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Department of
Business

FRANCHISE DISCLOSURE DOCUMENT

CLOSETS UNLIMITED OF NEW JERSEY, INC
A New Jersey Corporation
436 Commerce Lane, Suite D
West Berlin, NJ 08091
boblewis@closetandstorageconcepts com
(856) 627-5700
www closetandstorageconcepts com
www morespaceplace com

The franchises offered are for the operation of a More Space Place retail furniture store, specializing in space-saving furniture products, some of which are proprietary or the operation of a Closet & Storage Concepts business providing for the designing, marketing, construction and installing of residential and commercial storage space including closets, garages, and other storage areas for consumers and the selling of related accessories in a retail showroom

The total investment necessary to begin operation of a More Space Place franchised business is $90,950 to $172,150 This includes $40,750 to $62,250 that must be paid to the franchisor or its affiliate(s)

The total investment necessary to begin operation of a Closet & Storage Concepts franchised business is $69,500 to $486,000 This includes $21,800 to $72,300 that must be paid to the franchisor or its affiliate(s)

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

You may wish to receive your Disclosure Document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Robert Lewis, 436 Commerce Lane, Suite D, West Berlin NJ 08091, (856) 627-5700

The terms of your contract will govern your franchise relationship Don't rely on this Disclosure Document alone to understand your contract Read all of your contract carefully Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant

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

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

Date of Issuance March 15, 2017, *as amended* May 10, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION IN MIDDLESEX COUNTY, NEW JERSEY OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN MIDDLESEX COUNTY, NEW JERSEY THAN IT MAY COST IN YOUR OWN STATE OR AREA

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

3 AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2016, THE FRANCHISOR HAD A WORKING CAPITAL DEFICIENCY OF ($129,202)

4 AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2016, THE FRANCHISOR HAD A NET WORTH DEFICIENCY OF ($201,598)

5 FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $69,500 TO $486,000 THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S EQUITY AS OF DECEMBER 31, 2016, WHICH IS (201,598)

6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents us, not you We pay this person or entity a fee for selling our franchise or referring you to us You should be sure to do your own investigation of the franchise

Effective Date See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that this Disclosure Document be registered or filed with the state, or that an exemption from registration be filed California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin, Connecticut, Nebraska, Kentucky, Utah, Florida and Texas

This Disclosure Document is registered, on file or has an exemption from registration on file in the following states having franchise registration and disclosure laws, with the following effective dates

State	Effective Date
California	Pending
New York	Pending
Florida	Exempt
Texas	Exempt
Utah	Exempt
Nebraska	Exempt
Kentucky	Exempt
Connecticut	Exempt

In all the other states, the issuance date of this Franchise Disclosure Document is March 15, 2017, *as amended* May 10, 2017

Table of Contents

ITEM 1 - THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2 - BUSINESS EXPERIENCE	3
ITEM 3 - LITIGATION	4
ITEM 4 - BANKRUPTCY	4
ITEM 5 - INITIAL FEES	4
ITEM 6 - OTHER FEES	6
ITEM 7 - ESTIMATED INITIAL INVESTMENT	13
ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	20
ITEM 9 - FRANCHISEE'S OBLIGATIONS	25
ITEM 10 - FINANCING	26
ITEM 11 - FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	26
ITEM 12 - TERRITORY	45
ITEM 13 - TRADEMARKS	48
ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	50
ITEM 15 - OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS	51
ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	51
ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	52
ITEM 18 - PUBLIC FIGURES	62
ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS	62
ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION	67
ITEM 21 - FINANCIAL STATEMENTS	74
ITEM 22 - CONTRACTS	74
ITEM 23 - RECEIPTS	74

EXHIBITS TO FRANCHISE DISCLOSURE DOCUMENT

Exhibit A - List of State Administrators/Agents for Service of Process
Exhibit B - More Space Place Franchise Agreement
Exhibit C - Closet & Storage Concepts Franchise Agreement
Exhibit D-1 - Table of Contents – More Space Place Operations Manual
Exhibit D-2 - Table of Contents – Closet & Storage Concepts Operations Manual
Exhibit E-1 - List of More Space Place Franchisees
Exhibit E-2 - List of Closet & Storage Concepts Franchisees
Exhibit F - Financial Statements
Exhibit G- State Addendum

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

The Franchisor is Closets Unlimited of New Jersey, Inc , a New Jersey corporation To simplify the language in this Disclosure Document, Closets Unlimited of New Jersey, Inc , will be referred to as "we" or "us" "You" means the individual or individuals or corporation, partnership or limited liability company buying the franchise If you are a business entity, each of the following individuals must sign our Guaranty (i) each of your shareholders if you are a corporation, (ii) each of your partners if you are a general partnership, or (iii) each of your members and managers if you are a limited liability company All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit B (if you are purchasing a More Space Place franchise and Exhibit C to this Disclosure Document (if you are purchasing a Closet & Storage Concepts franchise)) will apply to you and to each individual who signs the Guaranty

Franchisor, Parent and Affiliates

We conduct business under the trade names More Space Place® and Closet & Storage Concepts® We maintain our principal business address at 436 Commerce Lane, Suite D, West Berlin, NJ 08091 We are a New Jersey Corporation, incorporated in January, 1987 In 1989, we started our business, operating under the trade name Closet & Storage Concepts, by acquiring the assets of an unrelated closet and storage design and installation company We have owned and operated three company owned locations similar to the Closet & Storage Concepts business that we are offering since 1989 We have never offered franchises in other lines of business Excepted as noted in this paragraph, we have never engaged in any other business

Our affiliate, MSP Manufacturing, Inc , a Florida corporation, has a principal business address at 5040 140th Ave N, Clearwater, FL 33760 MSP Manufacturing manufactures and distributes to franchisees, cabinet components, Murphy bed frames, hardware and accessories, mattresses, decorative doors and drawer fronts It has not operated the type of business being franchised Our affiliate has never offered franchises in this or any other line of business

We have no other parents or affiliates

Predecessor

On October 31, 2013, we acquired a substantial portion of the assets of More Space Place, Inc , a Michigan corporation More Space Place, Inc was formed in 2002 for the purpose of owning retail outlets and selling More Space Place franchises It operated from its headquarters located at 5040 140th Avenue North, Clearwater, Florida, 33760

More Space Place, Inc operated two franchised businesses similar to the More Space Place business being franchised It operated a location in Palm Harbor, FL from August 1999-July 2013 and a location in Pinellas Park, FL from September 1997-July 2013 It never engaged in any other business activity nor offered franchises in any other lines of business

We have no other predecessors

Agent for Service of Process

Our Agents for Service of Process can be located in Exhibit A of this Disclosure Document

The Business We Offer

We grant franchises for the operation of More Space Place retail outlets and Closet & Storage Concepts businesses (each a "Franchised Business") More Space Place businesses operate retail locations under the mark More Space Place® and other marks which we may implement Some of our early franchisees operated under the trade name Murphy Bed Centers of America® and are transitioning to the More Space Place® marks If you operate a More Space Place location, you will operate the Franchised Business from a retail location at an agreed site The More Space Place business consists of selling and servicing our products and other products that utilize the concepts of vertical storage and space-saving as well as use space systems and multi-functional use of existing space to create spacious rooms, for example, in home offices, dens, studies, hotels, dormitories, and fire stations You will purchase your products from a supplier we designate

Closet & Storage Concepts businesses operate locations under the mark Closet & Storage Concepts® and other marks which we may implement If you purchase a Closet & Storage Concepts franchise, you will design, market, construct and install custom storage spaces including closets and garages in customer's homes These custom storage design systems will be designed and installed to fit certain available styles and to meet particular customer preferences, needs and decors Depending upon the level of your investment you will either manufacture the custom storage design systems or purchase the manufactured products from other companies or other Closet & Storage Concepts franchisees You may operate a retail showroom in connection with the custom storage space business In addition, as a Closet & Storage Concepts franchisee, you will sell accessories related to custom storage space distributed under the Closet & Storage Concepts name and logo These accessories may be manufactured by us or third party suppliers that we designate The related accessories include various types of doors, closet hangers, tie and belt racks, closet rods, shoe keepers, garment racks, baskets and other related accessories In certain circumstances, if we feel demand requires it, we may allow you to operate the Franchised Business out of more than one (1) location under your existing franchise agreement within your granted Territory

Applicable Regulations

If required by state or local law, you must obtain your own contractor's license or any other license or registration necessary to conduct business including zoning and business operation permits and registration of sales people selling to residential consumers You must not begin to conduct the Franchised Business until all of these licenses have been obtained There may be other specific laws in your state or municipality that apply to the Franchised Business relating to labor, health and safety, construction licensing, zoning or other matters You and your advisors should examine these laws before entering into the Franchise Agreement

Competition

The market for the Products is rapidly developing, includes all age groups, economic levels, geographic areas, and includes both retail and commercial sales potential You will compete with other businesses selling similar products and services, including retail and non-retail operations, department stores, furniture stores, or specialty stores that sell our type of products, including custom and modular closet and storage space design and installation services and other products that utilize the concepts of vertical storage and space-saving systems Our marketing efforts are guided towards certain economic demographics and some areas of the country can experience seasonal sales trends

ITEM 2 - BUSINESS EXPERIENCE

President, Secretary and Sole Director Robert Lewis

Mr Lewis is the founder of CSC Since CSC commenced the business of designing, marketing, constructing and installing residential and commercial storage space in 1989, through the present, Mr Lewis has been its President, Secretary and sole Director

Chief Financial Officer Ed Gaubert

Mr Gaubert has served as CSC's Chief Financial Officer from January, 2015 through the present Since 2009, Mr Gaubert has also been a contract CFO with SMB Franchise Advisors, located in Doylestown PA

Director Franchise Development Tom Harris

Mr Harris joined CSC as Director of Franchise Development in March, 2013 From November 2011 to November 2012, Mr Harris served as Director of Franchise Development for Closet Factory in Los Angeles, California

Director of Operations Dawn Smith

Ms Smith joined CSC as a Corporate Store Manager in March 2001 Ms Smith was promoted to National Field Support in August, 2003 and to National Sales Manager in July, 2004 From December, 2007 through the present, Ms Smith has been our Director of Operations

National Production Training Manager Gary Berthel

In September 1995, Mr Berthel joined CSC as Assistant Production Manager He has served as CSC's National Production Training Manager from August, 2000 through the present

Director of CAD/IT Services Jason Friedley

Mr Friedley joined CSC as a CAD designer in February, 2006 and was promoted to Director of CAD/IT services in June, 2011

National Sales Training Manager Tim Albert

Mr Albert joined CSC in 2002 as a Designer He was promoted to National Sales Training Manager in January, 2012

ITEM 3 - LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4 - BANKRUPTCY

No bankruptcies are required to be disclosed in this Item

ITEM 5 - INITIAL FEES

MORE SPACE PLACE

The Initial Franchise Fee for a More Space Franchise is Twenty Nine Thousand, Five Hundred Dollars ($29,500 00) If you are in compliance with your More Space Place franchise agreement(s), and any other agreements with us, you may apply for another More Space Place franchise license and we may grant you the right to operate an additional More Space Place Franchised Business The Initial Franchise Fee for each Franchised Business beyond the first one is Twenty Two Thousand Dollars ($22,000) All Initial Franchise Fees are payable in full and in a lump sum when you sign the Franchise Agreement All Initial Franchise Fees are deemed earned upon the signing and delivery of the Franchise Agreement by us Initial Franchise Fees are not refundable to you in whole or in part under any circumstances These monies are used, in part, for working capital and, in part, for profit Initial Franchise Fees are imposed uniformly on all franchisees and are not refundable under any circumstances, except that we may negotiate the Initial Franchise Fee as an inducement for existing operators to open additional locations, to induce someone to take over an operating Franchised Business or similar circumstances or considerations In our last fiscal year ended December 31, 2016, the Initial Franchise Fees paid ranged between $12,000 00 and $29,500 00 The low end represents fees paid by an existing operator who opened an additional location

CAD Design Software Key

You are obligated to purchase a minimum of one (1) CAD Design Software Key from us for your More Space Place business, which will have our proprietary product library, to operate the Franchised Business The current cost for one (1) CAD Design Software Key is $750 00 This fee is subject to change based on changes in operating requirements and changes in the software manufacturer's pricing

Opening Showroom Displays

You are obligated to purchase for your More Space Place business opening inventory for showroom displays and some warehouse inventory, which can be sold as regular/sellable inventory at the appropriate time The amount of warehouse inventory may vary according to your distance from us and/or distribution points and the size of the warehouse facility available to you, and will range from $18,000 00 to $32,000 00

CLOSET & STORAGE CONCEPTS

The Initial Franchise Fee for a Closet & Storage Concepts franchise is $19,500 00 for a territory having a population of less than 1,000,000 individuals The Initial Franchise Fee is $38,500 00 for a territory having a population of 1,000,000 individuals or more If you are in compliance with your Closet & Storage Concepts franchise agreement(s), and any other agreements with us, you may apply for another Closets & Storage Concepts franchise license and we may grant you the right to operate an additional Closets & Storage Concepts business The Initial Franchise Fee for each Closets & Storage Concepts business beyond the first one is $15,000 00 for a territory having a population of less than 1,000,000 individuals and $30,000 00 for a territory having a population of 1,000,000 individuals or more Once your Franchised Business has been established, if we feel demand justifies it, we may allow you to operate the Franchised Business out of more than one location within your granted Territory to better service the customers in your Territory under your existing Franchise Agreement There are no additional initial fees associated with that All Initial Franchise Fees are payable in full and in a lump sum when you sign the Franchise Agreement All Initial Franchise Fees are deemed earned upon the signing and delivery of the Franchise Agreement by us Initial Franchise Fees are not refundable to you in whole or in part under any circumstances These monies are used, in part, for working capital and, in part, for profit Initial Franchise Fees are imposed uniformly on all franchisees and are not refundable under any circumstances, except that we may negotiate the Initial Franchise Fee as an inducement for existing operators to open additional locations, to induce someone to take over an operating Franchised Business or similar circumstances or considerations

CAD Design Software Key

You are obligated to purchase a minimum of one (1) CAD Design Software Key from us for your Closet & Storage Concepts business, which will have our proprietary product library, to operate the Franchised Business The current cost for one (1) CAD Design Software Key is $1,800 00 This fee is subject to change based on changes in operating requirements and changes in the software manufacturer's pricing

Opening Showroom Displays

You are obligated to purchase for your Closet & Storage Concepts business opening inventory for showroom displays and some warehouse inventory, which can be sold as regular/sellable inventory at the appropriate time The amount of warehouse inventory may vary

according to your distance from us and/or distribution points and the size of the warehouse facility available to you, and will range from $5,000 00 to $32,000 00

Veteran's Discount

We provide special financial incentives to qualified veterans who have been honorably discharged from the US Armed Forces This discount applies to the initial purchase of both More Space Place and Closet & Storage Concepts businesses We offer qualified franchise candidates a 20% reduction in the Initial Franchise Fee for their first Franchised Business The applicable veteran must own 51% or more of the assets of the Franchised Business or of the business entity that is the Franchisee We reserve the right to cancel or modify this program at any time

