand, foreclose all liens and security interests securing the payment hereof, offset against this Note any sum or sums owed by Franchisor to Debtor and/or exercise any or all other remedies available to Franchisor, all at the option of Franchisor.

If this Note is not paid at maturity whether by acceleration or otherwise and is placed in the hands of an attorney for collection, or suit is filed hereon, or proceedings are had in probate, bankruptcy, receivership, reorganization, arrangement or other legal proceedings for collection hereof, Debtor and each other liable party agree to pay PAYEE its collection costs, including a reasonable amount for attorney's fees, but in no event to exceed the maximum amount permitted by law. Debtor and each other liable party are and shall be directly and primarily, jointly and severally, liable for the payment of all sums called for hereunder, and Debtor and each other liable party, hereby expressly waive demand, presentment for payment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, diligence in collecting and the bringing of any suit against any party, and Debtor and each other liable party hereby consent to and agree to remain liable hereon regardless of any renewals, extensions for any period or rearrangements hereof, or partial prepayments hereon, or any release or substitution of security herefore, in whole or in part, with or without notice, from time to time, before or after maturity.

It is the intent of PAYEE and Debtor in the execution of this Note and all other agreements and documents executed in connection herewith, including without limitation the Franchise Agreement (this Note and all such other agreements are herein called the "**Transaction Documents**"), to contract in strict compliance with applicable usury law. In furtherance thereof, PAYEE and Debtor stipulate and agree that none of the terms and provisions contained herein or in any other Transaction Document shall ever be construed to create a contract to pay for the use, forbearance or detention of money, interest at a rate in

excess of the Maximum Rate. Neither Debtor nor any co-makers, endorsers, sureties, guarantors or other parties now or hereafter becoming liable for payment of this Note shall ever be required to pay interest or finance charges at a rate in excess of the Maximum Rate, and the provisions of this paragraph shall control over all other provisions of this Note and any other Transaction Document which may be in apparent conflict herewith. PAYEE and any other holder of this Note expressly disavow any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of this Note is accelerated.

If demand is made or if the maturity of this Note shall be accelerated for any reason or if any of the principal of this Note is prepaid, and as a result thereof the interest or finance charge received for the actual period of existence of the loans evidenced by this Note exceeds the Maximum Rate, the holder of this Note shall, at its option, either refund to Debtor the amount of such excess or credit the amount of such excess against the principal balance of this Note then outstanding, and thereby shall render inapplicable any and all penalties of any kind provided by applicable law as a result of such excess interest. If PAYEE or any other holder of this Note shall collect monies and/or any other thing of value which are deemed to constitute interest which would increase the effective interest rate on this Note to a rate in excess of the Maximum Rate, all such sums deemed to constitute interest in excess of the Maximum Rate shall, upon such determination, at the option of the holder of this Note, be either immediately returned to Debtor or credited against the principal balance of this Note then outstanding, in which event any and all penalties of any kind under applicable law as a result of such excess interest shall be inapplicable.

In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the maximum amount permitted under applicable law, PAYEE and Debtor shall to the greatest extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate and spread the total amount of interest throughout the entire contemplated term hereof in accordance with the amounts outstanding from time to time thereunder and the Maximum Rate from time to time in effect under applicable law in order to lawfully charge the maximum amount of interest permitted under applicable law. By execution of this Note, Debtor acknowledges that it believes the loans evidenced hereby to be non-usurious. The term "**applicable law**" as used in this Note shall mean the laws of the State of Texas or the laws of the United States, whichever laws allow the greater rate of interest, as such laws now exist or may be changed or amended or come into effect in the future.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS WITHIN SUCH STATE. DEBTOR EXPRESSLY AGREES THAT THIS NOTE SHALL NOT BE SUBJECT TO CHAPTER 4 OR CHAPTER 15 OF THE TEXAS CREDIT CODE. DEBTOR HEREBY IRREVOCABLY SUBMITS ITSELF TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE STATE OF TEXAS AND TO THE VENUE OF COLLIN COUNTY AND CONSENTS AND AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN ANY LEGAL PROCEEDING RELATING TO THIS NOTE BY ANY MEANS ALLOWED UNDER TEXAS OR FEDERAL LAW.

This Note may be prepaid in whole at any time or in part from time to time, without penalty or premium. Prepayments shall be applied first to accrued and unpaid interest and then to unpaid installments of principal in the inverse order of their stated maturity.

Grant of Security Interest

As a condition for Payee to agree to lend Debtor the funds contemplated herein this Note, Debtor grant to Payee, a security interest in its property, tangible and intangible, including but not limited to: all inventory, furniture, fixtures, equipment, and supplies now owned or subsequently acquired; and the proceeds, products, and accessions of and to any and all of the foregoing (the "Collateral"). Debtor shall not grant a security interest in the Collateral to any other party without the Debtor's prior written consent.

This security interest is granted to secure the debt evidenced by this Note and all costs and expenses incurred by Payee in the collection of the debt. This Note is a valid pledge of the Collateral and creates a valid security interest in the Collateral securing payment of the indebtedness evidenced in this Note.

