FRANCHISE DISCLOSURE DOCUMENT

AMERICAN DECORATIVE COATINGS, LLC
A Delaware Limited Liability Company
19000 MacArthur Boulevard, Suite 100
Irvine, CA 92612
Telephone: (949) 404 1100
Email: info@concretecraft.com
Web: www.concretecraft.com

As a CONCRETE CRAFT® franchisee, you will offer decorative concrete products and installation services.

The total investment necessary to begin operating a CONCRETE CRAFT® franchise ranges from $156,330 - $233,450. This includes $69,950 that must be paid to the franchisor or its affiliates.

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 Jonathan Thiessen, 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, (949) 404 1100, jonathan.thiessen@gohfc.com.

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

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

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

Issuance Date: April 1, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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

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

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

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

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

TABLE OF CONTENTS

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES 1
ITEM 2. BUSINESS EXPERIENCE 4
ITEM 3. LITIGATION.....6
ITEM 4. BANKRUPTCY.....6
ITEM 5. INITIAL FEES.....6
ITEM 6. OTHER FEES 7
ITEM 7. ESTIMATED INITIAL INVESTMENT.....11
ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 14
ITEM 9. FRANCHISEE'S OBLIGATIONS 16
ITEM 10. FINANCING.....17
ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS,.....17
AND TRAINING.....17
ITEM 12. TERRITORY 24
ITEM 13. TRADEMARKS 27
ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 28
ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION 28
OF THE FRANCHISED BUSINESS.....28
ITEM 16. RESTRICTION ON WHAT FRANCHISEE MAY SELL 29
ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....30
ITEM 18. PUBLIC FIGURES.....32
ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS 32
ITEM 20. OUTLETS AND FRANCHISEE INFORMATION.....38
ITEM 21. FINANCIAL STATEMENTS 46
ITEM 22. CONTRACTS.....46
ITEM 23. RECEIPT.....46

STATE SPECIFIC ADDENDA
EXHIBITS:

A: Franchise Agreement, State Addendum and Schedules
B: Financial Statements
C: List of Franchisees
D: List of Terminated or Transferred Franchises
E: State Franchise Administrators and Agents for Service of Process
F: Confidential Operating Manual Table of Contents
G: Consent to Transfer and Assumption of Franchise Agreement
H: Veterans Addendum to Franchise Agreement
I: Promissory Note
J: General Security Agreement
K: Master Services Agreement
L: State Effective Dates
M: Receipts

FRANCHISE DISCLOSURE DOCUMENT

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

In this disclosure document, "we," "us", “ADC” and/or "our" all refer to American Decorative Coatings, LLC, the franchisor. "You" and "your" refer to the person who buys the Concrete Craft® franchise. If you are a company, "you" or "your" includes your owners.

Franchisor, Parents, and Affiliates

Franchisor

We conduct business under the name CONCRETE CRAFT®. Our principal business address is 19000 MacArthur Blvd, Suite 100, Irvine, California 92612. We are a Delaware limited liability company that was organized on October 17, 2014. We began offering franchises in this line of business in 2015. We have never offered franchises in other lines of business. Until mid-2017 we operated a business of the type you will operate under the franchise agreement. Otherwise, our only business is granting CONCRETE CRAFT® franchises and training and assisting our franchisees.

Parents

We have five parents. Our immediate parent is Home Franchise Concepts, LLC (“HFC”), and our ultimate parent is JM Family Enterprises, Inc. (“JMF”). JMF controls HFC through JM Franchise Holdings, Inc., TCP HFC, Inc. and Home Franchise Concepts Parent, LLC. JMF is majority-owned by the James M. Moran Intervivos Trust Number Two. HFC’s principal business address is 19000 MacArthur Boulevard, Suite 100, Irvine, California 92612. JMF’s principal business address, and the principal business address of our other parents (other than HFC), is 100 Jim Moran Boulevard, Deerfield Beach, Florida 33442.

Affiliates

We have twelve affiliates.

Our affiliate, Budget Blinds, LLC (“BB”), a franchisor of window covering businesses, was incorporated as a California corporation on October 5, 1992 and converted to a California limited liability company on November 24, 2015. It began offering BUDGET BLINDS® franchises in March 1994.