ITEM 6 - OTHER FEES

MORE SPACE PLACE			
Type of Fee	**Amount**	**Due Date**	**Remarks**
Royalty	5% of Gross Revenues subject to a minimum of $125 00 per week	Payable on each Monday via ACH for the week ending the immediately prior Saturday	(See Note 1)
(NAP) National Advertising Program Contribution	$300 per month - per store Can be increased but will not exceed 2 5% of the previous calendar month's Gross Revenues	Payable monthly with the first Royalty Fee payment of the month via ACH for the previous month	(See Note 2)
Transfer of Franchise	50% of the then current Initial Franchise Fee subject to a minimum of $14,750 00	Before transfer	Either you or the transferee pays this fee to Franchisor
Additional Initial Training, Refresher courses, Supplemental Training, Conferences	Our then-current fee (currently $300 per person, per day) plus all reasonable travel, room, board and living expenses for you and your staff	At time of training	If you require that we provide initial training to additional individuals, if we offer refresher courses, supplemental training programs, or conferences which may be optional or mandatory

MORE SPACE PLACE			
Type of Fee	**Amount**	**Due Date**	**Remarks**
Operations Manual	$0 for 1st Loaner Additional Copy-then current cost (currently $300)	10 days after billing	The fee is the same if we loan you any additional copies of the Operations Manual
Management Fee	Our then-current fee (currently $500 per day per person plus expenses if we have to temporarily manage your store)	At time of provision of such services	If for any reason we deem it necessary to have to come in and manage your outlet
Supplier Testing	Reimbursement of our cost of inspection and evaluation and costs of testing	At time of testing and inspection	This fee will be incurred only upon Franchisee's request
Renewal of Franchise Agreement	25% of the then current initial franchise fee, subject to a minimum of $7,375 00	Upon signing the then-current franchise agreement(s)	You must give us written notice, not less than six (6) months, nor more than twelve (12) months before the expiration of the franchise agreement(s), pay the renewal fee and meet all conditions to obtain the renewal
Audit	Cost of inspection or audit	10 days after billing	(See Note 3)
Insurance	Cost of Insurance	Upon invoice	We may obtain the insurance if you fail to You will pay the cost of the insurance premiums and a fee to us to cover our reasonable expenses
Indemnification	Will vary under circumstances	As incurred	(See Note 4)

MORE SPACE PLACE			
Type of Fee	**Amount**	**Due Date**	**Remarks**
Collection Costs, Attorneys' Fees and Interest	Interest on overdue amounts from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate, costs of collection, attorneys' fees and court costs	As incurred	(See Note 5)
Bank Charges and Administrative Costs	Our then current fee (currently $50 per occurrence)	Upon invoice	We may charge fees to cover bank charges and administration costs if an electronic funds transfer attempt is unsuccessful or you close your operating account, or any check or other payment is returned not paid
CAD Design Software Keys updates	$500 – $700 annual	As incurred	Annual Service/Updates for the proprietary design software keys used in the Franchised Business
De-Identify	Our costs	As incurred	If you don't de-identify your Franchised Business following expiration or termination of the Franchise Agreement, we may do so at your expense and charge you for our costs

General Note All fees are imposed by and are payable to us The fees and costs in this Item 6 are uniform as to all persons currently being offered a franchise All fees are nonrefundable

Note 1 "Gross Revenues" are defined in the Franchise Agreement to include the total gross revenue derived by Franchisee from the operation of the Franchised Business whether from sales for cash or credit, including sales of both franchise products and services, and including installation charges, exclusive of all sales taxes, use taxes, gross receipts taxes and other similar taxes added to the sales price and collected from the customer, and less any bona fide refunds, rebates, and discounts

Note 2 This contribution is paid to NAP, Inc for our National Advertising Program (See Item 11) This fee may be changed but may not exceed 2 5% of the previous calendar month's Gross Revenues

Note 3 You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Business We have the right to inspect and/or audit your business records during normal business hours If any audit reveals that you have understated Gross

Revenues by 2% or more, or if you have failed to submit reports and/or remittances for any 2 reporting periods or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported

Note 4 You must defend, indemnify and hold us and our related parties harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising from your ownership, operation or occupation of your Franchised Business and Premises, performance or breach of your obligations, breach of any representation or acts or omissions of you or your employees

Note 5 If we engage an attorney to collect any unpaid amounts (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and collection expenses incurred by us If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses If you institute any legal action to interpret or enforce the terms of the Franchise Agreement, and your claim in the action is denied or the action is dismissed, we may recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the same

CLOSET & STORAGE CONCEPTS			
Type of Fee	**Amount**	**Due Date**	**Remarks**
Royalty	5% of Gross Revenues subject to a minimum of $125 per week	Payable on each Monday via ACH for the week ending the immediately prior Saturday	(See Note 1)
Transfer of Franchise	For franchises with a territory having a population of less than 1,000,000 individuals 50% of the then current Initial Franchise Fee for a franchise of that size, subject to a minimum of $9,750 For franchises with a territory of $1,000,000 or more individuals 50% of the then current Initial Franchise Fee for a franchise of that size, subject to a minimum of $19,250	Before transfer	Either you or the transferee pays this fee to Franchisor
Supplier Testing	Reimbursement of our costs	At time of testing	This fee will be

	of inspection and evaluation and costs for testing	and inspection	incurred only upon Franchisee's request
Renewal of Franchise Agreement	For franchises with a territory having a population of less than 1,000,000 individuals 25% of the then current Initial Franchise Fee for a franchise of that size, subject to a minimum of $4,875 For franchises with a territory of $1,000,000 or more individuals 25% of the then current Initial Franchise Fee for a franchise of that size, subject to a minimum of $9,625	Upon signing the then-current franchise agreement(s)	You must give us written notice, not less than six (6) months, nor more than twelve (12) months before the expiration of the franchise agreement(s), pay the renewal fee and meet all conditions to obtain the renewal
Audit	Cost of inspection or audit	10 days after billing	(See Note 2)
Insurance	Cost of Insurance	Upon invoice	We may obtain the insurance if you fail to You will pay the cost of the insurance premiums and a fee to us to cover our reasonable expenses
Indemnification	Will vary under circumstances	As incurred	(See Note 3)
Bank Charges and Administrative Costs	Our then current fee (currently $50 per occurrence)	Upon invoice	We may charge fees to cover bank charges and administration costs if an electronic funds transfer attempt is unsuccessful or you close your operating account, or any check or other payment is returned not paid

CLOSET & STORAGE CONCEPTS			
Type of Fee	**Amount**	**Due Date**	**Remarks**
De-Identify	Our costs	As incurred	If you don't de-identify your Franchised Business following expiration or termination of the Franchise Agreement, we may do so at your expense and charge you for our costs
CAD Design Software Keys updates	$500 – $700 annual	As incurred	Annual Service/Updates for the proprietary design software keys used in the Franchised Business
Collection Costs, Attorney's Fees and Interest	Interest on overdue amounts from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate, costs of collection, attorneys' fees and court costs	As incurred	See Note (4)
Management Fee	Our then-current fee (currently $500 per day per person plus expenses if we have to temporarily manage your store)	At time of provision of such services	If for any reason we deem it necessary to have to come in and manage your outlet
Additional Initial Training, Refresher courses, Supplemental Training, Conferences	Our then-current fee (currently $300 per person, per day) plus all reasonable travel, room, board and living expenses for you and your staff	As incurred	If you require that we provide initial training to additional individuals, if we offer refresher courses, supplemental training programs, or conferences which may be optional or mandatory
Operations Manual	$0 for 1st Loaner Additional Copy-then current cost (currently $300)	10 days after billing	The fee is the same if we loan you any additional copies of the Operations Manual

General Note All fees are imposed by and are payable to us We reserve the right to collect any and all fees due to us or our affiliate arising out of or in relation to the Franchised Business through ACH The fees and costs in this Item 6 are uniform as to all persons currently being offered a franchise All fees are nonrefundable

Note 1 "Gross Revenues" are defined in the Franchise Agreement to include the total gross revenue derived by Franchisee from the operation of the Franchised Business whether from sales for cash or credit, including sales of both franchise products and services, and including

installation charges, exclusive of all sales taxes, use taxes, gross receipts taxes and other similar taxes added to the sales price and collected from the customer, and less any bona fide refunds, rebates, and discounts

Gross Revenues are aggregated for multiple locations you operate within one granted Territory

Note 2 You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Business We have the right to inspect and/or audit your business records during normal business hours If any audit reveals that you have understated Gross Revenues by 2% or more, or if you have failed to submit reports and/or remittances for any 2 reporting periods or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported

Note 3 You must defend, indemnify and hold us and our related parties harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising from your ownership, operation or occupation of your business and Premises, performance or breach of your obligations, breach of any representation or acts or omissions of you or your employees

Note 4 If we engage an attorney to collect any unpaid amounts (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and collection expenses incurred by us If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses If you institute any legal action to interpret or enforce the terms of the Franchise Agreement, and your claim in the action is denied or the action is dismissed, we may recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the same

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ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

MORE SPACE PLACE				
Type of Expenditures[1]	**Amount**	**Method of Payment**	**WHEN DUE**	**To Whom Payment is to be Made**
Franchise Fee[2]	$22,000-$29,500	Lump Sum	Upon Signing Franchise Agreement	Us
Travel and Living Expense While Training[3]	$1,500 to $3,000	As Agreed	During Training	Third Parties
Real Estate Improvements[4]	$5,500 to $24,000	As Agreed	Before Opening	Third Parties
Office Equipment and Supplies[5]	$1,000 to $1,500	As Agreed	Before Opening	Third Parties
Computer Hardware and Software[6]	$2,000 to $2,400	As Agreed	Before Opening	Third Parties
CAD Design Software Keys[7]	$750 to $2,250	Lump Sum	Upon receipt of CAD Key(s) and Invoice	Us
Pallet Lifter or Fork Lift[8]	$600 to $3,000	As Agreed	Before Opening	Third Parties
Trailer or Van[9]	$1,600 to $3,700	As Incurred	As Agreed	Third Parties
Signage and Graphics[10]	$3,500 to $9,000	As Agreed	Before Opening	Third Parties
Opening Showroom Displays[11]	$18,000 to $32,000	Lump Sum	Upon delivery to your store, and receipt of invoice	Us
Store Display Accessories[12]	$1,200 to $2,500	As Incurred	Before Opening	Third Parties
Grand Opening Advertising[13]	$6,000 to $9,000	As Incurred	During the period beginning 30 days before and ending 30 days after Opening	Third Parties
Architect's Fee and Engineering[14]	$0 to $3,000	Lump Sum	Within 30 days of our approval of the Premises	Third Parties
Miscellaneous Opening Costs[15]	$4,000 to $6,000	As Incurred	Before Opening	Third Parties
Insurance[16]	$1,800 to $2,800	Lump Sum	Before Opening	Third Parties

MORE SPACE PLACE				
Type of Expenditures[1]	**Amount**	**Method of Payment**	**WHEN DUE**	**To Whom Payment is to be Made**
Shop Equipment[17]	$500 to $1,500	As incurred	Before Opening	Approved Distributors
Opening Inventory[18]	$0 to $5,000	Lump Sum	Before Opening	Us/Approved Distributor
Legal and Accounting[19]	$1,000 to $2,000	As incurred	As Agreed	Third Parties
Additional Funds (up to 3 months)[20]	$20,000 to $30,000	As Incurred	As Agreed	Third Parties
Total Estimated Initial Investment[21]	***$90,950 to $172,150***			

Notes

1 All fees payable to us are non-refundable A third party, to whom payment is made, may provide a different refund policy We do not finance any fee

2 We describe the Initial Franchise Fee and any discount programs in Item 5 The low end is the Initial Fee for a Franchised Business beyond the initial location The high end is the Initial Fee for an initial, undiscounted, franchise

3 This is based upon three people attending a Pre-Opening Training Session held at our facilities, covering reasonable Travel, food and hotel expense Payments to employees, insurance, etc are not included The initial training itself is provided at no additional cost for up to three (3) people

4 These estimates are for build-out and renovations necessary to comply with our standards for franchise layout and design These build-out costs do not include maintenance, taxes or other expenses related to the Premises Building codes vary from jurisdiction to jurisdiction so you should consult with the governmental agency responsible for licensing and for applicable requirements regarding building requirements, architects plans and/or engineering to meet the codes of the jurisdiction you wish to build in

5 These estimates are for office equipment, fax machine, phones, office supplies and cleaning supplies

6 This is based on a low estimate for one computer system and software and a high estimate for two computers and two software licenses needed to operate two systems in your store Items may be purchased or leased Accounting software is included in this line item Computer and Software Support are not included in this estimate

7 This is based on the CAD Design Software Key(s) you must purchase from us The low is for one Key and the high is for three keys Payment is due upon your receipt of CAD Design Software Key(s)

8 You will need the equipment to move heavy pallets in your warehouse Additionally, depending upon your warehouse, it may be necessary for you to have access to (rent, lease or purchase) either a floor mounted hydraulic lift or a forklift of some kind to aid you in removing pallets from an over-the-road truck The funds stated should cover the lease or payment of a forklift for a minimum of 3 months

9 These estimates are for securing a trailer for hauling and delivering products to customer's homes assumes that you will purchase an enclosed covered trailer We do not require you to purchase a van but you may choose to do so The high range showed here should cover the lease or payment expense for a van for a period of 3 months Any trailer or van used by you in the operation of your store must meet our quality and condition requirements, and meet our advertising requirements

10 These figures include your investment for storefront signage, in-store graphic grids and plastic panels, panel style graphic displays, a beginning inventory of sales brochures, & vehicle and trailer graphics This estimate does not include side or back of store signage, street, pylon or marquee signs, window lettering, or any other type of signage Signage costs vary dramatically from location to location depending upon the signage you are allowed to utilize by local jurisdiction, landlord requirements, available space, type of vehicles you choose, size of store and other factors outside of our control

11 This is for showroom displays and some warehouse inventory, which can be sold as regular/sellable inventory at the appropriate time The amount of warehouse inventory may vary according to your distance from us and/or distribution points and the size of the warehouse facility available to you Payment is due upon receipt at your store/warehouse location

12 For the purchase of accessories, additional hardware, knobs, soft goods, and decorative vignette items

13 During the period beginning 30 days before and ending 30 days after you open your More Space Place location, you will place advertising intended to appeal to the general public You are obligated to utilize our grand opening strategies and advertising materials to maximize the marketing message and correctly use our trademarks in your territory This figure is separate from those expenses designated for monthly advertising fees or the National Advertising Program

14 The interpretation and enforcement of building codes varies substantially from jurisdiction to jurisdiction and although it is not common, you may have an architect/engineering fee as it may be necessary for you to have locally drawn architectural plans and/or structural, mechanical, electrical or HVAC engineering services performed to meet the codes of the jurisdiction in which you build You should consult with the applicable governmental agency responsible for enforcement of building permit requirements

15 Includes miscellaneous security deposits, utility costs, and corporation or business entity formation fees

16 This includes insurance deposit and payment for liability casualty insurance only

17 This includes the equipment required for the installation of products sold by your Franchised Business

18 This includes an initial inventory of products The low end assumes that you are selling to order without any inventory You may choose to either sell to order or to purchase an initial quantity of products

19 These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement

20 This figure is only an estimate for your initial three months of operating funds for monthly advertising expenses, employment costs, ongoing real estate expenses and other ongoing expenses of operating the More Space Place business This estimate does not include an owner's salary or draw These items are by no means all inclusive of the extent of the expense categorization We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate Maintenance, taxes, and other expenses related to the Premises are not included in this estimate We have estimated the amount of rent payments for the retail and warehousing needed based on information obtained from our franchisees and our Predecessor's past experience with Franchises Unless you own adequate commercial property, showroom/retail rent for one thousand to one thousand six hundred (1,000 to 1,600) square feet is estimated to be between One Thousand Two Hundred and Fifty Dollars ($1,250) and Four Thousand Seven Hundred Dollars ($4,700) per month An additional six hundred to one thousand two hundred (600 to 1,200) square feet of either attached or off-premises space is necessary for receiving, warehousing and working with our products, this rent is estimated to be between Six Hundred Dollars ($600) and One Thousand Five Hundred Dollars ($1,500) per month These costs can vary dramatically and be higher depending on factors such as the size and age of the space, city where it is located, local economic conditions, property condition, zoning, competition, road frontage and location within the building, signage, additional expenses such as common maintenance and merchant dues, location, and reputation of the premises