Payee, in its discretion, may file one or more financing statements under the Texas Uniform Commercial Code, naming Debtor as a debtor and Payee as secured party and indicating the Collateral specified in this Promissory Note and Security Agreement. Notwithstanding, no authorization, approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for the pledge or the grant of the security interest granted hereby.

Personal Guarantee

It is further understood that this Note is secured by a personal guarantee from Debtor's principal, _____, in substantially the form attached hereto as Attachment A.

DEBTOR:

By: _____

Name: _____

Title: _____

PAYEE:

Boulder Designs Franchising, LLC,

a Texas limited liability company,

By: _____

Name: _____

Title: _____

EXHIBIT 10

TO THE FRANCHISE AGREEMENT

LEASE RIDER

EXHIBIT 10 TO THE FRANCHISE AGREEMENT

Lease Rider

THIS AGREEMENT is made and entered into this ____ day of _____, 20_____, by and among Boulder Designs Franchising, LLC ("**BOULDER DESIGNS**"), a Texas limited liability company; _____ ("**Landlord**"), with its principal offices at _____ _____; and _____ ("**Tenant**"), with its principal offices at _____.

WITNESSETH:

In consideration of, and as an inducement to the execution of the Franchise Agreement between Franchisor and its franchisee, each of the undersigned agree as follows:

(a) Landlord acknowledges that Tenant is a franchisee of Franchisor and that the Franchised Business is located at the Premises, operated under the **Boulder Designs Franchising, LLC** franchise system, pursuant to a franchise agreement ("**Franchise Agreement**") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes, and related components of the **Boulder Designs Franchising, LLC** system as Franchisor may prescribe for the Business. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Business.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("**Franchisor Notice**"). Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within 15 days following Franchisor's receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations, and conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant's default, or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations, and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six months from the first date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six-month period, assume the terms, covenants, obligations, and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(e) If, during the six-month period set forth in section (d)(1) above, or at any time after the assignment contemplated in section (d)(2), Franchisor shall notify Landlord that the franchise for the Business is being granted to another **Boulder Designs** franchisee, Landlord shall permit the assignment of the Lease to said

franchisee without the payment of any fee or other cost requirement, provided that, said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the **Boulder Designs Franchising, LLC** System and Marks (including, without limitation, remove all signs, advertising materials, displays, fixtures, proprietary equipment and inventory, and any other items which display the Marks or are indicative of **Boulder Designs Franchising, LLC** trade dress) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits, and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors, and assigns and the officers, directors, shareholders, partners, employees, agents, and representatives of each of them, from any and all claims, demands, accounts, actions, and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to the Addendum.

(h) Landlord shall subordinate any lien in favor of Landlord created by the Lease to Franchisor. Landlord's rights to collect on any liens that Landlord files or attaches to Tenant's property rights shall be subordinate and inferior to Franchisor's lien rights against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Tenant and on the premises operated by Tenant under the Lease.

(i) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 4821 N. Clark Avenue, Tampa, Florida 33614; such address may be changed by written notice to Landlord in the manner provided in the Lease.

[Signature page is the next page.]

FRANCHISOR:

BOULDER DESIGNS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

LANDLORD:

By: _____

Name: _____

Title: _____

EXHIBIT 11

NATIONAL HEADSTONE PROGRAM

THIS NATIONAL HEADSTONE AGREEMENT ("**Agreement**") is made and entered into this ____ day of _____, 20__, by and among Boulder Designs Franchising, LLC ("**BOULDER DESIGNS**"), a Texas limited liability company, and [FRANCHISEE NAME], an adult individual of state of [STATE] ("Franchisee") and _____("Guarantors").

RECITALS

WHEREAS, simultaneously with the execution of this Agreement, Franchisor and Franchisee are entering into a franchise agreement (the "**Franchise Agreement**") for the operation of a Boulder Designs franchise;

WHEREAS, pursuant to the Franchise Agreement, Franchisee has an obligation to participate in any National Accounts program by the Franchisor;

WHERES, currently Franchisor has implemented a certain headstone program, upon which franchisor will generate and provide Franchisee with leads for creation of a headstone in Franchisee's Territory (as the term is defined in the Franchise Agreement), in lieu of certain fees charged by the Franchisor; and

WHEREAS, the Franchisor desires to grant you the right to participate, and you desire to patriciate in the national headstone program, pursuant to the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration for the mutual promises contained in this Agreement and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties amend the Agreement and agree as follows:

1. Franchisee hereby acknowledges and agrees that Franchisor may negotiate and implement a national account program(s) to serve clients across territories and from multiple franchisees and the Franchisee further acknowledges that the Franchisor has incurred significant costs and expenses in development of national website and marketing services related to engraved rocks and custom boulders for a cemetery headstone ("**National Headstone Program**").