Our affiliate, Organized Spaces, LLC ("OS"), was incorporated in California on January 24, 2006 under the name “Closet Tailors, Inc.”. On May 18, 2006, Closet Tailors, Inc. converted to a California limited liability company named “Closet Tailors, LLC”. On May 5, 2010, Closet Tailors, LLC changed its name to “Tailored Living, LLC” and on January 24, 2022, Tailored Living, LLC changed its name to “Organized Spaces, LLC”. From 2006 until 2010 Closet Tailors,

Inc. and Closet Tailors, LLC conducted business as CLOSET TAILORS® and offered franchises for a mobile business for the design, sale and installation of organizing units and storage and organizing accessories for closets, pantries, storerooms, utility rooms, basements and attics. Since 2011 Tailored Living, LLC has conducted business as TAILORED LIVING® and its franchisees offer the same services as were offered under the CLOSET TAILORS® franchise but with the addition of garage organizing units and storage and organizing accessories and garage flooring. Other than the foregoing, OS has never offered franchises in other lines of business.

Our affiliate, AdvantaClean Systems, LLC ("ACS") began offering ADVANTACLEAN® franchises for in 2006 for restoration and remediation services that make residential and commercial buildings clean, safe, healthy and energy efficient. Prior to January 1, 2019, ACS operated as a corporation, AdvantaClean Systems, Inc. (formerly named "LCR Advantage Systems, Inc."). ACS offered franchises that offered and sold HVAC installation and maintenance services under the trademark "AdvantaClean Air" from April 2009 to March 2010 at which time it ceased offering and selling these franchises. Other than the foregoing, ACS has never offered franchises in other lines of business.

Our affiliate, HFC KTU LLC ("KTU"), a franchisor of kitchen and bathroom improvement and remodeling businesses, was organized as a Delaware limited liability company on December 7, 2020 and began offering KITCHEN TUNE-UP® and BATH TUNE-UP® franchises in January 2021. KTU's predecessor, DCHFamily, Inc. f/k/a KTU Worldwide, Inc. ("KTUW") began offering KITCHEN TUNE-UP® franchises in 1988. KTU has never offered franchises in other lines of business.

Our affiliate, Two Maids Franchising, LLC ("TMF"), a franchisor of residential cleaning services businesses, was organized as an Alabama limited liability company on August 14, 2013 and began offering TWO MAIDS & A MOP® franchises in August 2013. APM has never offered franchises in other lines of business.

Our affiliate, Aussie Pet Mobile, Inc. ("APM"), a franchisor of mobile pet grooming businesses, was organized as a California corporation on February 22, 1999 and began offering AUSSIE PET MOBILE® franchises in October 1999. APM has never offered franchises in other lines of business.

Our affiliate, AdvantaClean of Greater Dallas, LLC ("ACGD") which operates a business of the type franchised by ACS, was organized as a Texas corporation named Bryche Corporation on September 17, 2012. Bryche Corporation converted to a Texas limited liability company and changed its name to ACGD on August 13, 2020. ACGD has never offered franchises.

Our affiliate, Two Maids & A Mop of Birmingham, LLC ("TMMB") which operates a business of the type franchised by TMF, was organized as a Delaware limited liability company on September 10, 2021. TMMB has never offered franchises.

Our affiliate, Order Processing Services, LLC ("OPS"), a California limited liability company, is being utilized to test two concept TAILORED LIVING® showroom businesses since 2021 but has never offered franchises.

Our affiliate, Loss Control and Recovery, LLC ("LCR"), a Florida limited liability company, facilitates and administers jobs with national accounts for ACS franchisees but has never offered franchises.

Our affiliate, AdvantaClean Equipment Rental, LLC ("ACER"), a Delaware limited liability company, rents disaster remediation equipment to ACS franchisees and ACGD. ACER has never offered franchises.

Our affiliate, BB Commercial Solutions, LLC ("BBCS"), a California limited liability company, promotes light commercial business for the benefit of our affiliates' franchisees but has never offered franchises.

None of our affiliates have ever operated a business of the type we franchise, nor have they offered franchises of the type we franchise.

The principal business address of BB, OS, BBCS and OPS is 19000 MacArthur Boulevard, Suite 100, California 92612. ACS's, LCR's, ACGD's and ACER's principal business address is 110 N. Freeport Parkway, Suite 140, Coppell, Texas 75019. KTU's principal business address is 813 Circle Drive, Aberdeen, South Dakota 57401. TMF's principal business address is 505 20th Street North, Suite 975, Birmingham, Alabama 35203. TMMB's principal business address is 201 London Parkway, Suite 200, Birmingham, Alabama 35211. APM's principal business address is 95 Argonaut, Suite 115, Aliso Viejo, California 92656.

Predecessor

We have one predecessor, AA Decorative Concrete, Inc. ("AADC"). AADC was a Georgia corporation that was formed February 28, 2008 and began offering franchises for the type of business you will operate in September 2008.