21 This is an estimated breakdown of the various expenses during the initial start-up of your More Space Place business based on information obtained from our franchisees and our Predecessor's past experience with this business since 2002 and assumes that you will lease the location The total estimated start-up costs may exceed the high range depending upon the location, site conditions, local construction costs, local governmental fees, local market conditions, how closely you follow our methods and procedures, your own management and business skills, and other factors You should review these figures carefully with a business advisor before making any decision to purchase the franchise We do not offer financing directly or indirectly for any part of the initial investment The availability and terms of financing will depend on several factors, the availability of financing, your creditworthiness, your collateral, and lending policies of financial institutions from which you may request a loan

YOUR ESTIMATED INITIAL INVESTMENT

CLOSET & STORAGE CONCEPTS				
Type of Expenditures	**Amount**	**Method of Payment**	**WHEN DUE**	**To Whom Payment is to be Made**
Franchise Fee[2]	$15,000 to $38,500	Lump Sum	Upon Signing Franchise Agreement	Us
Travel and Living Expense While Training[3]	$1,500 to $3,000	As Agreed	During Training	Third Parties
Real Estate Improvements[4]	$5,500 to $24,000	As Agreed	Before Opening	Various Contractors
Office Equipment and Supplies[5]	$1,000 to $1,500	As Agreed	Before Opening	Third Parties
Computer Hardware and Software[6]	$2,000 to $2,400	As Agreed	Before Opening	Third Parties
CAD Design Software Keys[7]	$1,800 to $5,400	As Agreed	Before Opening	Us
Pallet Lifter or Fork Lift[8]	$600 to $3,000	As Agreed	Before Opening	Third Parties
Trailer or Van[9]	$1,600 to $3,700	Lump Sum	Before Opening	Auto Dealer
Signs and Graphics[10]	$1,000 to $9,000	As Agreed	Before Opening	Third Parties
Opening Showroom Displays[11]	$5,000 to $32,000	Lump Sum	Upon delivery to your store, and receipt of invoice	Us
Store Displays Accessories[12]	$1,200 to $2,500	As Incurred	Before Opening	Third Parties
Grand Opening Advertising[13]	$5,000 to $20,000	As Incurred	During the period beginning 30 days before and ending 30 days after Opening	Third Parties
Architect's Fee and Engineering[14]	$0 to $3,000	As Incurred	Before Opening	Third parties
Miscellaneous Opening Costs[15]	$4,000 to $6,000	As Incurred	Before Opening	Third parties
Insurance[16]	$1,800 to $5,000	As Incurred	Prior to Opening	Insurance Company

Type of Expenditures	Amount	Method of Payment	WHEN DUE	To Whom Payment is to be Made
Shop Equipment[17]	$500 to $250,000	As incurred	Before Opening	Approved Distributors
Opening Inventory[18]	$1,000 to $25,000	Lump Sum	Before Opening	Us/Approved Distributors
Legal and Accounting[19]	$1,000 to $2,000	Lump Sum	As Incurred	Attorney and accountant
Additional Funds (up to 3 months)[20]	$20,000 to $50,000	As Incurred	As Agreed	Third Parties
Total Estimated Initial Investment [21]	$69,500 to $486,000			

Notes

1 All fees payable to us are non-refundable A third party, to whom payment is made, may provide a different refund policy Except where noted, we do not directly or indirectly finance any fee

2 We describe the Initial Franchise Fee and any discount programs in Item 5 The low end is the Initial Fee for a Franchised Business beyond the initial location with a population of under 1,000,000 individuals The high end is the Initial Fee for an initial, undiscounted, franchise The initial franchise fee is $38,500 00 if the territory has a population of 1,000,000 or more individuals for an initial location The initial franchise fee is $19,500 00 if the territory has a population under 1,000,000 individuals for an initial location The fee for a location beyond an initial location is $15,000 00 for a territory having a population of less than 1,000,000 individuals and $30,000 00 for a territory having a population of 1,000,000 individuals or more The initial franchise fee is non-refundable under any circumstances

3 This is based upon three people attending a Pre-Opening Training Session held at our facilities, covering reasonable Travel, food and hotel expense Payments to employees, insurance, etc are not included The initial training itself is provided at no additional cost for up to three (3) people

4 These estimates are for build-out and renovations necessary to comply with our standards for Franchise layout and design These build-out costs do not include maintenance, taxes or other expenses related to the Premises Building codes vary from jurisdiction to jurisdiction so you should consult with the governmental agency responsible for licensing and for applicable requirements regarding building requirements, architects plans and/or engineering to meet the codes of the jurisdiction you wish to build in

5 These estimates are for office equipment, fax machine, phones, office supplies and cleaning supplies

6 This is based on a low estimate for one computer system and software and a high

estimate for two computers and two software licenses needed to operate two systems in your store Items may be purchased or leased Accounting software is included in this line item Computer and Software Support are not included in this estimate

7 This is based on the CAD Design Software Key(s) you must purchase from us The low is for one Key and the high is for three keys Payment is due upon your receipt of CAD Design Software Key(s)

8 You will need the equipment to move heavy pallets in your warehouse Additionally, depending upon your warehouse, it may be necessary for you to have access to (rent, lease or purchase) either a floor mounted hydraulic lift or a forklift of some kind to aid you in removing pallets from an over-the-road truck The funds stated should cover the lease or payment of a forklift for a minimum of 3 months

9 These estimates are for securing a trailer for hauling and delivering products to customer's homes assumes that you will purchase an enclosed covered trailer We do not require you to purchase a van but you may choose to do so The high range showed here should cover the lease or payment expense for a van for a period of 3 months Any trailer or van used by you in the operation of your store must meet our quality and condition requirements, and meet our advertising requirements You may not incur any vehicle costs if you already own or lease a suitable van or box truck

10 These figures include your investment for storefront signage, in-store graphic grids and plastic panels, panel style graphic displays, a beginning inventory of sales brochures, & vehicle and trailer graphics This estimate does not include side or back of store signage, street, pylon or marquee signs, window lettering, or any other type of signage Signage costs vary dramatically from location to location depending upon the signage you are allowed to utilize by local jurisdiction, landlord requirements, available space, type of vehicles you choose, size of store and other factors outside of our control

11 This is for showroom displays and some warehouse inventory, which can be sold as regular/sellable inventory at the appropriate time The amount of warehouse inventory may vary according to your distance from us and/or distribution points and the size of the warehouse facility available to you Payment is due upon receipt at your store/warehouse location

12 For the purchase of accessories, additional hardware, knobs, soft goods, and decorative vignette items

13 During the period beginning 30 days before and ending 30 days after you open your location, you will place advertising intended to appeal to the general public You are obligated to utilize our grand opening strategies and advertising materials to maximize the marketing message and correctly use our trademarks in your territory

14 The interpretation and enforcement of building codes varies substantially from jurisdiction to jurisdiction and although it is not common, you may have an architect/engineering fee as it may be necessary for you to have locally drawn architectural plans and/or structural,

mechanical, electrical or HVAC engineering services performed to meet the codes of the jurisdiction in which you build You should consult with the applicable governmental agency responsible for enforcement of building permit requirements

15 Includes miscellaneous security deposits, utility costs, and corporation or business entity formation fees

16 This includes insurance deposit and payment for liability casualty insurance only

17 The high end includes the equipment required for manufacturing of the products to be sold by your Franchised Business and its installation The low end assumes that your Franchised Business will be a non-manufacturing franchise and equipment charges will be less

18 This includes the initial hardware and accessories that must be on hand for retail sales The high end assumes that you will be a manufacturing franchise and therefore your investment in raw materials will be greater

19 These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement

20 This figure is only an estimate for your initial three months of operating funds for monthly advertising expenses, employment costs, ongoing real estate expenses and other ongoing expenses of operating the Closet & Storage Concepts business This estimate does not include an owner's salary or draw These items are by no means all inclusive of the extent of the expense categorization We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate

21 This is an estimated breakdown of the various expenses during the initial start-up of your store based on information obtained from our franchisees and our past experience operating stores similar to the one being franchised since 1989 The total estimated start-up costs may exceed the high range depending upon the location, site conditions, local construction costs, local governmental fees, local market conditions, how closely you follow our methods and procedures, your own management and business skills, and other factors You should review these figures carefully with a business advisor before making any decision to purchase the franchise We do not offer financing directly or indirectly for any part of the initial investment The availability and terms of financing will depend on several factors, the availability of financing, your creditworthiness, your collateral, and lending policies of financial institutions from which you may request a loan

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases for More Space Place

You must operate the Franchised Business according to the More Space Place System

The More Space Place System may regulate, among other things, the types, models and brands of required furnishings, equipment, signs, materials and supplies to be used in operating the Franchised Business, required or authorized products and product categories and designated or approved suppliers of the items (which may be limited to or include us or our affiliates) You are obligated to purchase all Murphy Bed and panel bed systems, cabinets, mechanisms, bed frames, mattresses, foundations, hardware, molding, additional wall units, book shelves, desk tops and drawers, closet materials, boards, hardware, drawers, baskets, CAD Design Software Keys and other items that may be provided by us, from us, our affiliate or an approved supplier that we designate for these items We reserve the right to name ourselves or our affiliate as the sole supplier of certain items

You must purchase all other products, goods, services, supplies, fixtures, equipment, inventory, computer hardware and software or real estate relating to the establishment or operation of your Franchised Business from a supplier we designate The cost of equipment, products, goods, services, supplies and fixtures purchased in accordance within our specifications, from approved suppliers, including us, represents substantially all of your total purchases in establishing and operating your Franchised Business

Required Purchases for Closet & Storage Concepts

You must operate the Franchised Business according to the Closet & Storage Concepts System The Closet & Storage Concepts System may regulate, among other things, the types, models and brands of required furnishings, equipment, signs, materials and supplies to be used in operating the Franchises Business, required or authorized products and product categories and designated or approved suppliers of the items (which may be limited to or include us or our affiliates) You are obligated to purchase all wood, brass, plastic, multiple and special hangers, shoe racks, tie & belt racks, garment racks, storage closets and other storage systems, specialty items and closet rods, lumber and particle board (melamine laminated), rod covers, rod cups, pole covers, CAD Design Software Keys and hardware and any other closet or storage system related accessories, hardware and fixtures from us, our affiliate or from a supplier or manufacturer approved by us Under certain circumstances, we may allow you to purchase items from another franchisee We reserve the right to name ourselves or our affiliate as the sole supplier of certain items

You must purchase all other products, goods, services, supplies, fixtures, equipment, inventory, computer hardware and software or real estate relating to the establishment or operation of your Franchised Business from a supplier we designate The cost of equipment, products, goods, services, supplies and fixtures purchased in accordance within our specifications, from approved suppliers, including us, represents substantially all of your total purchases in establishing and operating your Franchised Business

Required and Approved Suppliers

If you operate a More Space Place or Closet & Storage Concepts business, you must purchase required equipment from approved suppliers or from us or our affiliate Other than the manufacturing that we directly perform, we do not own any interest in any of our suppliers Our

affiliate, MSP Manufacturing is a supplier for the following items

- Cabinet Components
- Murphy Bed Frames
- Hardware & Accessories
- Mattresses
- Closet Systems Components
- Decorative Doors and Drawer Fronts

We reserve the right to earn a profit from the sale of these items to our franchisees Our officer, Robert Lewis, owns an interest in us and in our affiliate None of our officers have an ownership interest in any other approved supplier

Approval of Alternative Suppliers

If you desire to purchase any product or item for which approval is required from a supplier that is not on our approved supplier list, you must request approval of the item or supplier in writing and we will evaluate the supplier and/or item for approval Although we are not contractually bound to evaluate any supplier or item within a definite time period, we will make a good faith effort to evaluate the supplier or item and to notify you of approval or disapproval within 30 days from the date we receive your written request

Before approving any supplier, we may take into consideration a) consistency of products and/or name brands, b) economies of scale achieved by larger volumes, and c) certain other benefits that a particular supplier may offer, such as new product development capability When approving a supplier, we take into consideration the System as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved We reserve the right to withhold approval of a supplier for any reason We do not release our standards and specifications or criteria for supplier approval to System franchisees

You may not purchase any item from any supplier for which approval is required until you have first received written notification of our approval You must reimburse us for our reasonable costs of evaluating, inspecting and testing the proposed supplier or item, regardless of whether we approve the supplier or item

We may withdraw our approval at any time if any supplier's performance does not meet our criteria, if we change our specifications, standards or requirements or for other reasons

Revenue from Franchisee Purchases

We and our affiliates may derive income or revenue from franchisee purchases We and/or our affiliates have the right to receive payments from any supplier or distributor to you or to other franchisees within our franchise system and to use these monies without restriction and as we deem appropriate In the 2016 fiscal year, our affiliate, MSP

Manufacturing had revenues of $3,708,779 from sales to System franchisees This was 100% of its total revenues We did not receive any rebates or payments from approved suppliers that you are required to make purchases from

Site Selection

You must submit and we must approve the site for the location of your Franchised Business The site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other More Space Place or Closet & Storage Concepts locations, the nature of other businesses in proximity to the site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site

We also must approve the lease or sublease for the premises of your Franchised Business before it is signed We will not unreasonably or untimely withhold approval You must deliver a copy of the signed lease to us within 15 days after its execution Our approval of the lease indicates only that we believe that its terms fall within the acceptable criteria we have established as of the time of our approval

You must collaterally assign the lease or sublease for the franchise to us as security for your timely performance of all obligations under the Franchise Agreement and obtain the Lessors consent to the collateral assignment A copy of the collateral assignment is attached as Exhibit "4" to the More Space Place Franchise Agreement and Exhibit "6" to the Closet & Storage Concepts Franchise Agreement

Unit Development

The Franchised Business must be constructed or remodeled in accordance with our specifications You must purchase or lease and use only the furniture, fixtures, equipment and supplies as we may specify or approve Our standards may regulate, among other things, the use of certain plans, specifications, decor, designs, type of required fixtures, furnishings, equipment, signs, materials, products, and supplies to be used The designs we furnish you with are for mandatory specifications and layouts for a More Space Place® unit or a Closet & Storage Concepts showroom Except for those design changes that are approved in writing by us, you must follow these designs Required purchases and leases according to our specifications and standards represent approximately 100% of your overall purchases and leases in connection with the establishment and operation of your More Space Place or your Closet & Storage Concepts franchise Although there may be extended payment terms for on-going purchases, payment for all new showroom furnishings is due upon delivery

Standards and Specifications

You must operate the Franchised Business according to our standards Our standards and specifications may regulate required or authorized products, product categories, designated or approved suppliers (which may be limited to or include us or our affiliates), brands of required

fixtures, furnishings, equipment, signs, materials, products, and supplies to be used which may impose minimum requirements for quality, cost, delivery, performance, design and appearance We will notify you in our Operations Manual, or other communications, of our standards, specifications, modifications, and/or names of approved suppliers

Insurance

You must obtain and maintain, at your own expense, insurance coverage to adequately insure your Franchised Business that meets or exceeds any coverage which we require in the Operations Manual or otherwise, and which may periodically be adjusted The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment, and your history You are responsible for providing and maintaining written documentation to us verifying all coverage and that all insurance policies name us as an additional insured party