2. Franchisor and Franchisee hereby agree to the following terms as they relate to the National Headstone Program:

a. Territory. Franchisee hereby further acknowledges and understands that the National Headstone Program implemented by the Franchisor, provides Franchisor the right to solicit and obtain certain projects that may be located anywhere, including Franchisee's granted Territory.

b. National Headstone Program. Franchisee further acknowledges and agrees that pursuant to the Franchise Agreement, if Franchisor obtains a National Headstone Program project in the Territory, Franchisor may, but is not obligated to, offer the project to Franchisee for execution and completion. If Franchisor makes such an offer, Franchisee agrees to service the National Headstone Program customer under the same terms, pricing, and provisions negotiated for the National Headstone Program, and the Franchisee shall not receive any additional compensation for participation in the National Headstone Program.

c. Franchisee's Obligations and Procedures. General procedure for procurement and servicing the National Headstone Program customer is subject to this Agreement and other terms and conditions of the Franchise Agreement, which Franchisor may change at their sole discretion upon 15 days' notice to the Franchisee. Prospective customer has an option to design their own headstone using the National

Headstone Program webpage and submit it to obtain an estimate on cost or in the alternative they may choose to e-mail the Franchisor's design department for direct questions regarding design and pricing. Once the customer is approved the Franchisor may collect the Project Deposit (as defined below) and provide design proof if available and customer information to the Franchisee for construction. Franchisee shall be solely responsible for any communication with the customer to complete the project per design and/or any specifications provided by the customers. Franchisee shall send picture of completed project to the customer for review and approval. Franchisee further acknowledges at their sole cost and expense the Franchisee shall deliver and install the product at the customer requested location, provided that the Franchisee may charge reasonable delivery and installation of the product to the customer per customer's request. **Franchisor may at their sole discretion and in no obligation to do so, may reach out to the customer to assure satisfaction and provide a lifetime warranty.**

d. Fees. As of the Effective Date of this Agreement, Franchisor will collect a deposit due per project, which is based on template and materials selected by the customer which could vary based on the total project cost, prior to sending the design proof if one available and customer information to the Franchisee for creation and construction ("**Project Deposit**"). The Franchisor may provide the Franchisee with design proof and customer information, and the Franchisee shall be entitled to the remaining balance for the project which shall be gross revenue per project minus the Project Deposit paid to the Franchisor. Franchisor shall retain the Project Deposit for revenue generated inside and outside the Franchisee's Territory as a result of the lead provided by the Franchisor and sale from the National Headstone Program projects assigned to the Franchisee as national headstone accounts fee ("**National Headstone Accounts Fee**"). Franchisee acknowledges that the National Headstone Accounts Fee is reasonable amount enforced by the Franchisor, as a fee for obtaining the project, maintaining the website for the National Headstone Program, heavily marketing the services to continuously obtain more leads for the participant franchisees, and for the administrative costs related to the National Headstone Program. Franchisee shall be solely responsible for collecting any additional information directly from a customer for creation and construction of the product. Franchisee shall be further responsible for finalizing the design for the customer and submitting the same to the Franchisor. Failure to submit the finalized design shall be considered a default of this Agreement.

e. Standards. All work performed pursuant to this Agreement shall be done by the Franchisee in accordance with the operational systems, procedures, policies, methods and requirements as identified by the Franchisor.

f. Repair or Replacement Products. Franchisee shall be responsible for providing any repair or replacement work for National Headstone Program customers Franchisee serviced. Franchisee shall make such repairs or replacements within thirty (30) days, subject to reasonable work conditions due to climate after Franchisee is served a valid claim from the customer. Franchisee shall be responsible for the costs of any materials, overhead, and/or labor required to bring the products within the standards prescribed by the Franchisor. In the event Franchisee fails to make any repairs or replacements as required hereunder, the Franchisor may undertake and/or arrange for such repair or replacements and charge Franchisee for the cost of effecting such repairs or replacements, including costs for labor, materials and overhead. Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee including payments under the Franchise Agreement in any proportion or priority. . Franchisor's acceptance of payment from any entity other than the named Franchisee shall be deemed to be payment by the named Franchisee and shall not be deemed to be recognition or substitution of the paying entity for the named Franchisee.

g. Non-Participation by the Franchisee. For each project generated pursuant to the National Headstone Program, the Franchisor in its sole discretion will determine if the franchisee is qualified. The certification process to be qualified will be based on but not limited to the Franchisee's capabilities of being able to construct several different models of headstones, benches, and related accessories offered to customers pursuant to the National Headstone Program website. In the event (i) Franchisee refuses or, in Franchisor's

sole judgement, is not certified, or the volume needed exceeds Franchisee's abilities, or Franchisee is not available to perform services or otherwise cannot or does not perform services for any National Headstone Program customer located within the Territory, or (ii) Franchisee requests assistance in the performance of National Headstone Program services, or (iii) a National Headstone Program customer, orally or in writing, specifically requests services within the Territory from a different franchisee or any other third party, Franchisor has the right to authorize another franchisee, designate or authorize a Franchisor or its affiliate's employee, Franchisor's affiliate, or any other third party to perform services for or sell products to said National Headstone Program customers inside the Territory. Franchisor is not obligated to pay nor the Franchisee shall be entitled to any compensation or finder's fees with respect to either acquiring National Headstone Program, Franchisee's participation in National Headstone Program, or another party including Franchisor fulfilling National Headstone Program projects in the Territory. In the event the Franchisee refuses to service a customer lead generated through the National Headstone Program, and later if the Franchisee services such client for products or services as offered under the National Headstone Program, regardless if the customer is within the Franchisee's Territory, the Franchisee shall be responsible for the payment of commission in the amount of 50% of gross revenue to the Franchisor and in addition the Franchisor in its sole discretion retains the right to terminate this this Agreement or Franchise Agreement at its sole discretion.