Agents for Service of Process

Our agents for service of process are listed in Exhibit E.

The Business We Offer

Concrete Craft® franchises ("Franchised Businesses") specialize in marketing, selling and installing beautiful, economical, decorative concrete surfaces. These applications are utilized both for interior and exterior surfaces. This is accomplished by using our unique concrete resurfacing, concrete staining and concrete stamping systems. The Franchised Businesses may utilize sub-contractors to pour patio extensions, new concrete slabs and other concrete applications. You will use a motor vehicle identified with signage we specify to make sales calls and perform installation services.

The popularity of decorative concrete for both interior and exterior areas for residential and commercial applications is increasing each year. New concrete can be stained, stamped, stenciled, and integrally colored to produce a variety of patterns and textures. Existing concrete can be

covered with our concrete resurfacing systems, stained or polished. Concrete can be made to look like other materials, such as brick, stone or slate – in many cases at reduced cost, higher degrees of durability, and a low maintenance finish.

You will generate sales in many ways, including local digital marketing such as pay-per-click, social media, reviews, digital listings, email to existing and potential customers as well as canvassing, home shows, other print media and word of mouth referrals. The market you will serve consists of residential and commercial customers within the territory assigned to you. Competitors vary in ability and size. Most of our competitors are small operations. The exact size of the decorative concrete market is difficult to determine since the industry does not yet have a governing body or trade association that tracks this type of data separately from general concrete contractors.

There are few barriers to entry into this market and there may be more competitors in the future. Additionally, in some areas of the United States, the business's outdoor work can be seasonal.

Applicable Regulations

Except for states that have laws requiring licensing of contractors, to our knowledge there are no other laws or regulations that are specific to the operation of a Concrete Craft® franchise. It is your sole obligation to comply with all state regulations with respect to contractor licensing in the states that require licensing. It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements. We do not assume any responsibility for advising you on these regulatory matters. Some cities or other local government agencies impose local licensing requirements. You should investigate the state and local laws that will apply to you. You should consult with your attorney about laws and regulations that may affect your Franchised Business.

ITEM 2. BUSINESS EXPERIENCE

American Decorative Coatings, LLC:

Dan Lightner – President

Dan Lightner has been our President since November 2019. Prior to assuming this position, Mr. Lightner was one of our Directors of Operations and Franchise Support since 2017 and one of our Co-Founders and Vice Presidents since December 2014.

John Kostro – Director of Operations

John Kostro has been our Director of Operations since November 2019. Prior to assuming this position, Mr. Kostro was one of our Directors of Operations and Franchise Support since 2017 and one of our Co-Founders and Vice Presidents since December 2014.

Barry Krall – Regional Operations Manager

Barry Krall has been our Regional Operations Manager since August 2021. Prior to assuming this position, Mr. Krall was President of LEDSource Franchising, LLC in West Palm Beach, Florida since January 2020. From 2009 until 2019, Mr. Krall was owner of Cascade Properties, LLC in Bartlett, Illinois.

Trent Lench – Regional Operations Manager

Trent Lench has been our Regional Operations Manager since January 2022. Prior to assuming this position, Mr. Lench was Director of Operations for GarageExperts, LLC in Grapevine, Texas from April 2020 until October 2021. From October 2013 to April 2020, he was Vice President of Network Sales and Operations at AlphaGraphics, Inc. in Lakewood, Colorado.

Home Franchise Concepts, LLC:

H. Scott Barrett – Chief Executive Officer

Scott Barrett has been a director of HFC since July 2019 and HFC's Chief Executive Officer since January 2020. He was an advisor to BB, OS, ADC and ACS from September 2019 until January 2020 and has been a member of the Board of Directors of JMF since 2012.

Jonathan Thiessen - Chief Development Officer

Jonathan Thiessen has been Chief Development Officer of HFC since January 2019. From 2011 to December 2018, he was HFC's Vice President of Franchise Licensing.

Jennie Amante – Executive Vice President, General Counsel and Secretary

Jennie Amante has been HFC's Executive Vice President and Secretary since December 2015. She has been General Counsel for HFC and its subsidiaries since October 2004.

Tara Desmet – Chief Financial Officer

Tara Desmet has been HFC's Chief Financial Officer since August 2020. She was Director, Internal Audit for JMF in Deerfield, Florida from January 2019 to July 2020; Enterprise Risk Manager for JM&A Group, a division of JMF, from August 2017 to December 2018; and Senior Manager, Financial Planning and Analysis for JM&A Group from January 2015 to July 2017.