Advertising

All advertising and promotion of your Franchised Business must conform to our specifications and standards and must be approved by us in advance You must submit to us for our approval copies of all advertising and promotional materials including business cards, signs, displays and mailouts

Cooperatives

We do not have any purchasing or distribution cooperatives

Negotiated Prices

We negotiate purchase arrangements with some of our suppliers (including price terms and product allocations) for the benefit of System franchisees, but we are under no obligation to do so

Material Benefits

We do not currently provide any material benefits to you if you buy from sources we approve, but we reserve the right to do so in the future

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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	More Space Place Agreement	Closet & Storage Concepts Agreement	Disclosure Document
a Site selection and acquisition/lease	§§ 1 4	§1 3 & 4 2	Items 6, 7, 8 & 11
b Pre-Opening purchases/leases	§§ 5 2, 5 3 & 5 10	§§ 5 2 5 3 & 5 11	Items 7 & 8
c Site development and other pre-Opening requirements	§§ 1 4, 3 3 4, 4 1	§§ 1 3, 4 1, 4 2 & 5 7	Items 6, 7, 8 & 11
d Initial and ongoing training	§§4 1	§§ 4 3	Items 7 & 11
e Opening	§5 1	§5 1	Items 7 & 11
f Fees	§§ 2 2, 3 1-3 9, 4 1 2, 7	§§ 2 3, 2 4, 3 1-3 15, 4 3 & 7 3 2	Items 5 & 6
g Compliance with standards and policies/Operations Manual	§§ 5 2, 5 3	§§ 4 5, 5 2 & 5 3	Item 11
h Trademarks and proprietary information	§§ 5 6, 5 7	§§5 7 & 5 8	Items 13 & 14
i Restrictions on products/services offered	§5 2, 5 3, 5 10, 5 11	§§ 5 2, 5 3, 5 11 & 5 12	Item 16
j Warranty and customer service requirements	§§ 5 2 & 5 3	§5 2 & 5 3	Item 11
k Territorial development and sales quotas	Not Applicable	Not Applicable	Item 12
l Ongoing product/service purchases	§§ 5 2, 5 3 & 5 10	§§ 5 2, 5 3 & 5 11	Item 8
m Maintenance, appearance and remodeling requirements	§§ 5 4	§§ 5 5	Items 7 &11
n Insurance	§ 6 6	§6 6	Items 6 & 8
o Advertising	§§ 3 3	§3 4-3 9	Items 6, 7 & 8
p Indemnification	§6 2	§6 2	Items 6 & 7
q Owner's participation, management and staffing	§§ 5 3 5	§§ 5 4	Items 11 & 15
r Records and reports	§§ 3 6 & 3 7	§§ 3 12 & 3 13	Item 6
s Inspections and audits	§§ 3 6 & 5 8	§§ 3 12, 5 9	Items 6 & 11
t Transfer	Article 7	Article 7	Item 17
u Renewal	§ 2 2	§§ 2 2-2 5	Item 17

Obligation	More Space Place Agreement	Closet & Storage Concepts Agreement	Disclosure Document
v Post-termination obligations	§§ 6 4 & 9 1	§§6 4 & 9 1	Item 17
w Non-competition covenants	§§ 6 4	§6 4 & 9 1	Item 17
x Dispute resolution	§§ 11 2 & 11 3	§11 2 & 11 3	Item 17
y Guarantee of franchisee obligations	Exhibit 2	Exhibit 2	

ITEM 10 - FINANCING

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

If we award you a franchise, we may, in our sole discretion, provide a listing of third party leasing and financing companies that have financed existing More Space Place® or Closet & Storage Concepts locations We do not know if you will be able to obtain financing for all or part of your investment to develop a More Space Place or Closet & Storage Concepts business and, if so, what the terms of such financing will be We do not receive direct or indirect payments for placing financing

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

MORE SPACE PLACE

The below sections apply to you if you purchase a More Space Place franchise

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

Pre-Opening Assistance

Before you open your More Space Place business, we will

1) Provide guidelines with respect to leasing the Premises, as we deem advisable (MSP Franchise Agreement §1 4

2) Assistance with respect to preliminary plans and layouts for the Premises (MSP Franchise Agreement §4 3, 4 4

3) Provide information on standards and specifications for fixtures, signs, improvements, equipment and other related facilities required in the operation of the Franchised Business (MSP Franchise Agreement §4 3, 4 4)

4) Review your leasehold improvement plans or site plans and final construction plans and specifications for conformity to the standards and specifications of the System (MSP Franchise Agreement §4 3, 4 4, 5 1)

5) Provide training sessions before the Opening, you must pay all out-of-pocket costs incurred in training for yourself and all of your employees, including but not limited to items such as travel, room, board, wages, and living expenses (MSP Franchise Agreement §4 1)

6) Loan you one copy of our Operations Manuals, Advertising Tool Kit, Installation Manual, Accounting Manual and Price Book, (MSP Franchise Agreement §4 3)

Post-Opening Assistance

During the operation of your More Space Place business, we will

1 Occasionally conduct programs, seminars or conventions for the benefit of all franchisees Upon notification by us of any program, seminar or convention, you must attend These programs, seminars or conventions will be held at our New Jersey corporate headquarters or another location chosen by us You must pay for all travel and lodging expenses for you and your employees to attend these programs, seminars or conventions plus our then-current fee (MSP Franchise Agreement - §4 1)

2 From time to time purchase and place advertising promoting More Space Place franchisees and the franchise products and services sold by them at our sole discretion We may also provide advertising and promotional or informational materials to be used by franchisees You will pay us for the cost of the materials furnished by us plus a mark-up of twenty-percent (20%) to cover our shipping and handling costs The mark-up may result in a profit to us We shall make all decisions whether to use national, Internet or local advertising or a combination of national, Internet or local advertising and all decisions regarding the selection of a particular advertising medium and content We will pay for media costs, commissions and fees, production costs and other costs of advertising when it creates advertisement for all franchisees (MSP Franchise Agreement - Section 3 3)

3 Offer additional training to you and your management and supervisory personnel, including your designated manager (if you decide to employ a designated manager) which may be optional or mandatory (MSP Franchise Agreement - Section 4 1)

4 If you require additional on-site management assistance over what is typically provided, we will attempt to provide you with assistance You must minimally pay to us out-of-pocket expenses such as travel, room, board, and living expenses for all persons, and we may additionally charge you our then-current per day assessment for each person sent (MSP Franchise Agreement §3 9)

5 Merchandising, marketing, and other advice and assistance as we develop and deem

helpful in the operation of the Franchised Business, rendered via personal visit, telephone, newsletters, bulletins, or otherwise (MSP Franchise Agreement §4 2

6 Bulletins, brochures, and reports regarding the System's plans, policies, research, developments, and activities as we may develop (MSP Franchise Agreement §4 3

7 The opportunity to participate in group purchasing or leasing programs for supplies, insurance, equipment, and signage which we may, from time to time, sponsor or provide and from which programs we, or our affiliate, may make a profit on (MSP Franchise Agreement §5 2

8 Inspections of the More Space Place business and its Products and Services as we deem appropriate (MSP Franchise Agreement §5 2, 5 8

9 All other resources and assistance we develop and offer on a System-wide basis (MSP Franchise Agreement §5 8

Advertising

Under our National Advertising Program, we currently provide you with local advertising materials You must spend the greater of (i) 7% of your monthly Gross Revenues or (ii) $2,500 00 (Two Thousand Five Hundred Dollars), per month, on Local Advertising Your NAP contributions are deducted from and are not in addition to your required Local Advertising expenditure We may provide you, at your request, certain advertising promotional materials (MSP Franchise Agreement §3 3) Subject to our approval of any advertisements, you may perform your own local advertising or hire an advertising agency to utilize the materials provided by us We also require you to perform additional advertising and promotion, of the type and in the financial expenditure amount approved by us, at a cost of $6,000 to $9,000 (Six Thousand to Nine Thousand Dollars) during the period beginning thirty (30) days prior to and ending thirty (30) days after the Opening of the Franchised Business (MSP Franchise Agreement §3 3 4) You may need to expend additional funds if you must continue to promote your business through a continued, extra Grand Opening effort

You can purchase yellow pages or online advertising for your Franchise The amount you spend on yellow page or online advertising is applied toward the Local Advertising requirement ads must be submitted to us for approval and include the information we specify All advertising, promotion and marketing must be completely clear and factual, not misleading, and conform to the highest standards of ethical marketing as well as the promotional policies that we prescribe Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them and approved by us, in writing You may not use any advertising or promotional materials that we have not approved (MSP Franchise Agreement §3 3)

Websites

You acknowledge and agree that any Website (including, but not limited to the More

Space Place Website) constitutes "advertising" under our Franchise Agreement Any Website you develop or utilize must meet all other terms and conditions for advertising described in our Agreement For this purpose, a "**Website**" means interactive electronic documents, contained in a network of computers linked by communications software, that you operate or authorize others to operate that refers to your store, the MSP Proprietary Marks, us, and the More Space Place system The term Website also includes Internet, Intranet and World Wide Web home pages, Social Networking or e-mail address sites You must not establish any Website without our prior written approval of its form, content and information due to our substantial interest in protecting the MSP Proprietary Marks, the System and the Confidential Information We may require you to participate in a centralized Website operated by us, without any compensation to you We may refuse to permit you to operate or establish any Website We reserve the right to establish one or more Internet, Intranet or other forms of e-commerce Websites, networks or communities for the purposes of promoting the development, growth, sales and solicitation of franchises, our establishing or participating in, and requiring or authorizing your participation in, or in connection with e-commerce, establishing purchasing, supply or referral programs, networks or communications in which you must participate, or monitoring your performance under our Agreement and other purposes we designate from time to time which we deem to promote the development and operation of the System We will establish and notify you of our establishment of Website policies and other forms of e-commerce policies, which will become part of our System Standards and be provided in the Manual or other written communication to you We own all right, title and interest in and to information compiled from, derived from or obtained by us via your or our use of Websites or our establishment of the Intranet, Internet or other forms of e-commerce networks or communities Any websites and/or email addresses created by us in conjunction with the MSP trademark, advertising, promotion of our product and/or store locations belong to us All domain names registered by us or by you in conjunction with the MSP trademarks belong to us

Advertising Cooperatives

We have not established any advertising cooperatives

National Advertising Program

The National Advertising Program is administered for the common benefit of System franchisees Under the MSP Franchise Agreement, we have the right to require you to contribute $300 Three Hundred Dollars per month (which can be increased to no more than 2 5% of the previous calendar month's Gross Revenues) to the NAP (Section 3 3 2 1 of the Franchise Agreement)

All Franchisees will be required to contribute on the same basis Our suppliers may be asked to contribute to the NAP on terms we negotiate We have the sole right to determine contributions and expenditures from the NAP, or any other advertising program, and sole authority to determine the selection of the advertising materials and programs We are not required, under the Franchise Agreement, to spend any amount of NAP contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from these expenditures (Section 3 3 2 2 of the Franchise Agreement) NAP contributions may be used at

our discretion for the following the development, production and distribution of national and/or local advertising, the creation of advertising materials and public relations which, in our sole judgment, promote the products and services offered by System businesses including development and production of advertising and marketing programs and materials, purchase of media, field marketing programs and activities, promotions, new product research and development, quality control, market research, talent fees, working with public relations firms, website development and maintenance, and for administrative, travel, debt service and operating costs and overhead Our decisions in all aspects related to the NAP will be final and binding We may charge the NAP for the costs and overhead, if any, we incur in activities reasonably related to the creation and implementation of the NAP and the advertising and marketing programs for franchisees These costs and overhead include (i) the cost of preparing advertising campaigns and other public relations activities, (ii) the cost of employing advertising agencies, including fees to have print or broadcast advertising placed by an agency and all other advertising agency fees, and (iii) the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the NAP (Section 3 3 2 3 of the Franchise Agreement)

We do not anticipate that any part of your contributions to the NAP will be used for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information (Section 3 3 2 1 of the Franchise Agreement) Your contribution to the NAP will be credited against your obligation for Local Advertising

We may also establish special promotional programs You are required to participate in special promotional programs and you must pay your share of the cost of developing and implementing the program, including common development, design and advertising costs You must participate in all rebate programs and must offer all discounts required by us (Section 3 3 3 of the Franchise Agreement)

Although we anticipate that all NAP contributions will be spent in the fiscal year in which they accrue, any remaining amounts will be carried over for use during the next fiscal year There is no requirement that the NAP be audited Upon your written request, we will provide you with un-audited fiscal year-end financial statements and accountings of NAP expenditures (Section 3 3 2 3 of the Franchise Agreement)

During the fiscal year ending December 31, 2016, $56,115 was collected by the NAP Breakdowns by percent of the NAP expenditures are as follows administrative expenses- ten percent (10%), production- thirty percent (30%), and placement- sixty (60%)

There is currently no advertising council in place for the System

Computer Requirements

We do not presently, but reserve the right to, require Franchises to purchase or lease specific computer hardware and support, following our then current standards and specifications

As part of our future requirement to link directly with the franchises, you must purchase and use a computer system which will electronically communicate with us and allow for the transmittal of information relating to sales, cost of goods and inventory management statistics and required reporting We will have the right to independently access all data information contained in the computer system we designate and there are no contractual limitations on our right to access this information We have developed a web-based software program for management of customer relations and/or related activities (hereinafter the "Computer Program") and have implemented the Computer Program into the System The Computer Program will process and display data related to tracking customer leads, average sales, closing percentages and related customer management information You will be required to use the Computer Program

We currently require the use of Computer Aided Design ("CAD") Software Keys to be purchased from us The cost of the software is subject to change based on changes in software requirements and the software producer, and we presently estimate the costs at $750 per Key The required additional software, including Quickbooks, must be purchased through an approved supplier and will range from $2,000 to $2,400

We currently require that you upgrade and update your computer system on a regular basis, we will continuously attempt to keep any changeover or maintenance charges to a minimum

This paragraph summarizes the requirements of §5 13 of the MSP Franchise Agreement

Operations Manual

During the term of the franchise agreement, we will loan to you one copy of an operations manual, which may consist of one or more manuals and other written materials (collectively, the "**Operations Manual**" or "**Manual**") containing mandatory and suggested formats, specifications, standards, methods and procedures prescribed by us periodically The table of contents of the Manual is disclosed as Exhibit D-1 Our MSP Manual contains 148 pages

TRAINING PROGRAM

TRAINING PROGRAM - More Space Place

Session 1 - Initial Training - Corporate Office Sales/Design & Store Operations

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction & Product Overview • Industry History • Competition • Brand/System Distinction • Design & Product Categories	4	0	Corporate Office (New Jersey) or Clearwater Manufacturing Facility

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Design & Sales • Overview of Design & Sales Process • Role of the Designer/Salesperson • Measuring & Assessing Customer Needs • Design Techniques & Standards • Pricing of Jobs • Sales Process "The Sales Call" • Service Standards "The Customer Experience" • Building & Maintaining Professional Partnerships	16	12	Corporate Office (New Jersey) or Clearwater Manufacturing Facility
CAD Design • Overview of CAD Program & Library • Role of CAD Operator • Software & Support	1	0	Corporate Office (New Jersey) or Clearwater Manufacturing Facility
Operations & Administration • Operations Roles & Responsibilities • Lead & Job Scheduling Management (CRM System) • Employee Staffing & Human Resources • Vendor Relations	3	0	Corporate Office (New Jersey) or Clearwater Manufacturing Facility/ Remote calls or webinars
Marketing & Advertising • Overview of Marketing Strategy • Role of the Marketing Department • Marketing & Advertising Sources • Company Websites & Social Media • Marketing Materials & Signage	4	0	Corporate Office (New Jersey) or Clearwater Manufacturing Facility/ Remote call or Webinars