h. Reservation of Rights. Franchisor reserves and the Franchisee expressly acknowledges the Franchisor's exclusive right, but not the obligation, to negotiate directly or through an authorized third party (including, another franchisee) with national clients for the provision of goods and services by all System franchisees under this National Headstone Program or through any future national accounts programs that may be implemented by the Franchisor. Franchisor further reserves the right to terminate or change the terms of the National Headstone Program at its sole discretion upon written notice to the Franchisee which may be in the form of an electronic communication.

i. Indemnification. Franchisee and Principals, jointly and severally, shall indemnify Franchisor and its officers, directors, shareholders, agents, and employees, in their individual or corporate capacities, from and against any and all claims, damages, or demands of any nature, whatsoever, arising out of or relating to this Agreement or the operation of the BOULDER DESIGN franchised businesses under the terms of the Franchise Agreements, this Agreement, or any other agreement between the Franchisor and the Franchisee and/or Guarantors.

The Franchisee further expressly acknowledges and agrees that all work completed by the Franchisee pursuant to this National Headstone Program shall be Franchisee's sole responsibility and shall indemnify the Franchisor in the event Franchisor incurs any cost or expense including but not limited to any claims as a result of the project completed by the Franchisee, or delivery and installation thereof. In the event a repair or warranty work needs to be done for the project completed by the Franchisee, Franchisor has the right to facilitate any warranty repairs and pass the costs onto Franchisee.

3. Governing Law. This Agreement is entered into in the State of Texas and shall be construed and interpreted in accordance with the laws of the State of Texas, without regard to any conflict of law principles.

4. Construction. Capitalized terms shall have the meaning ascribed to them in the Franchise Agreement unless otherwise defined in this Agreement.

5. General Release. In consideration of the Franchisor entering into this Agreement, Franchisee, Guarantors, and their members, for themselves and all persons and entities claiming by, through, or under, hereby fully, generally, and completely release Franchisor, and its affiliates, representatives, employees, and officers from any and all claims, demands, liabilities, damages, causes of action of any kind, whether

known or unknown, liquidated or unliquidated, accrued or unaccrued, whether based in statute, equity, contract, tort or any other grounds, arising out of, related to, or under the Franchise Agreement, and/or sale of the BOULDER DESIGNS franchise opportunity on or prior to the Effective Date of this Agreement.

6. Enforceability. If any one or more of the provisions contained in this Agreement are, for any reason, held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision herein, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein and such invalid, illegal or unenforceable provision shall be revised so as to be valid, legal and enforceable.

7. Miscellaneous. All other provisions of the Franchise Agreement are hereby ratified and affirmed. This Agreement and the Franchise Agreement represents the fully integrated and complete agreement between the parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written.

8. Counterpart Execution; Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which will be an original when executed, and all of which will constitute one and the same instrument.

9. Recitals. The parties acknowledge and represent that the recitals appearing at the beginning of this Agreement are true and correct, and are specifically incorporated into this Agreement .

Accepted and agreed this _____ day of _____, 20_____

FRANCHISOR:

BOULDER DESIGNS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

GUARANTOR:

_____

Attachment A

PERSONAL GUARANTEE

ON THIS DAY, ____, 20_____, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of Boulder Designs Franchising, LLC, a Texas limited liability company, or its affiliates, successors, and assigns ("Franchisor" or "Payee") having made, or now or in the future making, loans in connection with the Promissory Note, dated as of _____, 20_____, issued to _____("Franchisee" or "Debtor") in the amount of $_____ for the benefit of Payee (the "Note"), however such loans may be made or evidenced, the undersigned, _____ (the "Guarantor"), does hereby unconditionally guarantee to Franchisor, its successors and assigns, full and prompt payment and performance of all present and future obligations of the Franchisee to Franchisor under the Note including all renewals and extensions thereof or substitutions therefor. The Guarantor also agrees to pay in addition thereto all costs, expenses and reasonable attorney's fees at any time paid or incurred by Franchisee in endeavoring to enforce this Guaranty.

Notice of acceptance of and action taken by Franchisor from time to time under this Guaranty are hereby waived and this Guaranty shall operate as a continuing, absolute and irrevocable Guaranty covering all obligations of the Franchisee to Franchisor now existing or hereafter arising.