Faisal Khan – Chief Information Officer

Faisal Khan has been HFC's Chief Information Officer since April 2018. Prior to assuming this role, Mr. Khan was HFC's Vice President of Information Technology since October 2016.

Heather Cates – Chief Marketing Officer

Heather Cates has been HFC's Chief Marketing Officer since April 1, 2021. Prior to assuming this role, Ms. Cates was BB's Senior Marketing Director since January 2021. From October 2018 until December 2020, Ms. Cates was Executive Director of Consumer Marketing, Facial Aesthetics for Allergan (now Abbvie) in Irvine, California and Director of Brand Marketing, Innovation for Taco Bell in Irvine, California from March 2016 until October 2018.

ITEM 3. LITIGATION

In the Matter of: Aussie Pet Mobile, Inc. and Ian Moses (Administrative Proceeding before the Securities Commissioner of Maryland; Case No. 2004-0162 - 2005)

On January 25, 2006, Aussie Pet Mobile, Inc., while under previous ownership, entered into a Consent Order with the Securities Division of the Office of the Attorney General of Maryland (the "Division") that required the franchisor to cease and desist from taking certain actions and to make certain representations. While the Consent Order contained no monetary sanctions, it required the franchisor to cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law. The Consent Order also required the franchisor to rescind the franchise agreements that had been entered into with a former franchisee whom the Division found had not received proper disclosure, and to represent that (a) other Maryland franchisees had received proper disclosure, and (b) the franchisor had developed and implemented new franchise law compliance procedures.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

You will pay us an Initial Franchise Fee of $19,950 when you sign the franchise agreement for your first territory.

We discount the Initial Franchise Fee by 15% for new franchisees who are currently-serving or honorably discharged veterans of the United States armed forces and their spouses. If you are a veteran, active service member or spouse of a veteran or active service member of the United States armed forces, you will therefore pay a discounted Initial Franchise Fee of $16,958. There is no Initial Franchise Fee payable under a subsequent franchise agreement.

If you are purchasing your franchise from us (rather than from an existing franchisee) and you are not a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, you will also pay us an Initial Territory Fee of $50,000 for the first territory you obtain under your first franchise agreement. We discount the Initial Territory Fee by 15% for new franchisees who are currently-serving or honorably discharged veterans of

the United States armed forces and their spouses. If you are a veteran, active service member or spouse of a veteran or active service member, you will therefore pay a discounted Initial Territory Fee of $42,500.

If you enter into a second franchise agreement for a second territory at the same time, the Additional Territory Fee will be $40,000. Otherwise, for any subsequent franchise agreement and territory, the Additional Territory Fee will be the same as the then-current Initial Territory Fee.

None of the fees described in this Item are refundable under any circumstances.

ITEM 6. OTHER FEES

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Royalty[2]	You must pay the greater of: (a) 4.0% - 7.0% of your Gross Revenue for the immediately preceding month or (b) $750 per month for the first year and $1,500 per month thereafter.	Gross Revenue to be reported by the 5th of the month for the preceding month. Funds drawn on the 15th of the month, in arrears.	See note 2.
National Advertising Fund Payment	You must pay the greater of 1% of your Gross Revenue for the immediately preceding month or $500.	Same as royalty.	See Item 11.
Technology Fee	Currently $300 per month, may be adjusted.	Same as royalty	Intended to partially reimburse us for costs of technology platforms and tech support.
Training for Additional Personnel	First 2 attendees are free. We may charge up to $150 per day for additional attendees, plus travel, accommodation and meals.	One week before training begins. Travel, accommodation and meals are due as required by service providers.	
Additional Territory Fee	An amount equal to the then-current initial Territory Fee if you buy an additional territory in the future.	When you purchase additional territories.	Availability of additional territories is at our discretion.

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Key Account Referral Fees[3]	We negotiate each program individually with the Key Account.	No more often than monthly.	We may charge you referral fees or a percentage of the job in exchange for Key Account leads. You may opt out of servicing any Key Account.
Encroachment Payment	100% of your gross sales in another franchisee's territory.	When you make sales in another franchisee's territory in violation of your franchise agreement.	As an alternative to termination of your franchise for operating in another franchisee's territory.
Fees on Transfer[4]	If selling to a new franchisee, $19,950 initial franchise fee with first territory plus $5,000 transfer fee for each additional territory. If selling to an existing franchisee, $5,000 transfer fee per territory.	Before transfer	Payable when you sell your franchise. No charge if your franchise is assigned to a corporation or similar entity that you control.
Transfer Lead Referral Fee	Our then-applicable lead referral fee, currently $15,000 plus the amount of any broker fees that we must pay a third party (not an employee of ours).	On a transfer of your franchise agreement to a buyer who was already listed in our sale database at the time you and the buyer began discussing a sale.	Intended to partially reimburse us for our costs in developing leads who then purchase from existing franchisees.
Renewal Fee	$5,000	When you sign a renewal franchise agreement.	
Insufficient or Late Payment Fee	$300	On due date of Royalty, National Advertising Fee and Technology Fee, if payment not made in full.	Payable if there are insufficient funds in your account to cover withdrawal of amounts due or payment is late.