Session 2 - Initial Training – Corporate Office - Assembly & Installation

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Product Assembly & Installation • Overview of Assembly & Installation Process • Role of the Warehouse Manager & Installation Staff • Product Ordering & Receiving Goods • Installation & Delivery • Quality Control • Vendor Relations • Inventory Management	8	24	Corporate Office (New Jersey) or Clearwater Manufacturing Facility
Finance • Overview of Store Finance Structure • Quickbooks & Chart of Account • Expense Control & P/L Management • Benchmark Review • Royalty Reporting & Payments • Cost of Goods • Accounts Receivable Management	2	0	Corporate Office (New Jersey) or Clearwater Manufacturing Facility/ Remote call or Webinars
Operations & Administration • Business Management & Reporting	2	0	Corporate Office (New Jersey)/ Remote call or Webinars
Wrap Up • Showroom Design & Buildout • Warehouse Layout	4	0	Corporate Office (New Jersey) or Clearwater Manufacturing Facility

Session 3 - Initial Training - On Site - Showroom Installation

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
• Assembly & Installation Training Review • Oversight of Warehouse Set Up & Inventory Organization • Support Installation of Showroom Displays	20	20	At Franchise Location

Session 4 - Initial Training - On Site - CAD Design, Store Operations & Sales/Design Field Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
CAD Design, Sales & Order Processing • CAD Design Training • Job Ordering Processing Training • Showroom Sales Training • Store Operations	8	16	Corporate (NJ or Clearwater, FL) Remote calls/webinars or MSP store location designated by Franchisor
Design & Sales • Sales & Design Training Review • Field Training – Sales (leads) & Design	4	12	At Franchise Location

Initial training will be conducted by Dawn Smith, Gary Berthel, Tim Albert and Jason Friedley Dawn has been our Director of Operations since 2007 Gary has been our National Production Training Manager since 2000 Tim has been our National Sales Training Manager since January, 2012 Jason has been the Director of CAD/IT Services since 2011 Before you open your initial More Space Place franchise, we provide you training at our corporate location in New Jersey, at our Clearwater, Florida manufacturing facility and/or at a franchised location or your store Except for the technical hands-on Installation Training that we designate, you must be present for each session in its entirety and according to the schedule mandated by us We will schedule on-location sessions as the need and the availability of training staff, in our discretion, allows

We do not charge for this training for up to the initial three (3) people You must pay the travel and living expenses for you and your employees You (or your Operating Principal if you are an entity) are obligated to successfully complete the first Two Initial Training Sessions before opening If you intend to have a designated full time person other than yourself manage daily operations, we must approve the designated manager and they must successfully complete those training sessions we mandate to compliment your level of participation in the operation of the business You are responsible for all expenses of those attending training, including all

travel, room and board, wages and living expenses Other than those sessions previously mentioned, you may request in writing that additional training sessions be held during the Term

We reserve the right to offer refresher courses and supplemental training programs, which may be optional or mandatory, from time to time You shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending any refresher or supplemental training You shall pay our then-current tuition for any individual attending refresher courses or supplemental training

Instructional materials include our product samples and literature Instructional methods include classroom and on-the-job training Initial Training will only occur after the Franchise Agreement is executed

Trainees must complete the initial training to our satisfaction For individuals opening subsequent stores, we, at our sole discretion, may shorten or lengthen the required training based on your progress, experience, and other factors If we decide you are not ready to begin the management of your franchise, we may require you to complete refresher or supplemental training We, at our sole discretion, may allow you to be excluded from certain portions of the training program based upon your ability which we may test by a written or verbal testing of your knowledge about our systems, performing certain aspects of the operation of a unit, or based upon your experience in the management of a More Space Place unit

Each of the above subjects and instructional hours, either by classroom or on-the-job, will be supervised by qualified in-store management or designated company trainers As of our most recent fiscal year end, we provided the above training

Site Selection Method

You must locate and we must approve (in our reasonable discretion) in writing, the site for the premises for the Franchised Business within 120 days of executing the Franchise Agreement A site will be approved or rejected within fifteen days after your written submission to us (this period may be extended as necessary for you to provide additional information we request) If we cannot agree on a site for the Franchised Business, we may extend the time period, or at our option terminate the Franchise Agreement Our approval of the site does not imply, guaranty, assure, warrant, or predict profitability or success, express or implied Our recommendation or approval of a site indicates only that we believe that it falls within the acceptable demographic and other criteria for sites that we have established as of the time of our recommendation for approval The Premises must meet our criteria, which we will provide you, for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other More Space Place® locations, the nature of other businesses in proximity to the site and other commercial characteristics and the size, appearance and other physical characteristics of the Premises Application of criteria that have appeared effective with respect to other sites may not accurately reflect the potential for all sites Demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a site The uncertainty and instability of these criteria are beyond our control, and

we will not be responsible for the failure of a site we have recommended or approved to meet expectations as to potential revenue or operational criteria (MSP Franchise Agreement §1 4 1)

Time to Opening

You must complete the development of and open the unit for business by the earlier to occur of, (i) 120 days after the date of execution of the Business Location Agreement, or (ii) within 240 days after the date of the execution of the Franchise Agreement In our sole discretion, we may grant you one extension of up to 120 days We estimate that the length of time between signing the lease and the opening of the Franchised Business is about 90 to 120 days depending upon the amount of changes you request to be made to our designs and the amount of construction needed The interval may vary based upon such factors as the supply of suitable space in your territory, your financial requirements and creditworthiness, the time required to obtain government permits, approvals, and licenses, and the availability of construction, labor, materials, equipment and the like You are responsible for providing us, and you may not open the franchise for business until (1) we approve the unit as developed according to our specifications and standards, (2) pre-opening training has been completed to our satisfaction, (3) the initial franchise fee and all other amounts then due to us have been paid, and (4) we have been furnished with copies of all required documents, including evidence of all applicable permits, insurance coverage and payment of premiums as we request (MSP Franchise Agreement §1 4 1)

The time period for opening the business includes site selection and approval, site renovations and remodeling, permitting, training and set-up for operations

CLOSET & STORAGE CONCEPTS

The below sections apply to you if you purchase a Closet & Storage Concepts franchise

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

Pre-Opening Assistance

Before you open your Closet & Storage Concepts business, we will

1) Designate your territory (CSC Franchise Agreement - Section 1 4

2) Assist with respect to selecting a showroom site (If you intend to conduct your business from a showroom) (CSC Franchise Agreement – Section 1 3, 4 2)

3) Assist you in negotiating a lease for the showroom site which you have selected The lease is subject to our approval or disapproval which generally shall be given within 30 days after you submit a written copy of the lease to us You should consult with an attorney who is experienced in reviewing leases for commercial locations (CSC Franchise Agreement – Section 1 3)

4) Upon approval by us of the showroom site which you select, we will provide you with advice, guidance and general layout (but not construction) plans for the showroom In constructing your showroom you must comply with all local building codes, ordinances and requirements and obtain all required building, health and sign permits and licenses You pay all costs for construction or remodeling the showroom (CSC Franchise Agreement - Sections 4 1 and 4 2)

5) Provide you with written specifications for all equipment, goods, products and supplies you will need in connection with your franchise business and provide you with an opening inventory of franchise products, design layouts and supplies (CSC Franchise Agreement - Sections 1 05 and 4 01)

6) Provide you with mandatory and suggested written standards, specifications, procedures and techniques to assist you in operating your business and developing financial records, internal controls, personnel policies, production methods and approve sources of supply This information shall be included in our confidential training and operations manual and any other manuals and written materials as we may develop in connection with the Franchised Business (the "Manual") The manuals supplied to you are confidential and remain our property We may modify these manuals, but a modification will not alter your status and rights under the franchise agreement (CSC Franchise Agreement - Section 4 01 (c)) Attached as Exhibit D-2 to this Disclosure Document is the table of contents of our Closet & Storage Concepts confidential training and operations manual as of the date of this Disclosure Document

Post-Opening Assistance

During the operation of your Closet & Storage Concepts business, we will

1 Occasionally conduct programs, seminars or conventions for the benefit of all franchisees Upon notification by us of any program, seminar or convention, you must attend These programs, seminars or conventions will be held at our New Jersey corporate headquarters or another location chosen by us You must pay for all travel and lodging expenses for you and your employees to attend these programs, seminars or conventions plus our then-current fee (CSC Franchise Agreement - Section 4 3)

2 Make available to you all improvements and additions to the franchise (CSC Franchise Agreement - Section 5 10)

3 Counsel and assist you about the management and operation of your business (CSC Franchise Agreement - Section 4 4)

4 If you require additional on-site management assistance over what is typically provided, we will attempt to provide you with assistance You must minimally pay to us out-of-pocket expenses such as travel, room, board, and living expenses for all persons, and we may additionally charge you our then current fee for each person sent (CSC Franchise Agreement §3 15)

5 From time to time purchase and place advertising promoting Closet & Storage Concepts franchisees and the franchise products and services sold by them at our sole discretion We may also provide advertising and promotional or informational materials to be used by franchisees You will pay us for the cost of the materials furnished by us plus a mark-up of twenty-percent (20%) to cover our shipping and handling costs The mark-up may result in a profit to us We shall make all decisions whether to use national, Internet or local advertising or a combination of national, Internet or local advertising and all decisions regarding the selection of a particular advertising medium and content We will pay for media costs, commissions and fees, production costs and other costs of advertising when it creates advertisement for all franchisees (CSC Franchise Agreement - Section 3 4)

6 Offer additional training to you and your management and supervisory personnel, including your designated manager (if you decide to employ a designated manager) which may be optional or mandatory (CSC Franchise Agreement - Section 4 3)

Advertising

We utilize in-store merchandising and point-of-purchase printed materials to promote Closet & Storage Concepts products and services in the franchise showroom We do not currently utilize broadcast media such as television and radio for advertising However, we use public relations programs as we deem necessary or appropriate Point-of-purchase marketing is done at the showroom level We use national marketing service firms for the production of our marketing materials and public relations development

We will direct all marketing and public relations programs with sole discretion over creative concepts, materials, endorsements and media use We will have the right to determine the composition of all geographic territories and market areas for the implementation of these programs We are not required to spend any specific amount of money for marketing/advertising in your particular market or area where your showroom is located We cannot and do not insure that you will benefit directly or pro-rata from the placement of any marketing or public relations program

We do not make use of advertising cooperatives, nor do we require that you join one We reserve the right to do so in the future You must spend the greater of (i) 7% of your monthly Gross Revenues or (ii) $2,500 00 (Two Thousand Five Hundred Dollars), per month, on Local Advertising If you operate more than one location in your Territory under a single Franchise Agreement, your Gross Revenues will be aggregated for the purpose of determining your Local Advertising requirement You may develop advertising materials for your own use at your own cost Unless you use advertising materials provided by us and follow our instructions using these advertising materials, you must obtain our approval in advance and in writing to use any advertising materials which you develop You must use our website in any advertising program you develop You will not be permitted to use either your own Internet domain name or your own website in your advertising program You may not use any marketing, promotion,

advertising or public relations materials that we have disapproved (CSC Franchise Agreement - Sections 3 9, See also Items 7 and 9 of this Disclosure Document for additional references to advertising)

Websites

You acknowledge and agree that any Website (including, but not limited to the Closet & Storage Concepts Website) constitutes "advertising" under our Franchise Agreement Any Website you develop or utilize must meet all other terms and conditions for advertising described in our Agreement For this purpose, a "**Website**" means interactive electronic documents, contained in a network of computers linked by communications software, that you operate or authorize others to operate that refers to your store, the CSC Proprietary Marks, us, and the Closet & Storage Concepts system The term Website also includes Internet, Intranet and World Wide Web home pages, Social Networking or e-mail address sites You must not establish any Website without our prior written approval of its form, content and information due to our substantial interest in protecting the CSC Proprietary Marks, the System and the Confidential Information We may require you to participate in a centralized Website operated by us, without any compensation to you We may refuse to permit you to operate or establish any website We reserve the right to establish one or more Internet, Intranet or other forms of e-commerce Websites, networks or communities for the purposes of promoting the development, growth, sales and solicitation of franchises, our establishing or participating in, and requiring or authorizing your participation in, or in connection with e-commerce, establishing purchasing, supply or referral programs, networks or communications in which you must participate, or monitoring your performance under our Agreement and other purposes we designate from time to time which we deem to promote the development and operation of the System We will establish and notify you of our establishment of Website policies and other forms of e-commerce policies, which will become part of our System Standards and be provided in the Manual or other written communication to you We own all right, title and interest in and to information compiled from, derived from or obtained by us via your or our use of Websites or our establishment of the Intranet, Internet or other forms of e-commerce networks or communities Any websites and/or email addresses created by us in conjunction with the CSC trademark, advertising, promotion of our product and/or store locations belong to us All domain names registered by us or by you in conjunction with the CSC trademarks belong to us

Computer Requirements

You must use a computer in the operation of your Closet & Storage Concepts business You do not have to use a specific brand or type of hardware or software Your computer system must have Internet access and e-mail capability including a functioning e-mail address for your business So long as your computer system continues to work properly and have Internet access and e-mail capability, you will not have to upgrade or update your computer hardware or software (See Item 7 of this Disclosure Document for the estimated cost of obtaining your hardware and software)

We have developed and implemented into the franchise system a web-based software program for management of customer relations and related activities You must use the software

in the operation of your franchise business and to input data regarding customer leads, average sales, closing percentages and related customer management information We will have full independent access to this data (CSC Franchise Agreement - Section 5 14) We currently require the use of Computer Aided Design ("CAD") Software Keys to be purchased from us The cost of the software is subject to change based on changes in software requirements and the software producer, and we presently estimate the costs at $1,800 per Key The required additional software must be purchased through an approved supplier and will range from $2,000 to $2,400

Operations Manual

During the term of the franchise agreement, we will loan to you one copy of an operations manual, which may consist of one or more manuals and other written materials (collectively, the "**Operations Manual**" or "**Manual**") containing mandatory and suggested formats, specifications, standards, methods and procedures prescribed by us periodically The table of contents of the Manual is disclosed as Exhibit D-2 The Manual currently contains 141 pages

TRAINING PROGRAM

TRAINING PROGRAM - Closet & Storage Concepts

Session 1 - Initial Training - Corporate Office Sales/Design & Store Operations

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction & Product Overview • Industry History • Competition • Brand/System Distinction • Design & Product Categories	4	0	Corporate Office (New Jersey)

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Design & Sales • Overview of Design & Sales Process • Role of the Designer/Salesperson • Measuring & Assessing Customer Needs • Design Techniques & Standards • Pricing of Jobs • Sales Process "The Sales Call" • Service Standards "The Customer Experience" • Building & Maintaining Professional Partnerships	16	12	Corporate Office (New Jersey)
CAD Design • Overview of CAD Program & Library • Role of CAD Operator • Software & Support	1	0	Corporate Office (New Jersey)
Operations & Administration • Operations Roles & Responsibilities • Lead & Job Scheduling Management (CRM System) • Employee Staffing & Human Resources • Vendor Relations	3	0	Corporate Office (New Jersey)/Remote calls or webinars
Marketing & Advertising • Overview of Marketing Strategy • Role of the Marketing Department • Marketing & Advertising Sources • Company Websites & Social Media • Marketing Materials & Signage	4	0	Corporate Office (New Jersey)/Remote Webinars