Upon any default by the Franchisee with respect to any of the obligations herein guaranteed, the liability of the Guarantor hereunder shall be deemed to have become immediately due and payable, without demand, presentment, protest or notice of any kind, all of which are hereby waived, and without any suit or action against the Franchisee or the Guarantor and without further steps to be taken or further conditions to be performed by Franchisor or anyone. Failure of Franchisor to make any demand or otherwise to proceed against the Guarantor in respect to any default by the Franchisee or the Guarantor, or any delay by Franchisor in doing so, shall not constitute a waiver of any Franchisor's right to proceed in respect to any or all other defaults by the Franchisee or the Guarantor.

The liability of the Guarantor is primary and shall not be terminated or otherwise affected or impaired by, and the Guarantor waives notice of, any granting time by Franchisor to the Franchisee (regardless of the number of length of such grant of time) or any other indulgence or indulgences granted by Franchisor to the Franchisee; Franchisor heretofore, now or hereafter acquiring, releasing or in any way modifying any guaranty from any other person or persons or any collateral or other security in whatever form for any of the obligations hereby guaranteed, whether or not notice thereof shall have been or be given to the Guarantor; any failure on the part of Franchisor to take any action with respect to, or to realize upon any security, rights, endorsements or guaranties which Franchisor may now or hereafter hold with respect to any obligation hereby guaranteed, including without limitation rights against the Franchisee; any alterations, waivers, extensions, renewals or modifications of any such obligation to which Franchisor may agree from time to time; any invalidity or unenforceability of any of the obligations guaranteed hereby; any change in the membership of any partnership which shall be the Franchisee; any fraud, illegal or improper acts of the Franchisee; any relief of the Franchisee with respect to its obligations to Franchisor because of any right of set-off, deduction or defense of any kind or otherwise; any other defenses which might constitute a legal or equitable discharge of a surety or guarantor; the failure of Franchisor to perfect any lien securing any Franchisee obligations or the obligations of other parties, including any other guarantors; voluntary or involuntary bankruptcy (including a reorganization in bankruptcy) of the Franchisee or entry of an order for relief against or with respect to the Franchisee under any applicable bankruptcy or like laws; composition, extension, moratoria or other forms of debtor relief granted to the Franchisee pursuant to law presently in force or hereafter enacted; payment of any or all obligations and indebtedness of the Franchisee in the event such payment is invalidated or avoided by a trustee, custodian or receiver of the Franchisee; the dissolution of the Franchisee; or the reorganization, merger or consolidation of the Franchisee into or with another entity, corporate or otherwise, or the sale or disposition of all or substantially all of the capital

stock, business or assets of the Franchisee to any other person or party. The Guarantor further waives all suretyship defenses and defenses in the nature thereof; any right or claim to right to cause a marshalling of the guarantors before enforcing this guaranty; any right of subrogation to any Franchisor rights against the Franchisee and any right of reimbursement, indemnity, contribution, exoneration and the like now or hereafter accorded by law to indemnitors, guarantors, sureties or accommodation parties, provided that such waiver shall not be effective to the extent that by virtue of such waiver the liability of the Guarantor is rendered invalid, avoidable or unenforceable under any applicable law dealing with the recovery of avoidance of so-called fraudulent conveyances or otherwise.

This Guaranty shall be binding upon the heirs, personal representatives and assigns of any individual guarantor, and upon the successors of any other guarantor. The death of any individual guarantor shall not relieve his (her) estate from any liability or obligation accruing prior to such death, nor accruing prior to expiration of five days following the receipt of notice by Franchisor of such death.

If and as long as there is more than one guarantor of any of the obligations of the Franchisee to Franchisor, now existing or hereafter arising, the liability of the Guarantor shall be joint and several with any such other guarantor(s), and the continuation of this Guaranty as to the Guarantor shall not be affected by the termination; discontinuance, release or modification thereof as to any other guarantor, including without limitation, termination because of the death of any individual guarantor.

For the purposes of this Guaranty, the term "obligations" shall mean and include, without limitation, the payment and performance of all loans, indebtedness, notes, liabilities (including, without limitation, any Franchisee written agreements with Franchisor) and amounts, liquidated or unliquidated, owing by the Franchisee to Franchisor at any time, each of every kind, nature and description, and whether secured or unsecured, direct or indirect (that is, whether the same are due directly by the Franchisee to Franchisor; or are due indirectly by the Franchisee to Franchisor as endorser or guarantor, or as obligor of obligations due to third persons, firms, or corporation which have been endorsed or assigned to Franchisor; or otherwise), absolute or contingent, due or to become due, now existing or hereafter contracted. Said term shall also include all interests, charges, costs and expenses (including reasonable attorney's fees) now due or that may hereafter become due from the Franchisee to Franchisor from time to time.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Texas (without reference to the conflicts of law provisions thereof). The invalidity or unenforceability of any provision hereof shall not limit the validity or enforceability of any other provision hereof. This Guaranty may not be amended except by an instrument in writing signed by the party to be charged.