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Convention Fee	Currently $720 plus travel, accommodation and some meals. Fee will vary depending on venue and location but will not exceed $1,500 annually.	Same as royalty. Paid in monthly installments in advance. Travel, accommodation and meals are due as required by service providers.	
Optional Meetings and Trainings	As determined by us, but generally $100 - $1,500 depending on venue and mode of delivery.	By registration date. Travel, accommodation and meals are due as required by service providers.	
Additional Training Requested by You	Currently $500 per day, plus travel and expenses.	Immediately after notice from us.	Paid to us if, at your request, we send one of our staff members to the Franchised Business to provide further assistance. We will charge you a daily rate for that assistance, plus travel expenses for our employee.
Audit	Cost of inspection or audit.	Upon demand.	If audit is required due to your failure to report or your records and procedures are insufficient to determine Gross Revenue or audit reveals Gross Revenue or Continuing Royalty are understated by 5% or more or Product purchases from unapproved vendors exceed 10% of your Product purchases, you must pay all costs of audit.
Insurance	You must reimburse our costs	Upon demand.	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us.
Costs and Attorneys' Fees	Varies	Upon demand	If you breach the franchise agreement and we prevail in any arbitration or litigation, you will owe us our reasonable attorneys' fees and costs.

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Indemnification	Varies	Upon demand	You must reimburse us for costs and expenses related to certain claims against us.

1. All fees are imposed and collected by and payable to us. Upon our written request, you must sign any document we require to authorize us to withdraw continuing royalties, National Advertising Fees and any other ongoing fees directly from your bank account. All fees are nonrefundable. All fees in our current offering are uniformly imposed.

2. You must pay us a blended rate Royalty calculated each month equal to:

Monthly Royalty	Gross Revenue for Prior Month
7.0%	0 - $30,000
6.0%	$30,000.01 - $60,000
5.0%	$60,000.01 - $120,000
4.0%	$120,000.01 and above

For example, if your Gross Revenue for the prior month is $75,000, you will pay 7% for the first $30,000, 6% for the second $30,000 and 5% for the last $15,000.

You must pay us the greater of: (a) the monthly Royalty as calculated above; or (b) $750 per month for the first year and $1,500 per month thereafter for each of your territories.

Gross Revenue is defined in the franchise agreement and includes the total of your Gross Revenue for each separate franchised territory you own and includes sales in Gray Areas. If you have more than one franchise agreement with this Royalty schedule, Gross Revenue is averaged across all of your territories for purposes of this calculation. For example, if you have two territories, the Gross Revenue for both of your territories is added together and divided by two to arrive at the average Gross Revenue for each territory.

3. Although the amount may vary, you may be required to pay a fee or a percentage of the job for lead referrals. Lead referral fees vary from program to program.

4. If you are selling to a new franchisee, the initial franchise fee of $19,950 is for the full Start-Up Package (i.e., van wrap, samples, etc.) and initial training.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[1]	$19,950	Lump sum or financed through us	When you sign the franchise agreement	Us
Initial Territory Fee[2]	$50,000	Lump sum or partially financed through us	When you sign the franchise agreement	Us
Travel and Living Expenses While Training[3]	$1,500 - $2,500 per person	As incurred	During Training	Restaurants and other third parties
Office/Work Space[4]	Varies	As incurred	As incurred	Landlord or other supplier
Vehicle[5]	$10,000 - $48,000	Buy, lease or finance	Upon opening	Vehicle lessor or dealer
Trailer[6]	$0 - $3,000	Buy	Upon opening	Vendor, through us
Computer[7]	$1,250 - $2,000	Buy, lease or finance	Upon opening	Vendor
Credit Card Processing Technology	$30 - $500	Lease, finance, or lump sum	Upon opening	Vendor
Auto Insurance[8]	$1,800 - $3,500	Lump sum or monthly installments	Before opening and during the year	Insurance company or broker
Commercial General Liability Insurance[9]	$1,500 - $2,500	Lump sum or monthly installments	Before opening	Insurance company or broker
Storage Unit[10] (3 months rent)	$1,050 - $2,000	Monthly payments	When you sign the unit lease and monthly	Unit lessor
Contractor's License and Bond[11]	$0 - $1,500	Lump sum	As required by applicable law	Bonding or insurance company, Government agencies
Professional Fees	$750 - $1,500	As incurred	As incurred	Your attorney, accountant and business advisor