Session 2 - Initial Training - Corporate Office - Manufacturing & Installation

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Product Manufacturing & Installation • Overview of Manufacturing & Installation Process • Role of the Production & Installation Staff • Cut Lists & Product Ordering • Equipment Operation & Maintenance • Installation & Delivery • Quality Control • Vendor Relations • Inventory Management	16	16	Corporate Office (New Jersey)
Finance • Overview of Store Finance Structure • Quickbooks & Chart of Account • Expense Control & P/L Management • Benchmark Review • Royalty Reporting & Payments • Cost of Goods • Accounts Receivable Management	2	0	Corporate Office (New Jersey)/Remote webinars
Operations & Administration • Business Management & Reporting	2	0	Corporate Office (New Jersey)/Remote calls or webinars
Wrap Up • Showroom Design • Shop/Equipment Layout	4	0	Corporate Office (New Jersey)

Session 3 - Initial Training - On Site - Manufacturing Setup

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
• Equipment Setup & Testing • Manufacturing & Installation Training Review • Oversight of Warehouse Set Up & Inventory Organization • Support Ordering & Installation of Showroom Displays	20	20	At Franchise Location

Session 4 - Initial Training - On Site - Sales & Design Field Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
• Showroom Layout & Design • Sales & Design Training Review • Field Training – Sales (leads) & Design	20	20	At Franchise Location

You (or your Operating Principal if you are an entity) and your designated manager (if employed) must attend and successfully complete to our satisfaction the Closet & Storage Concepts training course If we determine that you and/or your designated manager are unable to successfully complete the training course, we have the right to terminate the Franchise Agreement (CSC Franchise Agreement - Section 4 4)

We do not charge for this training for up to the initial three (3) people You must pay the travel and living expenses for you and your employees The instructional materials consist of our Training and Operations Manual and demonstrations and practice Initial training will be conducted by Dawn Smith, Gary Berthel, Tim Albert and Jason Friedley Dawn has been our Director of Operations since 2007 Gary has been our National Production Training Manager since 2000 Tim has been our National Sales Training Manager since January, 2012 Jason has been the Director of CAD/IT Services since 2011 All training sessions begin at approximately 9 A M All training occurs at our New Jersey location and/or at a Franchised Business location (Franchise Agreement - Section 4 4)

We reserve the right to offer refresher courses and supplemental training programs, which may be optional or mandatory, from time to time You shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending any refresher or supplemental training You

shall pay our then-current tuition for any individual attending refresher courses or supplemental training (Franchise Agreement - Section 4 4)

If we decide you are not ready to begin the management of your franchise, we may require you to complete refresher or supplemental training We, at our sole discretion, may allow you to be excluded from certain portions of the training program based upon your ability which we may test by a written or verbal testing of your knowledge about our systems, performing certain aspects of the operation of a unit, or based upon your experience (Franchise Agreement - Section 4 4)

Site Selection Method

If you intend to conduct your business from a showroom, you must select an acceptable site within your Territory within 120 days after you sign the Franchise Agreement Your site must be at least 3,000 square feet in area We generally will approve or disapprove of the site within 60 days after we receive notice of and information about the location

Neither our assistance in evaluating the site, nor our approval of the site are a guarantee or representation of the likelihood of success or profitability of your Closet & Storage Concepts business In evaluating the site, you may inspect the site and may consider the lease obligations, population, demographic characteristics, traffic patterns, parking, character and attractiveness of the neighborhood, competing outlets and the proximity to those outlets, other Closet & Storage Concepts and More Space Place locations and other businesses The risks associated with the selection of a location are yours, and we make no representation or warranty of any kind as to the suitability of the proposed site for your Franchised Business location or for any other purpose Our approval indicates that we believe that the particular site falls within its criteria at the time we conducted our evaluation

You must independently evaluate and investigate the proposed site, observing customer traffic patterns near the location at different times of the day and on different days of the week and speaking with other tenants near the location under consideration You should not rely on information from us in making your decision of whether to accept the location We must approve the site before you enter into lease negotiations (CSC Franchise Agreement – Section 1 3)

If you fail to obtain a site for the showroom which is acceptable to us in the time period required, we may terminate the Franchise Agreement (CSC Franchise Agreement - Section 1 3)

Time to Opening

You must complete the development of and open the Franchised Business by the earlier to occur of, (i) 120 days after the date of execution of the Business Location Agreement for the premises, or (ii) within 240 days after the date of the execution of the Franchise Agreement In our sole discretion, we may grant you one extension of up to 120 days We estimate that the length of time between signing the lease and the opening of the Franchised Business is about 90 to 120

days depending upon the amount of changes you request to be made to our designs and the amount of construction needed The factors that affect this time are the ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages and delayed installation of equipment, fixtures and signs You are responsible for providing us, and you may not open the franchise for business until (1) we approve the location as developed according to our specifications and standards, (2) pre-opening training has been completed to our satisfaction, (3) the initial franchise fee and all other amounts then due to us have been paid, and (4) we have been furnished with copies of all required documents, including evidence of all applicable permits, insurance coverage and payment of premiums as we request

The time period for opening the business includes site selection and approval, site renovations and remodeling, permitting, training and set-up for operations

ITEM 12 - TERRITORY

MORE SPACE PLACE

The Franchise Agreement is granted for a protected territory (the "Territory"), which is identified and approved by us, as an attachment to the Franchise Agreement (as part of Exhibit "B") We will grant to you the right to operate one Franchised Business only at a specific location, which has been previously approved by us, within the Territory under the Franchise Agreement We will not ourselves, nor grant the right to any other party, own or operate a More Space Place® franchise within the Territory The Territory will be an area determined by us containing an estimated minimum population of at least one hundred and fifty thousand (150,000) people and will be described by us in a way that we will determine, by geographical boundaries, political subdivisions, streets and highways, distances or postal zip codes Unless you fail to open within the time periods, agreed to in the Franchise Agreement, we will not alter the Territory throughout the term of the Franchise Agreement There is no minimum sales quota required to retain the rights to the Territory and you maintain rights to your area even if the population increases

You are not limited to providing products and services to customers located only inside of your Territory However, you may not advertise for or solicit for orders outside of your Territory, (except through the NAP) If you are providing products or services within another franchisee's Territory, it is a violation of the Franchise Agreement if you do not notify us and the affected franchisee before the sale occurs In our sole discretion, you may be required to cooperate with that franchisee, share in the installation, share any financial compensation, or give the job to the other franchisee

We do not offer franchisees any option, right of first refusal or any similar right to acquire additional franchises within the Territory or contiguous territories

CLOSET & STORAGE CONCEPTS

You will receive a protected territory identified in the Franchise Agreement in which to

operate your Closet & Storage Concepts business (the "Territory") We have not established a minimum Territory to be granted to each franchisee The designation of a protected territory will vary from location to location and will depend upon population density (which will affect the amount of the Initial Franchise Fee and the Royalty you will pay), demographics, area, geographic size of counties or other governmental subdivisions in a particular trading area and proximity of competition You are permitted to operate only one location in the Territory

You are not permitted to operate your business at any location outside of the Territory You are not permitted to establish additional locations in a contiguous territory You will not be permitted to establish additional locations within your Territory without first obtaining our prior written consent Before we will give this permission, we must determine that your Territory will support one or more additional locations If we make this determination, you will have the right to establish an additional location under the procedures in the Franchise Agreement which you followed to establish your initial location

You will not receive an exclusive territory You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control If we independently determine that your Territory will support an additional location and the opening of this additional location is desirable, you will have a 90 day right of first refusal to open the additional location If you decide to open the additional location, you must open the location within 3 months after you make your decision under the procedures in the Franchise Agreement which you followed to establish your initial location If within the 90 day period you decide not to open the additional location or, after you make a decision to open, you fail to open the additional location within 3 months, we will have the right to offer the additional location in your Territory to another prospective franchisee or to operate a company business at the additional location The Franchise Agreement, will apply to each additional location that you establish For purposes of determining Royalty fee and Local Advertising payments, Gross Revenues from all of your locations within a single Territory will be aggregated

Except where we make a determination that your Territory will support additional locations (for which you will have the right of first refusal) or in a situation where you purchase a territory of under 1,000,000 individuals as described below, we will not (a) operate a business, (b) solicit customers, (c) grant franchises to operate a business similar to yours using the CSC Proprietary Marks or trade names or (d) permit other CSC franchisees to solicit customers within your protected territory

Although you are not restricted as to the customers you may serve at your location, you are not permitted to solicit customers or operate a business located outside your Territory

In certain situations an exception may apply to the protected Territory granted to you If you are purchasing a territory with a population of less than 1,000,000 individuals, you may be granted a Territory within or over-lapping the Territory of a CSC franchise having a population in excess of 1,000,000 individuals with the consent of the CSC franchisee This larger CSC franchise will be permitted to solicit customers from within your Territory You may face competition from this larger CSC franchise No other CSC franchisee will have this right You

will be able to solicit customers from within the Territory granted to the larger CSC franchise but not from within the Territory granted to any other CSC franchisee

You do not have to meet minimum sales quotas in order to maintain your rights to the Territory Except as described in this Item 12, CSC will not modify your territorial rights

Except as otherwise set forth above, we do not offer franchisees any option, right of first refusal or any similar right to acquire additional franchises within the Territory or contiguous territories

OTHER TERRITORIAL RIGHTS

Relocation Rights

The Franchise Agreement grants you the right to operate one More Space Place or Closet & Storage Concepts business at the specific location identified in the Franchise Agreement or subsequently identified and mutually acceptable to both you and us If the lease term is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the premises of the Franchised Business, you must relocate your Franchised Business to a site mutually acceptable to you and us in order to complete the balance of the term of the Franchise Agreement You must give us notice of your intent to relocate, must procure a site acceptable to us within 60 days after closing the prior location, and must open the new location for business within 180 days of closing the previous one We may or may not agree to such relocation based upon various criteria including but not limited to area demographics, estimated market demand and proximity to other Closet & Storage Concepts or More Space Place businesses If you fail to comply with the relocation requirements, we may terminate the Franchise Agreement

Rights We Retain

Whether you operate a More Space Place or Closet & Storage Concepts Business, you have no right to distribute any products or services offered by your Franchised Business through any alternate channels of distribution

We and/or our affiliates reserve all other rights with respect to your Territory, which include but are not limited to (i) the right to own, operate, franchise or license, both within and outside the Territory, businesses of any type operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by your Franchised Business, and (ii) the right to distribute products and services in alternative channels of distribution both within and outside the Territory, (which alternative channels of distribution includes but is not limited to sales of products at or through club stores, specialty stores, in addition to sales of products by mail order, catalog, or via the internet, and any similar outlets or distribution methods) We and our affiliates are under no obligation to pay you and compensation for selling similar products or services through other channels of distribution under the same and/or different proprietary marks within the Territory

We and/or our affiliates retain the right to use and to license others to use the System for the operation and licensing of other More Space Place or Closet & Storage Concept businesses at any locations outside of the Territory

ITEM 13 TRADEMARKS

If you purchase a More Space Place franchise, the following is a list of all of the principal trademarks that we will currently license to you (the "MSP Proprietary Marks") Except where indicated, the following principal Marks have been registered with the U S Patent and Trademark Office ("USPTO") on the Principal Register

Mark	Registration/Serial Number	Registration Date
More Space Place	2873437	August 17, 2004
More Space Place (and Design)	2907818	December 7, 2004
America's Murphy Bed Store	2968908 (Supplemental Registry)	July 12, 2005
INVISI-BORE	4189204	August 14, 2012
WALL BED DOCTORS	4311745	April 2, 2013
Make Room for Life	4660379	December 23, 2014
WE MAKE ROOM FOR LIVING	4490620	March 4, 2014
MORE SPACE PLACE (plus design)	4494104	March 11, 2014
MORE SPACE PLACE	4474498	January 28, 2014
AMERICA'S MURPHY BED STORE	4954467	May 10, 2016
MURPHY BED CENTER (and Design)	(serial) 87155768	Pending
Design of Wall Mounted Bed	(serial) 87155800	Pending
GOT SPACE?	(serial) 87183523	Pending

If you purchase a Closet & Storage Concepts franchise, the following is a list of all of the principal trademarks that we will currently license to you (the "CSC Proprietary Marks") The following principal Marks have been registered with the U S Patent and Trademark Office ("USPTO") on the Principal Register

Mark	Registration Number	Registration Date
Closet & Storage Concepts	2320421	February 22, 2000
Closet & Storage Concepts (plus design)	4271254	January 8, 2013
Conquer Closet Clutter	2295417	November 30, 1999
GETTING ORGANIZED IS ALWAYS IN STYLE	3033795	December 27, 2005
GETTING ORGANIZED IS ALWAYS IN STYLE!	5094072	December 6, 2016
GOT SPACE?	(serial) 87183523	Pending

As noted above, we do not currently have a federal registration for all of our Marks Therefore, some of our Marks do not have as many legal benefits and rights as those with federal registration If your right to use these Marks is challenged, you may have to cease using them, which may increase your expenses

The MSP Proprietary Marks and the CSC Proprietary Marks are collectively referred to as the "Proprietary Marks" We also own and claim common law trademark rights in the trade dress used in your Franchised Business Our common law trademark rights and trade dress are also included as part of the Proprietary Marks All required affidavits and renewals pertaining to the Proprietary Marks have been filed There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to the franchise

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Proprietary Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Proprietary Marks

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement You may have the right to potentially use future trademarks that we may subsequently license to you You will only use the Proprietary Marks as we authorize In using the Proprietary Marks, you must strictly follow our rules, standards, specifications, requirements and instructions which may be modified by us in our discretion All goodwill associated with the Proprietary Marks remains our exclusive property You may not use the Proprietary Marks with any unauthorized product or service or in any way not explicitly authorized by the Franchise Agreement or that we may otherwise approve When your Franchise Agreement expires or terminates, all rights for you to use the Proprietary Marks shall cease and you shall not maintain any rights to use any Proprietary Mark

You cannot use the Proprietary Marks (or any variation of the Proprietary Marks) as part of a corporate name or with modifying words, designs or symbols except for those which we license to you You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us You may not apply for any trademark

In the event of any infringement of, or challenge to, your use of any of the Proprietary Marks, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your conforming use of the Proprietary Marks in accordance with the Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim We reserve the right, under the Franchise Agreement, to substitute different Proprietary Marks for use in identifying the System and the businesses operating under the System if the current Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different Proprietary

Marks will be beneficial to the System If we substitute any of the Proprietary Marks, you must bear the cost and expense of all substitutions at your Approved Location (for example, changing signage, business cards, etc)

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered copyrights or patents which are material to the franchise, but claim common law protection for many aspects of our business including, without limitation, our Operations Manual and other manuals, advertising and promotional material, and training materials and programs

You do not acquire any interest in our confidential information, other than the right to utilize it in the operation of your Franchised Business during the term of the Franchise Agreement You may never during the Term, including any renewal, of the Franchise Agreement, or after the Franchise Agreement expires or is terminated, reveal any of our confidential information to another person or entity, or use our confidential information for the benefit of any other person or entity You may not copy, record or otherwise reproduce any of our confidential information except as we may authorize All persons affiliated with you including your officers, directors, partners, shareholders, members, managers and employees and the members of those persons' immediate families, must execute a Confidentiality Agreement in the form we require Our current form of Confidentiality Agreement is attached as Exhibit 3 to the Franchise Agreement

Our confidential information includes, but is not limited to the production, preparation (including but not limited to specifications, checklists and techniques), equipment, merchandising, marketing, displaying, and pricing for any of the products or services sold or distributed through the System It also includes our methods of business practices and management, Operations Manual and other manuals, advertising and promotional material, and training materials and programs