GUARANTOR:

_____

Name:

EXHIBIT F

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677
www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

Hawaii
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Office of Attorney General
500 S. Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana
Franchise Section
Securities Division
302 W. Washington St., Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7042

Michigan
Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
525 W. Ottawa St.
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Fl
New York, New York 10005
212-416-8222

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 14
Pierre, South Dakota 57501
(605) 773-4823

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 9th Floor
Richmond, Virginia 23218
(804) 371-9051

Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507
(360) 902-8760

Wisconsin
Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703

EXHIBIT G

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

LIST OF AGENTS FOR SERVICE OF PROCESS

LIST OF AGENTS FOR SERVICE OF PROCESS

STATE	AGENT
California	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 www.dfpi.ca.gov Email: Ask.DFPI@dfpi.ca.gov
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Office of Attorney General 500 S. Second Street Springfield, Illinois 62706
Indiana	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204
Maryland	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021
Michigan	Michigan Department of Labor & Economic Growth Commercial Services & Corporations Bureau 611 West Ottawa Street Lansing, Michigan 48909
Minnesota	Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
New York	Secretary of State 99 Washington Avenue Albany, New York 12231
North Dakota	North Dakota Securities Commissioner State of North Dakota 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505
Rhode Island	Director Department of Business Regulation 1511 Pontiac Avenue, Bldg., 69-1 Cranston, Rhode Island 02920
South Dakota	Director, Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501

STATE	AGENT
Virginia	Clerk, of the State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 1st Floor Richmond, Virginia 23219
Washington	Director, Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501
Wisconsin	Administrator, Division of Securities Department of Financial Institutions 201 W. Washington Avenue, Suite 300 Madison, Wisconsin 53703

EXHIBIT H

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

GENERAL RELEASE (SAMPLE FORM)

GENERAL RELEASE (SAMPLE FORM)

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/ corporation/ limited liability company/ partnership with a principal address of _____ _____, in consideration of:

- ❒ the execution by Boulder Designs Franchising, LLC ("RELEASEE") of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or
- ❒ RELEASEE'S consent to RELEASOR'S transfer or assignment of its rights and duties under the Franchise Agreement; or
- ❒ RELEASEE'S consent to RELEASOR'S transfer or assignment of its ownership of all or any part of the Franchise; or
- ❒ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or
- ❒ RELEASEE'S consent to termination of the Franchise Agreement; or
- ❒ RELEASEE'S refund of $ _____ RELEASOR paid to RELEASEE, and other good and valuable consideration, and accordingly:

RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, managers, agents, legal representatives, attorneys, shareholders, members, partners, owners and employees (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, arbitrations, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise, the Franchised Business (as defined in the Franchise Agreement) or the Franchise Agreement, including, without limitation, claims arising under federal, state or local laws, rules or ordinances; and

RELEASEE hereby releases and discharges RELEASOR, RELEASOR'S officers, directors, managers, agents, legal representatives, attorneys, shareholders, members, partners, owners and employees (in their corporate and individual capacities), and RELEASOR'S successors and assigns, from any and all causes of action, suits, arbitrations, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASEE and RELEASEE'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise, the Franchised Business (as defined in the Franchise Agreement) or the Franchise Agreement, including, without limitation, claims arising under federal, state or local laws, rules or ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

[*the signature page is the following page*]

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASEE: **RELEASOR:**

BOULDER DESIGNS FRANCHISING, LLC

By: _____
Frank J. "Butch" Mogavero
Chief Executive Officer

By: _____
Name/Title

_____
Name, Individually

EXHIBIT I

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

STATE SPECIFIC ADDENDA

STATE-SPECIFIC ADDENDA

FOR THE STATE OF CALIFORNIA

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation or endorsement by the commissioner.**

2. "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 OFFERING CIRCULAR".

3. The following is added to the last paragraph of the cover page of the disclosure document:

   OUR WEBSITE (www.boulderdesigns.net) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. Item 3 is supplemented by the following:

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

5. Item 5 and 7 have been amended to reflect the following:

   The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

6. Item 12 is supplemented by the following:

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

   If you accept clients outside of your Territory, and if that area is another franchisee's territory, you must pay the Franchisor and the franchisee the Encroachment Fee of $1,000 per job performed and 50% of revenue generated from such sale to the franchisee whose territory in which the sale was made.

7. Item 17 is supplemented by the following:

   The Franchise Agreement requires you to sign a general release of claims on renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law, or any rule or order thereunder, is void.

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

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

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

California Corporations Code, Section 31125, 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.

The Franchise Agreement requires the application of the laws of Texas. This provision may be unenforceable under California law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a prospective waiver of your rights under the Franchise Relations Act (Business and Professions Code Section 20000 – 20043).

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

9. Item 19 is supplemented by the following:

   The figure(s) do not reflect the costs of sales, operating expenses, or other costs or expense that must be deducted from gross revenue or gross sales to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the offering circular may be one source of information.

10. Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:
    Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

    (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

    (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

    (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

    (d) Violations of any provision of this division.