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Marketing	$10,000 - $15,000	As incurred	During first 3 months after opening	Media, agencies
Additional Tools and Supplies[12]	$28,500 - $31,500	Lump sum	Before opening	Vendors, either directly or through us
Additional Funds - Before Opening and First 3 Months[13]	$30,000 - $50,000	As incurred	As incurred	Various
TOTAL ESTIMATED INITIAL INVESTMENT	**$156,330 - $233,450 (Does not include Office/Workspace Costs)**			

None of the fees or payments you make to us are refundable. Whether payments to others are refundable depends upon the arrangements you make with them. Except as disclosed in Item 10, we do not offer direct or indirect financing for any of the above items.

1. Payable only with your first franchise agreement. The Initial Franchise Fee is discounted by 15% if you are a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, as more particularly described in Item 5.

2. If you are buying your Territory from us rather than from an existing franchisee, when you sign a franchise agreement you must pay us either: (a) an Initial Territory Fee of $50,000; or (b) an Additional Territory Fee of $50,000; or (c) if you are buying your first two Territories simultaneously, an Initial Territory Fee of $50,000 and a discounted Additional Territory Fee of $40,000, for a total of $90,000. If you buy a second Territory at a later time, the Additional Territory Fee will be the same as the then-current Additional Territory Fee. The Initial Territory Fee is discounted by 15% if you are a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, as more particularly described in Item 5.

3. Training consists of a combination of 10 days of in-person Academy training at the HFC Experience Center in Coppell, Texas as well as pre- and post-Academy training that is conducted virtually. This estimate is for the pre-opening initial training. For the in-person Academy training, we will provide you with a $1,000 travel voucher to attend the Academy training. All costs of transport, accommodation and meals that you and your employees incur in excess of $1,000 are payable by you.

4. If you decide to obtain an office/workspace outside of your home, or if you choose to operate from a retail location, your initial investment will be higher depending on real estate or leasing marketing conditions in your area. Generally, most office/workspace locations are approximately 500 – 1,200ft^2 and are located in a strip mall, or other commercial building.

5. This is a full size truck such as a Toyota Tundra on which the Concrete Craft® trademarks are placed. The vehicle may be bought or leased. We give you the wrap as part of the start-up package and you pay to have it installed on your vehicle by a vendor of your choosing. You should not purchase your truck for cash unless you will still have at least that same amount available as additional working capital to operate your business. From time to time your affiliation with HFC may allow for discounts on these vehicles and our recommendation is to check with your Regional Operations Manager before purchasing or leasing.

6. This is an optional item and is a 6' x 10' v-nose trailer 5200# axle and shelves.

7. If a laptop is selected, a minimum 14 inch screen with high resolution is recommended. We provide you with an iPad for use as a sales tool to support the sales process but this is part of a managed device program and does not replace the requirement for a computer or laptop to support the business generally.

8. Such policy must be on an occurrence basis with a combined single limit for bodily injury, death or property damage of not less than $1,000,000. We must be named as an additional insured.

9. Such policy must be on an occurrence basis with a combined single limit for bodily injury, death or property damage of not less than $2,000,000. We must be named as an additional insured.

10. We recommend that you obtain a 10' x 20' storage unit to facilitate truck delivery of large orders.

11. This estimate includes the cost of licenses and permits necessary to open your Franchised Business. You are responsible for maintaining all required licenses and permits necessary to operate your Franchised Business. You should check with local authorities, an attorney, or a business consultant to determine what licenses and permits are necessary in your Territory.

12. As part of the Start-up package, we give you some of the items included in this category at no additional charge. For a complete description of the contents of the Start-up Package, please see Item 11. We do not provide additional samples when you sign a subsequent franchise agreement. If you want more or additional samples from other approved suppliers or samples of other products, you must obtain them from the supplier. The high estimate includes the recommended inventory you will need for practicing your coating application skills and for fulfilling initial customer orders, however, this expenditure is not required. This estimate also includes $6,000 for equipment rental and consumables should you optionally choose to perform concrete polishing during your first three months of operation.