All new products, items, services and other developments, whether they be of our original design or variations of existing services or techniques or your original design or variations of existing services or techniques, will be deemed works made for hire and we will own all rights in them If they do not qualify as works made for hire, you will assign ownership to us under the Franchise Agreement You will not receive any payment or adjustment in connection with any new products, items, services or developments

We will own all business records with respect to customers of your Franchised Business, including any databases (whether in print, electronic or other form), including all names, addresses, telephone numbers, e-mail addresses, customer purchase records, and all other similar records that you create and maintain in connection with the operation of your Franchised Business At all times during and after the termination or expiration of your franchise agreement, we may access such business records and may utilize, transfer or analyze such records as we determine, in our sole discretion, to be in the best interest of the System

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

We strongly recommend that you personally participate in the operation of your Franchised Business The Franchised Business must be operated by either yourself (if an individual), one of your principal owners (if you are an entity) or a designated manager Both the franchisee and the designated manager must satisfactorily attend and complete our training program Personal attention by you and/or the designated manager is critical to the success of your Franchised Business Your designated manager need not have any equity interest in the franchise Either you or your designated manager must furnish full-time attention and best efforts to the management of the Franchised Business and personally supervise the Franchised Business

You may not change or otherwise replace the designated manager of your Franchised Business without our prior written approval If your relationship with your designated manager terminates or materially changes, you will be required to promptly designate a new designated manager Any replacement designated manager is subject to our prior written approval, and he or she must successfully complete our initial training program before being responsible for the day to day management of your Franchised Business You must pay the charges that we establish for training programs furnished to any individual who replaces a previously trained designated manager

You will disclose to your designated manager only the information needed to operate the Franchised Business and the designated manager will be advised that any confidential information is our trade secret

In addition, your designated manager will be required to execute our Confidentiality Agreement Our current form of Confidentiality Agreement is attached as Exhibit 3 to the Franchise Agreement

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your franchise is limited to one location We require you to limit your business to the operation of the Franchised Business You may not conduct any other business or activity at the Approved Location without our prior written permission You may only sell products at retail and may not engage in the wholesale sale or distribution of any product You are not permitted to sell or distribute any products through the use of the Internet or any other channel of distribution, other than your Approved Location

You may only offer or sell products and services that are approved by us and must offer for sale certain products and services as designated by us We may add, delete or alter approved products and services that you are required or allowed to offer in our reasonable discretion

There are no limits on our right to do so You must discontinue selling and offering any products, services or items that we, in our sole discretion, disapprove in writing at any time On a case-by-case basis, we may allow you or other franchisees to offer additional services, products or programs that are not otherwise part of the franchise System We will decide which franchisees can offer additional services and products based on test marketing, the franchisees' qualifications and operational history, differences in regional or local markets and other factors

We have the right to set restrictions on the pricing of all products and services that are sold or distributed

In offering products for sale, you may only use products, materials, supplies, uniforms, fixtures, furnishings, signs and equipment approved by us and must follow exact methods of product preparation and installation that meet our requirements You may not deviate from our requirements, standards or specifications without our prior written consent

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise and related agreements You should read these provisions in the agreements attached to this Disclosure Document

THE FRANCHISE RELATIONSHIP

MORE SPACE PLACE FRANCHISE AGREEMENT			
	Provision	Section in Franchise Agreement	Summary
a	Term of franchise	2 1	10 years
b	Renewal or extension of the term	2 2	You have the right to renew the franchise for an additional 10-year term

MORE SPACE PLACE FRANCHISE AGREEMENT			
	Provision	**Section in Franchise Agreement**	**Summary**
c	Requirements for you to renew or extend	2 2	You may renew if you (i) have notified us of your election to renew not less than six (6) months, nor more than twelve (12) months before the expiration of the franchise agreement(s), (ii) have the right to lease the premises for an additional 10 years (or have secured substitute premises), (iii) have completed all maintenance and refurbishing required by us, (iv) are not in default of any agreement between you and us or our affiliates, have not been in material default during the Term and have substantially complied with all agreements during their term, (v) have satisfied all monetary obligations owed to us and/or our affiliates, (vi) have executed our then-current form of Franchise Agreement, (vii) have executed a release of any and all claims against us, our affiliates, and our shareholders, officers, directors, agents, employees, attorneys and accountants arising out of or related to the Franchise Agreement or any related agreement, and (viii) paid the renewal fee If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights
d	Termination by you	9 1	You must give us 90 days written notice to cure any default within 60 days of the event or circumstances giving rise to the breach You must be in material compliance If we fail to cure any material breach within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach
e	Termination by Franchisor without cause	No provision	Not applicable

MORE SPACE PLACE FRANCHISE AGREEMENT			
	Provision	**Section in Franchise Agreement**	**Summary**
f	Termination by Franchisor with cause	9 2	We have the right to terminate the Franchise Agreement with cause Depending upon the reason for termination, We do not have to provide you an opportunity to cure See this Item 17(g) and (h) for further description
g	Cause defined-default which can be cured	8 2 1	We have the right to terminate the Franchise Agreement, (i) after a 7 day cure period if your failure to comply with the Franchise Agreement relates to the Proprietary Marks, (ii) after a 7-day cure period or time permitted by an agency citation if shorter, if a threat or danger to the public health or safety exists, except you must correct violation immediately if it is possible to do so, (iii) after a 15-day cure period upon your failure to pay any sums owed to us or our affiliate, or (iv) after a 30 day cure period upon your failure to pay any sums owed to a third party other than us or our affiliates or upon your failure to comply with any other provision not listed above or listed below as a non-curable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach
h	Cause defined – default which cannot be cured	8 2 2	We have the right to terminate the Franchise Agreement without providing you an opportunity to cure if (i) you commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Franchised Business, or goodwill of the Proprietary Marks, (ii) you are convicted or plea of guilty or nolo contendre of a felony, (iii) you commit fraud in the operation of your Franchised Business, (iv) you misrepresent yourself in any way (including through omission of information) in connection with your franchise application, (v) you file for bankruptcy or are adjudicated a bankrupt, (vi) insolvency proceedings are commenced against you, (vii) you are the subject of a lien, (viii) you

			become insolvent, (ix) you or your principals materially breach any other agreements with us or our affiliates, (x) we send you 3 or more written notices to cure within one 12-month period, (xi) you intentionally underreport or misstate any information required to be reported to us, (xii) you voluntarily or otherwise abandon the Franchised Business, (xiii) you fail to open the Franchised Business, (xiv) you lose the right to occupy the Premises of your Approved Location as a result of a breach of your lease agreement, (xv) you use the Confidential Information in an un-authorized manner, (xvi) you fail to maintain insurance, and (xvii) any unauthorized transfer
i	Your obligations on termination/non-renewal	10 1	You must cease operation of the Franchised Business, pay all unpaid fees, discontinue using the Proprietary Marks, return the Operations Manual and all other confidential information to , transfer your business telephone numbers to us or our designee, surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks and all items which are part of the System trade dress, sell to us any furnishings, equipment, signs or fixtures which we elect to purchase, and, at our option, assign to us any interest you have in the lease or sublease for the Franchised Business's premises or, in the event we do not elect to exercise our option to acquire the lease, modify or alter the Franchised Business's premises as may be necessary to distinguish it from a More Space Place outlet under the System, assign us all customer contracts and deposit monies, cease to hold yourself out as a franchisee, cancel any assumed names containing the Proprietary Marks, permit final inspection of books and records, comply with post termination restrictive covenants
j	Assignment of contract by Franchisor	8 6	We have the unrestricted right to sell, transfer, assign and/or encumber all or any part of our interest in the Franchise Agreement or ourselves
k	"Transfer" by you – definition	8 3	A sale, transfer or assignment is deemed to occur if (i) you are a corporation or limited liability company, upon any assignment, sale, pledge or transfer or increase of 20% or more of your voting stock, any increase in the number of outstanding

			voting shares which result in a change of ownership of 20% or more of the total voting stock, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of your voting stock, (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership interest
l	Franchisor's approval of transfer by franchisee	8 1	You may not sell, transfer, assign or encumber your interest in the Franchised Business or your rights under the Franchise Agreement without our prior written consent
m	Condition for Franchisor's approval of transfer	8 3 2	Approval to sell or transfer your franchise may be conditioned upon the following (i) satisfaction of all monetary obligations to us, our affiliates, or suppliers, (ii) the timely cure of all existing defaults under the Franchise Agreement, (iii) execution of a general release, and (iv) providing us with a copy of the executed purchase agreement relating to the proposed transfer The proposed transferee must have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, has the aptitude to operate the Franchised Business and has adequate financial resources to conduct the business The transferee must have executed our then-current Franchise Agreement, you or the transferee have paid to us the transfer fee, and the transferee and its designated manager must have completed our initial training program Your post-termination covenants will remain
n	Franchisor's right of first refusal to acquire your business	8 3 1	If you propose to transfer or assign 20% or more of your interest in the Franchise Agreement or the Franchised Business to a third party, you must first offer us the option to purchase your franchise upon the same terms as those offered by the third party
o	Franchisor's option to purchase your business	10 1 7	If the Franchise Agreement is terminated, we have the limited right to purchase usable inventory and any items containing the Proprietary Marks at the lesser of cost or its then-current value

p	Your death or disability	8 2	If you die or become disabled or incapacitated, your executor, heir or legal representative must obtain approval to continue as the franchisee within 180 days from the date of your death, disability or incapacity
q	Non-competition covenants during the term of the franchise	7 4 1	Neither you nor your partners, shareholders, members or managers, nor immediate family members may have any interest in any other business which principally offers or sells the products and/or services offered by More Space Place System locations (a "Competing Business")
r	Non-competition covenants after the franchise is terminated or expires	7 4 2	The Franchise Agreement limits your right and the rights of your partners, shareholders, members, managers and immediate family members, for 2 years following the date of the expiration and non-renewal, transfer or termination of the Franchise Agreement (i) to own, engage in, be employed or have any interest in any Competing Business inside the Territory, within 20 miles of the Territory, or within 20 miles of any other More Space Place and Closet & Storage Concepts territories, (ii) to solicit business from former customers of your Franchised Business for any competitive business purpose or to solicit employees of us, our affiliates or other System franchisees, or (iii) to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us
s	Modification of this agreement	12 1	The Franchise Agreement may only be modified by written amendment signed by both parties
t	Integration/merger clauses	12 1	The Franchise Agreement is the entire agreement between the parties
u	Dispute resolution by arbitration or mediation	No Provision	Not applicable
v	Choice of forum	12 2	All actions must be commenced in the Courts of Camden County, New Jersey, or the United States District Court, District of New Jersey (subject to applicable state law)
w	Choice of law	12 2	New Jersey law applies (subject to applicable state law)

CLOSET & STORAGE CONCEPTS FRANCHISE AGREEMENT			
	Provision	**Section in Franchise Agreement**	**Summary**
a	Term of franchise	9 01	10 years
b	Renewal or extension of the term	9 02	If you are not in default under the franchise agreement and you notify CSC not less than six (6) months, nor more than twelve (12) months before the expiration of the franchise agreement(s), pay the renewal fee and meet all conditions to obtain the renewal before expiration you can renew the term for an additional 10 years
c	Requirements for you to renew or extend	9 05	Have satisfied all monetary obligations, sign a new franchise agreement which may contain materially different terms and conditions than your original agreement, pay fee, remodel, obtain necessary licenses, execute a release and renew lease or sign a lease for new location
d	Termination by you	8 01	You must give us 90 days written notice to cure any default within 60 days of the event or circumstances giving rise to the breach You must be in material compliance If we fail to cure any material breach within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach
e	Termination by Franchisor without cause	No provision	Not applicable
f	Termination by Franchisor with cause	Sections 8 02 and 8 05	We have the right to terminate the Franchise Agreement with cause Depending upon the reason for termination, We do not have to provide you an opportunity to cure See this Item 17(g) and (h) for further description
g	Cause defined – default which can be cured	Sections 8 2 1	We have the right to terminate the Franchise Agreement, (i) after a 7 day cure period if your failure to comply with the Franchise Agreement relates to the Proprietary Marks, (ii) after a 7-day cure period or time permitted by an agency citation if shorter, if a threat or danger to the public health or safety exists, except you must correct violation immediately if it is possible to

CLOSET & STORAGE CONCEPTS FRANCHISE AGREEMENT			
	Provision	**Section in Franchise Agreement**	**Summary**
			do so, (iii) after a 15-day cure period upon your failure to pay any sums owed to us or our affiliate, or (iv) after a 30 day cure period upon your failure to pay any sums owed to a third party other than us or our affiliates or upon your failure to comply with any other provision not listed above or listed below as a non-curable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach
h	Cause defined – default which cannot be cured	Sections 8 2 2	We have the right to terminate the Franchise Agreement without providing you an opportunity to cure if (i) you commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Franchised Business, or goodwill of the Proprietary Marks, (ii) you are convicted or plea of guilty or nolo contendre of a felony, (iii) you commit fraud in the operation of your Franchised Business, (iv) you misrepresent yourself in any way (including through omission of information) in connection with your franchise application, (v) you file for bankruptcy or are adjudicated a bankrupt, (vi) insolvency proceedings are commenced against you, (vii) you are the subject of a lien, (viii) you become insolvent, (ix) you or your principals materially breach any other agreements with us or our affiliates, (x) we send you 3 or more written notices to cure within one 12-month period, (xi) you intentionally underreport or misstate any information required to be reported to us, (xii) you voluntarily or otherwise abandon the Franchised Business, (xiii) you fail to open the Franchised Business, (xiv) you lose the right to occupy the Premises of your Approved Location as a result of a breach of your lease agreement, (xv) you use the Confidential Information in an un-authorized manner, (xvi) you fail to maintain insurance, and (xvii) any unauthorized transfer

i	Your obligations on termination/non-renewal	8 07	You must cease operation of the Franchised Business, pay all unpaid fees, discontinue using the Proprietary Marks, return the Operations Manual and all other confidential information to , transfer your business telephone numbers to us or our designee, surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks and all items which are part of the System trade dress, sell to us any furnishings, equipment, signs or fixtures which we elect to purchase, and, at our option, assign to us any interest you have in the lease or sublease for the Franchised Business's premises or, in the event we do not elect to exercise our option to acquire the lease, modify or alter the Franchised Business's premises as may be necessary to distinguish it from a Closet & Storage Concepts outlet under the System, assign us all customer contracts and deposit monies, cease to hold yourself out as a franchisee, cancel any assumed names containing the Proprietary Marks, permit final inspection of books and records, comply with post termination restrictive covenants
j	Assignment of contract by Franchisor	7 11	We have the unrestricted right to sell, transfer, assign and/or encumber all or any part of our interest in the Franchise Agreement or ourselves
k	"Transfer" by you – definition	7 01	A sale, transfer or assignment is deemed to occur if (i) you are a corporation or limited liability company, upon any assignment, sale, pledge or transfer or increase of 20% or more of your voting stock, any increase in the number of outstanding voting shares which result in a change of ownership of 20% or more of the total voting stock, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of your voting stock, (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership interest
l	Franchisor's approval of transfer by franchisee	Sections 7 02, 7 03, 7 04 and	You may not sell, transfer, assign or encumber your interest in the Franchised Business or your rights under the Franchise Agreement without our