FOR THE STATE OF HAWAII

The "Risk Factors" on the cover page of the disclosure document are amended to add the following: **THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.**

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST 7 DAYS BEFORE SIGNING BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST. A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESITRCTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. The Hawaii Franchise Investment Law provides rights to Franchisee concerning nonrenewal, termination and transfer of the Franchise Agreement. If the Agreement, and more specifically Articles 4, 16, 17 and 18 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control;
2. Articles 4 and 18 require Franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law;
3. Section 16.2, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*);
4. Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.
5. Item 5 is amended by the following:

   Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Hawaii Securities Compliance Branch due to the Franchisor's financial condition.

FOR THE STATE OF ILLINOIS

1. Item 5 is amended by the following:

   Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.
2. Item 17 is supplemented by the following:

   Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the "Act") provides that any provision in the Franchise Agreement that designates venue outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois; however, the Agreement may provide for arbitration in a forum outside of Illinois.
3. Notwithstanding the provisions of the Franchise Agreement that Texas law shall govern, Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement that alleges violation of the Act.

4. The conditions under which your franchise can be terminated and your rights on renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

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

FOR THE STATE OF INDIANA

The Indiana Deceptive Franchise Practices Act requires that Indiana law govern any cause of action arising under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act and prohibit***s*** limiting litigation brought for breach of the agreement in any manner whatsoever;

1. Item 12, "Territory," shall be amended by the addition of the following paragraph: we will not compete unfairly with you within a reasonable area;

2. The Indiana Deceptive Franchise Practices Act makes it unlawful to require a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area of greater than the exclusive area granted by the franchise agreement or, in the absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise;

3. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(p) (Death or disability of franchisee): You will have a period of 180 days following disapproval to sell the franchise to an assignee acceptable to us.

4. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(c) (Requirements for franchisee to renew or extend): Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively asset to a release, assignment, novation, waiver or estoppel which purports to relieve us from liability imposed by Indiana State Code 23-2-2.7.

5. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(m) (Conditions for franchisor approval of transfer): Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively asset to a release, assignment, novation, waiver or estoppel which purports to relieve us from liability imposed by Indiana State Code 23-2-2.7.

6. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(v) (Choice of forum): Choice of forum for any litigation permitted under the Franchise Agreement in any jurisdiction other than Indiana may be unenforceable as a limitation on litigation under IC 23-2-2.7-1(1). We may not require that you agree to participate in any form of alternate dispute resolution other than arbitration before an independent arbitrator.

7. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(w) (Choice of law): The choice of Texas law shall be subject to the superseding provisions in Indiana's Franchise Acts, IC 23-2-2.5 and 2.7.

FOR THE STATE OF MARYLAND

1. Item 5 is supplemented by the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Items 17(c) and 17(l):

   The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(f) (Termination by franchisor with cause):

   A provision in the franchise agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

4. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(v) (Choice of forum):

   You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise and Disclosure Law must be brought within three years after the grant of the franchise.

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

FOR THE STATE OF MINNESOTA

1. Item 5 and Item 7 are supplemented by the following:

   Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(c) (Requirements for franchisee to renew or extend) and Item 17(m) (Conditions for our approval of transfer by franchisee):

   Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01-80C.22.

3. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(f) (Termination by franchisor with cause):

   Minnesota law provides a franchisee with certain termination and non-renewal rights. Minnesota Statutes Sec. 80C.14, Subs, 3,4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the applicable agreement.

4. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(v) (Choice of forum):

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the franchise disclosure document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F, OR YOUR PUBLIC LIBRARY, FOR SERVICES OR INFORMATION.

   REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE AND PROVINCIAL AUTHORITY.

   THE FRANCHISOR MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISOR DISCLOSURE DOCUMENT.

2. Item 3 is supplemented by the following:

   With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

   A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

   B. No such party has 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.

   C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-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, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

   D. No such party 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; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in

the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating 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.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m) entitle "**Conditions for franchise approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. **Receipts**--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

FOR THE STATE OF NORTH DAKOTA

1. The Securities Commissioner for the State of North Dakota has held that the provisions stated below in (a) through (h) are unfair, unjust, or inequitable to North Dakota Franchisees (Section 51-19-09, N.D.C.C.) and may be unenforceable under North Dakota Law:

   (a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the Franchise Agreement;

   (b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;

(c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota;

(d) A provision requiring a choice of law contrary to the North Dakota Franchise Investment Law;

(e) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations;

(f) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury;

(g) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages; and

(h) A provision requiring the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement.

2. North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute. The covenants not to compete contained within the Franchise Agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law.

3. The site of any mediation or arbitration of the parties' disputes shall be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the arbitration or mediation shall be Fargo, North Dakota.