13. This category estimates an additional cash reserve available to cover initial operating expenses during the first three months of operation. The amount of additional funds that you may need varies based on a variety of factors, including whether you choose to have an office outside your home, the number of employees you choose to hire and the salary and other benefits you choose to pay, gasoline purchases and vehicle maintenance expenses, the extent to which you are actively involved in operating your business, your skill, experience and business acumen, local competition, local economic conditions (including rent and wage scales and the cost of supplies), and the actual sales levels that you reach during the initial 3-month period. We have based this estimate on the experience

of our United States franchisees. The "Additional Funds" category is not the only source of cash, but is in addition to cash flow from operations. We cannot estimate your cash flow from operations and encourage you to contact our existing franchisees to evaluate this on your own.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may offer for sale to customers only the products and services that we have approved in writing, as specified in the Confidential Operations Manual ("Manual"). We have selected certain suppliers based on standards of quality and appeal to the general public. You must offer the specific product that we require in the Manual. You must purchase concrete mix and other mix products and services from us, our affiliates or approved suppliers. Additionally, you must obtain any materials, other than stationery and business cards, containing the CONCRETE CRAFT® marks only from us or from suppliers that we have approved. None of our members, affiliates or officers owns any interest in any supplier with whom you are required or recommended to do business. We may, in our sole discretion, change these specifications periodically, change the authorized products and services at our discretion, and designate specific products or services as optional or mandatory. You must offer all products that we designate as mandatory. If we revoke approval of a previously-approved product that you have been selling, you may continue to sell the product only from your existing inventory.

We have the right to require that products, supplies, equipment, and services that you purchase and use in your Territory: (i) meet specifications that we establish from time to time; and (ii) be purchased solely from us. We may impose purchasing restrictions for any reason; the most likely reason would be to control the quality and consistency of the product and to facilitate volume-discount pricing arrangements. We will make a price list available to you. The prices and products contained on the price list are subject to change at any time.

We may, at any time, in our discretion, change, delete or add to any of our specifications or quality standards. Such modifications, however, will generally be uniform for all franchisees. We estimate that 25% of your purchases and leases in establishing the Franchised Business and 30% of your total purchases and leases in operating the Franchised Business will be subject to the restrictions described above.

We approve suppliers on a case by case basis. Approved suppliers are listed in the Manual. We approve suppliers after careful review of the quality of the products they provide to us and our franchisees. In deciding whether to approve suppliers, we consider reputation, product quality, prices, consistency, reliability, financial capability of the supplier, labor and customer relations, frequency and cost of delivery, delivery network capability, standards of service, including prompt attention to complaints, and other criteria. We may also condition approval of suppliers on the willingness of the supplier to provide discounts to us and/or our franchisees, to contribute to advertising costs, or to make other financial concessions. If you would like us to consider another supplier, you or the supplier must submit to us a written request for approval and you or the supplier must provide us with samples of the supplier's products or work. We will review the supplier and notify you and the supplier whether we will approve it as an additional supplier. We

expect to complete a review of a proposed new supplier within 30 days after receiving all necessary information and materials. We do not expect to charge a fee for evaluating a supplier. We will furnish our standards and specifications to you or suppliers on request, either orally or in writing, but only on a confidential basis.

If we revoke our approval of a supplier, we will do so in writing.

There are no inventory maintenance requirements.

We may retain rebates, allowances or cooperative advertising dollars (collectively, "Allowances") we receive from suppliers. We may use all Allowances received for any purpose that we and our affiliates deem appropriate. For the year ended December 31, 2021 we received Allowances of $265,101, or 4.8% of our total revenues of $5,581,085. We also received marketing rebates of $47,159, or 0.8% of our total revenues in 2021.

Required purchases by franchisees of concrete mix and other mix products and services from us totaled $2,907,607, which represents 52% of our total revenues of $5,581,085 in 2021. We derive this income from the selling price of the item, including a reasonable markup.

We do not currently participate in any purchasing or distribution cooperatives. We do not provide material benefits to our franchisees based on their purchase of particular products or services or use of designated or approved sources.