		7 06	prior written consent
m	Condition for Franchisor's approval of transfer	Sections 7 02, 7 04, 7 05 and 7 06	Approval to sell or transfer your franchise may be conditioned upon the following (i) satisfaction of all monetary obligations to us, our affiliates, or suppliers, (ii) the timely cure of all existing defaults under the Franchise Agreement, (iii) execution of a general release, and (iv) providing us with a copy of the executed purchase agreement relating to the proposed transfer The proposed transferee must have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, has the aptitude to operate the Franchised Business and has adequate financial resources to conduct the business The transferee must have executed our then-current Franchise Agreement, you or the transferee have paid to us the transfer fee, and the transferee and its designated manager must have completed our initial training program You must adhere to all post termination covenants
n	Franchisor's right of first refusal to acquire your business	7 03	If you propose to transfer or assign 20% or more of your interest in the Franchise Agreement or the Franchised Business to a third party, you must first offer us the option to purchase your franchise upon the same terms as those offered by the third party
o	Franchisor's option to purchase your business	8 07	If the franchise is terminated we have the option to purchase from you all or any part of your inventory of genuine franchise products as we shall decide at the current price being charged by us for such products less reasonable allowance for restoration, obsolescence or deterioration
p	Your death or disability	7 07	If you die or become disabled or incapacitated, your executor, heir or legal representative must obtain approval to continue as the franchisee within 180 days from the date of your death, disability or incapacity
r	Non-competition covenants after the franchise is terminated or expires	3 04	The Franchise Agreement limits your right and the rights of your partners, shareholders, members, managers and immediate family members, for 2 years following the date of the expiration and non-renewal, transfer or termination of the Franchise Agreement (i) to own, engage in, be employed or have any interest in any Competing Business inside the Territory, within 20 miles of the Territory, or within 20 miles of other Closet & Storage

			Concepts and More Space Place Territories, (ii) to solicit business from former customers of your Franchised Business for any competitive business purpose or to solicit employees of us, our affiliates or other System franchisees, or (iii) to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us
s	Modification of this agreement	10 9	The Franchise Agreement may only be modified by written amendment signed by both parties
t	Integration/merger clauses	10 9	The Franchise Agreement is the entire agreement between the parties
u	Dispute resolution by arbitration or mediation	8 09	Disputes about default and/or termination must be arbitrated in Camden County, New Jersey
v	Choice of forum	10 11	Litigation must be commenced in the Courts of Camden County, New Jersey, or the United States District Court, District of New Jersey (subject to applicable state law)
w	Choice of law	10 11	New Jersey law applies (subject to applicable state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote Franchises

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 this 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

MORE SPACE PLACE

As of December 31, 2015, there were twenty-eight More Space Place locations operating in the United States All were franchisee owned and operated and purchased all products ready to install from us The data presented in this section represents the performance of eight franchised locations (all franchisees received questionnaires eight responded) that supplied all of the financial data for the twelve months of January- December 2015 required in these charts

Each of the locations included was in operation for the full twelve months of 2015

System Average	2015 Average	Median	% of Franchisees Who Attained or Surpassed the Average	# of Franchisees Who Attained or Surpassed the Average	Percent of Revenues
Revenues	$ 1,194,097	$819,731	38%	3	100 0%
Cost of Sales	$ 441,012	$346,339	38%	3	36 9%
Gross Margin	$ 753,085	$473,382	38%	3	63 1%
Overhead Costs	$ 573,318	$388,540	38%	3	48 0%
EBITDA	$ 179,767	$87,262	38%	3	15 1%

For the year ended December 31, 2015, the range of individual unit performance was as follows

	Highest Performance By Category	**Lowest Performance By Category**
Revenues	$ 2,333,666	$ 402,414
Gross Margin	$ 1,584,699	$ 212,722
Gross Margin %	67 9%	52 9%
EBITDA %	21 1%	8 5%

The information presented in this Item 19 is unaudited It should not be considered to be the actual or probable revenues that you will experience, and your results may differ Actual results will vary from franchisee to franchisee Factors such as the length of time the location has been open, location, demographics, the franchisee's prior business experience, the franchisee's marketing efforts, the franchisee's cost controls and others will have an effect on your individual results

The profits reflected in the above table do not necessarily reflect all operating expenses relevant to a franchised business Royalty and advertising expenses are considered They do not include, for example, taxes, interest charges, or owner compensation When preparing a pro forma for your franchised location, you will have to identify and plan for these additional expenses

Written substantiation for the representations in this Item 19 will be made available to a prospective franchisee upon reasonable request

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CLOSET & STORAGE CONCEPTS

As of December 31, 2015, there were seven Closet & Storage Concepts locations operating in markets with a population in excess of 1,000,000, all located in the United States Of these seven US locations, six were franchised, one was company owned and operated The data presented in this section represents the performance of three franchised locations (six franchisees received questionnaires three responded) that supplied all of the financial data for the twelve months of January- December 2015 required in these charts All manufactured their own products for sale to consumers

Each of the locations included was in operation for the full twelve months of 2015 Each location has been in operation for at least six years as of December 31, 2015 and each is considered to be a mature business

System Average	2015 Average	Median	% of Franchisees Who Attained or Surpassed the Average	# of Franchisees Who Attained or Surpassed the Average	Percent of Revenues
Revenues	$ 1,811,208	$1,907,701	66 7%	2	100 0%
Cost of Sales	$ 473,938	$511,942	66 7%	2	26 2%
Gross Margin	$ 1,337,271	$1,395,759	66 7%	2	73 8%
Overhead Costs	$ 968,448	$936,414	66 7%	2	53 4%
EBITDA	$ 368,823	$428,633	66 7%	2	20 4%

The following table summarizes certain average advertising performance measurements for the locations included in the above for the year ended December 31, 2015

	2015 Average	**Median**	**% of Franchisees Who Attained or Surpassed the Average**	**# of Franchisees Who Attained or Surpassed the Average**
Advertising Cost	$68,167	$53,614	66 7%	2
Number of Appointments	896	784	66 7%	2
Number of Sales	548	475	66 7%	2
Closing Rate	61 2%	60 6%	66 7%	2
Average Sale	$3,305	$3,069	66 7%	2

For the year ended December 31, 2015, the range of individual unit performance was as follows

	Highest Performance By Category	**Lowest Performance By Category**
Revenues	$ 2,123,217	$ 1,402,708
Gross Margin	$ 1,497,638	$ 1,118,414
EBITDA	$ 459,345	$ 218,491
Gross Margin %	79 7%	70 5%
EBITDA %	30 6%	10 3%

Some outlets have earned this amount Your individual results may differ There is no assurance that you'll earn as much

The information presented in this Item 19 is unaudited

The profits reflected in the above table do not necessarily reflect all operating expenses relevant to a franchised business Royalty and advertising expenses are considered They do not include, for example, taxes, interest charges, or owner compensation When preparing a pro forma for your franchised location, you will have to identify and plan for these additional expenses

Written substantiation for the representations in this Item 19 will be made available to a prospective franchisee upon reasonable request

Other than the preceding financial performance representation, Closets Unlimited of New Jersey, Inc does 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 outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Robert Lewis, 436 Commerce Lane, Suite D, West Berlin, NJ 08091, (856) 627-5700, the Federal Trade Commission and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
System wide Outlet Summary for Fiscal Years Ended December 31, 2014, December 31, 2015 & December 31, 2016

MORE SPACE PLACE				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	29	28	-1
	2015	28	27	-1
	2016	27	27	0
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Total Outlets	2014	29	28	-1
	2015	28	27	-1
	2016	27	27	0

TABLE 1
Systemwide Outlet Summary for Fiscal Years Ended December 31, 2014, December 31, 2015 & December 31, 2016

CLOSET & STORAGE CONCEPTS				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	6	6	0
	2015	6	7	+1
	2016	7	9	+2
Company-Owned	2014	3	3	0
	2015	3	3	0
	2016	3	3	0
Total Outlets	2014	9	9	0
	2015	9	10	+1
	2016	10	12	+2

TABLE 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Fiscal Years Ended December 31, 2014, December 31, 2015 & December 31, 2016

MORE SPACE PLACE		
State	**Fiscal Year**	**Number of Transfers**
Florida*	2014	0
	2015	1
	2016	0
TOTAL	2014	0
	2015	1
	2016	0

*There were no transfers in any other states

TABLE 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Fiscal Years Ended December 31, 2014, December 31, 2015 & December 31, 2016

CLOSET & STORAGE CONCEPTS		
State	**Fiscal Year**	**Number of Transfers**
COLORADO	2014	1
	2015	0
	2016	0
TOTAL	2014	1
	2015	0
	2016	0

TABLE 3
Status of Franchised Outlets (other than the Franchisor) for Fiscal Years Ended December 31, 2014, December 31, 2015 & December 31, 2016

MORE SPACE PLACE								
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**
COLORADO	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
FLORIDA	2014	14	0	0	0	0	0	14
	2015	14	0	0	0	0	1	13
	2016	13	0	0	0	0	0	13
GEORGIA	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
MARYLAND	2014	1	0	0	0	0	1	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
NEW HAMPSHIRE	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NORTH	2014	2	0	0	0	0	0	2

MORE SPACE PLACE								
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**
CAROLINA	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
SOUTH CAROLINA	2014	3	0	0	0	0	0	3
	2015	3	1	0	0	0	0	4
	2016	4	0	0	0	0	0	4
TENNESSEE	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	1	1
	2016	1	0	0	0	0	0	1
TEXAS	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
VIRGINIA	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
TOTALS	2014	29	0	0	0	0	1	28
	2015	28	1	0	0	0	2	27
	2016	27	0	0	0	0	0	27

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TABLE 3
Status of Franchised Outlets (other than the Franchisor)
for Fiscal Years Ended December 31, 2014, December 31, 2015 & December 31, 2016

CLOSET & STORAGE CONCEPTS								
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**
ARIZONA	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
CALIFORNIA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
CONNECTICUT	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
COLORADO	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
MASS	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NEVADA	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NEW JERSEY	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
NORTH CAROLINA	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
PENNSYLVANIA	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
TOTALS	2014	6	0	0	0	0	0	6
	2015	6	1	0	0	0	0	7
	2016	7	2	0	0	0	0	9

TABLE 4
Status of Company-Owned Outlets for Fiscal Years Ended December 31, 2014, December 31, 2015 & December 31, 2016

MORE SPACE PLACE								
State	**Year**	**Outlets at Start of Fiscal Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations -Other Reasons**	**Outlets At End Of the Year**
All STATES	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
TOTALS	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0

TABLE 4
Status of Company-Owned Outlets for Fiscal Years Ended December 31, 2014, December 31, 2015 & December 31, 2016

CLOSET & STORAGE CONCEPTS								
State	**Year**	**Outlets at Start of Fiscal Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations -Other Reasons**	**Outlets At End Of the Year**
NEW JERSEY	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
PA	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
TOTALS	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3

TABLE 5
Projected New Franchised Outlets as of December 31, 2016

MORE SPACE PLACE			
Column 1 **State**	**Column 2** **Franchise Agreements Signed But Outlet Not Open**	**Column 3** **Projected New Franchised Outlet In The Next Fiscal Year**	**Column 4** **Projected New Company Owned Outlet In The Next Fiscal Year**
Florida	0	1	0
Louisiana	0	1	0
South Carolina	1	0	0
Totals	1	2	0

TABLE 5
Projected New Franchised Outlets as of December 31, 2016

CLOSET & STORAGE CONCEPTS			
Column 1 **State**	**Column 2** **Franchise Agreements Signed But Outlet Not Open**	**Column 3** **Projected New Franchised Outlet In The Next Fiscal Year**	**Column 4** **Projected New Company Owned Outlet In The Next Fiscal Year**
California	0	1	0
Indiana	0	1	0
Totals	0	2	0

A listing of More Space Place franchises held as of December 31, 2016 can be found in Exhibit E -1"List of Franchises " Exhibit E also lists the name, city and state, and business telephone number (or, if unknown, the last known telephone number) of every franchisee who had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has 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

A listing of Closet & Storage Concepts franchises held as of December 31, 2016 can be found in Exhibit E -2 "List of Franchises " Exhibit E also lists the name, city and state, and business telephone number (or, if unknown, the last known telephone number) of every franchisee who had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has 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

No franchisees were required to sign confidentiality clauses, restricting their ability to speak with you There are no trademark specific organizations associated with the franchise system being offered

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit "F" are the audited financial statements for the Fiscal Years ending December 31, 2016, December 31, 2015 and December 31, 2014 Our fiscal year end is December 31st

ITEM 22
CONTRACTS

The following agreements are included in this Disclosure Document

More Space Place Franchise Agreement and the following Exhibits (Exhibit B)

Exhibit 1	-	Territory
Exhibit 2	-	Form of Guaranty
Exhibit 3	-	Form of Confidentiality Agreement
Exhibit 4	-	Collateral Assignment of Lease
Exhibit 5	-	Form of Release
Exhibit 6	-	Disclosure Questionnaire
Exhibit 7	-	Business Location Agreement

Closet & Storage Concepts Franchise Agreement and the following Exhibits (Exhibit C)

Exhibit 1	-	Territory
Exhibit 2	-	Form of Guaranty
Exhibit 3	-	Form of Confidentiality Agreement
Exhibit 4	-	Business Location Agreement
Exhibit 5	-	Form of Release
Exhibit 6	-	Collateral Assignment of Lease
Exhibit 7	-	Disclosure Questionnaire

State Addenda (Exhibit G)

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt for this disclosure document appear as the last pages of the disclosure document Please date, sign, and return one copy to us and keep the other with this disclosure document for your records

RECEIPT
(KEEP THIS COPY FOR YOUR RECORDS)

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 Closets Unlimited of New Jersey, Inc ("Franchisor") offers you a franchise, Franchisor must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If Franchisor does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the appropriate State agency Identified in Exhibit A

The Franchisor is Closets Unlimited of New Jersey, Inc , 436 Commerce Lane, Suite D, West Berlin, NJ 08091, (856) 627-5700

Issuance Date March 15, 2017, *as amended* May 10, 2017 (Effective dates of this Disclosure Document in states requiring registration can be found on the State Effective Date page)

The name, principal business address and telephone number of the franchise sellers offering the franchise are

Robert Lewis, 436 Commerce Lane, Suite D, West Berlin, NJ 08091, (856) 627-5700

_____

_____

Franchisor authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state

I have received a Franchise Disclosure Document dated March 15, 2017, *as amended*, May 10, 2017 that included the following Exhibits

Exhibit A - List of State Administrators/Agents for Service of Process
Exhibit B - More Space Place Franchise Agreement
Exhibit C - Closet & Storage Concepts Franchise Agreement
Exhibit D-1 - Table of Contents – More Space Place Operations Manual
Exhibit D-2 - Table of Contents – Closet & Storage Concepts Operations Manual
Exhibit E-1 - List of More Space Place Franchisees
Exhibit E-2 - List of Closet & Storage Concepts Franchisees
Exhibit F - Financial Statements
Exhibit G- State Addendum

Dated _____

_____
Prospective Franchisee

_____
(Print Name)

Please execute and return this document immediately via the method prescribed by the Franchisor

RECEIPT
(RETURN THIS COPY TO US)

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 Closets Unlimited of New Jersey, Inc ("Franchisor") offers you a franchise, Franchisor must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If Franchisor does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the appropriate State agency Identified in Exhibit A

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Exhibit D-2 - Table of Contents – Closet & Storage Concepts Operations Manual
Exhibit E-1 - List of More Space Place Franchisees
Exhibit E-2 - List of Closet & Storage Concepts Franchisees
Exhibit F - Financial Statements
Exhibit G- State Addendum

Dated _____

_____
Prospective Franchisee

_____
(Print Name)

Please execute and return this document immediately via the method prescribed by the Franchisor