4. Item 5 is supplemented by the following:

   Based upon the franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, franchise fee owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

FOR THE STATE OF RHODE ISLAND

Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(v) (Choice of forum) and Item 17(w) (Choice of law):

> § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

FOR THE STATE OF SOUTH DAKOTA

Item 5 is supplemented by the following:

> Based upon the franchisor's financial condition, the South Dakota Securities Regulation Office has required a financial assurance. Therefore, franchise fee owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

The "Summary" section in Item 17(q) (Non-competition covenants during the term of the franchise) and Item 17(r) (Non-competition covenants after the franchise is terminated or expires) are amended by the following language:

> Covenants not to compete upon termination or expiration of a franchise are generally unenforceable in South Dakota, except in certain instances as provided by law.

FOR THE COMMONWEALTH OF VIRGINIA

1. Item 5 and Item 7 are supplemented by the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2. Item 17 is supplemented by the following language:

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

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

FOR THE STATE OF WASHINGTON

In the event of a conflict of laws, the provision of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Act") will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any

employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Item 5 of the disclosure document is supplemented by the following:

The Department of Financial Institutions, Securities Division, requires that the franchisor defer the collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

Item 17 of the disclosure document is supplemented by the following:

d. Termination by Franchisee	Section 16.1	You have a one-time option to terminate the Franchise Agreement at the end of the fifth calendar year, if you provide advance notice and sign a general and full release. You may terminate the Franchise Agreement if we materially breach and fail to cure (or begin curing) the breach within 30 days of receiving your written notice. (Subject to state law)

q. Non-competition covenants during the term of the franchise	Sections 7.3 and 7.4	You, your owners (and members of their families and collaterals) and your officers, directors, executives, managers, and employees are prohibited from: attempting to divert any customer, employee or other business associate of ours, the Franchised Business, our Affiliate(s) or any other franchisee to a Competitive Business, or soliciting or attempting to induce any customer, employee or other business associate of ours, the Franchised Business, our Affiliate(s) or any other franchisee to terminate or modify their business relationship with Us, the Franchised Business, our Affiliate(s) or any other franchisee or causing injury or prejudice to the Marks or the System; owning or working for a Competitive Business. (Subject to state law)

r. Non-competition covenants after the franchise is terminated or expires	Section 17.2	For three years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and collaterals) and your officers, directors, executives or managers are prohibited from: owning or working for a business that offers or sells engraved concrete signage or concrete landscaping products or other products or services that are similar to those sold by the Franchised Business within 25 miles of the Approved Location or within the Territory (whichever is greater), and within 25 miles of any other BOULDER DESIGNS Businesses; or soliciting or influencing any consumers, employees or business associates of ours, our Affiliate(s) or any other franchisee to terminate or modify their business relationship with Us, our Affiliate(s) or any other franchisee. (Subject to state law)

FOR THE STATE OF WISCONSIN

Item 17 of the disclosure document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

EXHIBIT J

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	March 26, 2024
Indiana	Pending
Maryland	Pending
Michigan	May 14, 2024
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	March 26, 2024
South Dakota	Pending
Virginia	April 30, 2024 with amendment effective March 28, 2024
Washington	Pending
Wisconsin	March 26, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT K

TO FRANCHISE DISCLOSURE DOCUMENT
BOULDER DESIGNS FRANCHISING, LLC

RECEIPTS

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 Boulder Designs Franchising, LLC 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, or sooner if required by your state applicable law. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business 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.

The franchisor is Boulder Designs Franchising, LLC, a Texas limited liability company, 2324 N. Robinson Drive, Waco, Texas 76706, 877.892.2954.

Issuance Date: March 22 2024

The franchise seller for this offer is (please complete).

Check all that Apply	Name	Principal Business Address	Telephone Number
	Frank J. "Butch" Mogavero	2324 N. Robinson Drive, Waco, TX 76706	877-892-2954
	Les Sander	2324 N. Robinson Drive, Waco, TX 76706	877-892-2954
	John Appel	2324 N. Robinson Drive, Waco, TX 76706	877-892-2954

We authorize the respective state agencies identified in Exhibit F to receive service of process for us in the particular state.

I received a disclosure document with an issuance date of March 22, 2024 (or the date reflected on the State Effective Dates page) that included the following Exhibits:

Exhibit A – Financial Statements
Exhibit B – List of Franchisees
Exhibit C – Confidentiality Agreement
Exhibit D – Franchise Agreement
Exhibit E – Credit and Security Agreement
Exhibit F – List of State Administrators
Exhibit G – List of Agents for Service of Process
Exhibit H – General Release (Sample Form)
Exhibit I – State Specific Addenda
Exhibit J – State Effective Dates
Exhibit K - Receipt

_____
Individually

_____
Print Name

_____
as an officer, member or partner of

_____
name of entity
a_____ state corporation, LLC or partnership
(circle one)

_____
Date Received

(Keep this copy for you records)

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Exhibit J – State Effective Dates
Exhibit K - Receipt

_____
Individually

_____
Print Name

_____
as an officer, member or partner of

_____
name of entity
a_____ state corporation, LLC or partnership
(circle one)

_____
Date Received

Please return the signed receipt either by signing, dating, and mailing to Boulder Designs Franchising, LLC at 2324 N. Robinson Drive, Waco, Texas 76706, or by e-mailing it to info@boulderdesigns.net