Insurance

You must obtain before you begin operating your Franchised Business and must maintain at all times the types of insurance and the minimum policy limits specified in the Manual. Currently we require: (i) general liability insurance in the amount of $1,000,000 per occurrence and $2,000,000 in the aggregate; (ii) umbrella liability of $1,000,000; and (iii) general casualty insurance covering the full replacement cost of your vehicle and (iv) employment practices liability insurance. However, you may be required to acquire additional insurance by the laws in your area. The insurance policies must protect you, us, and our respective past, present and future officers, directors, owners, managers, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the condition, operation or use of the Franchised Business. We must be named as an additional insured under each policy that we require. Upon our request or as specified in the Manual, you must provide us with certificates of insurance or other proof of insurance in the form we request evidencing the required coverage. We may require additional types of coverage or increase the required minimum amount of the coverage upon reasonable notice.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	Sections 2 and 3	Items 7, 8, 11 and 12
b.	Pre-opening purchases/leases	Sections 4 and 8	Items 5, 7, 8 and 11
c.	Site development and other pre-opening requirements	Sections 3, 4 and 8	Items 5, 7, 8 and 11
d.	Initial and ongoing training	Section 7	Items 6, 7 and 11
e.	Opening	Section 2	Item 11
f.	Fees	Sections 4, 5, 7, 9, 10, 11 and 12	Items 5, 6, and 7
g.	Compliance with standards and policies/Operating Manual	Sections 2, 3, 6 and 8	Items 8, 11 and 15
h.	Trademarks and proprietary information	Sections 6, 7 and 8	Items 13 and 14
i.	Restrictions on products/services offered	Sections 2, 6 and 8	Items 8, 11, 12 and 16
j.	Warranty and customer service requirements	Sections 2, 4, 8 and 13	Items 11 and 12
k.	Territorial development and sales quotas	Sections 2 and 8	Item 12
l.	Ongoing product/service purchases	Sections 7 and 8	Items 6 and 8
m.	Maintenance, appearance and remodeling requirements	Section 8	Items 6, 8, 11 and 17
n.	Insurance	Section 8	Items 6, 7 and 8
o.	Advertising	Sections 4 and 8	Items 6, 7, 8 and 11
p.	Indemnification	Section 13	Item 6
q.	Owner's participation/management/ staffing	Sections 7 and 8	Items 11 and 15
r.	Records and reports	Section 8	Item 11
s.	Inspections and audits	Section 8	Items 6 and 11
t.	Transfer	Section 9	Item 17
u.	Renewal	Section 5	Item 17
v.	Post-termination obligations	Section 12	Item 17
w.	Non-competition covenants	Section 8 and Exhibit H	Items 15 and 17
x.	Dispute resolution	Section 11	Item 17
y.	Personal guaranties of agreements	Schedule 1	Items 15 and 22

ITEM 10. FINANCING

If you meet our credit standards, we will, at your request, provide financing as shown below.

To obtain financing, you must sign a Secured Promissory Note and General Security Agreement substantially in the form of Exhibits I and J to this disclosure document. No separate personal guaranty is required to obtain financing. Payments begin with the first royalty due date. The note can be prepaid without penalty at any time during its term. The General Security Agreement grants us a security interest in substantially all of your assets to secure your payments under the Secured Promissory Note. You waive your right to notice of a collection action and to assert any defenses to collection against us.

Key terms are as follows:

Item Financed	Amount Financed	Minimum Down Payment	Term (months)	Rate of Interest Plus Finance Charge	Monthly Payment	Prepay Penalty	Liability Upon Default	Loss of Legal Right
Initial Franchise Fee and part of Initial Territory Fee	$40,000	$0	60	9%	$830.33	None	Lose franchise, pay unpaid balance, attorney fees, and costs	Waive notice

We do not receive any direct or indirect payments or other consideration from any person for the placement of financing.

Although we have never done so, we have a right to sell your promissory note at a discount rate to a third party which may be immune under the law to any defenses to payment you may have against us. We do not guarantee any notes, leases, or obligations.

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

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

Pre-Opening Obligations

1. Designate your territory (Franchise Agreement §§ 1.15, 2.1, Schedule 2).
2. Approve your Showroom, if you decide to establish one (Franchise Agreement § 3.3).
3. Allow you to use our Marks (Franchise Agreement § 6.1).
4. As discussed in Item 11, provide an initial training program (Franchise Agreement § 7.1).
5. Provide the Initial Start Up Package (Franchise Agreement § 7.5, Schedule 3).

6. Provide you with proprietary information for use in connection with training your staff (Franchise Agreement § 7.9).

7. Provide you with electronic access to the Manuals and materials at initial training. Exhibit F to this disclosure document includes a copy of the table of contents of the Operating Manual as of December 31, 2021. The Operating Manual had 368 pages on that date. (Franchise Agreement § 7.9)

8. Recommend standard equipment, tools, supplies and inventory for use in your Franchised Business and sources for purchasing them. (Franchise Agreement § 7.10)

Site Selection and Time to Opening

You may operate out of your own home even if you do not live in your Territory, however, unless we consent to the contrary, you must maintain a business address within the Territory. If you decide to purchase or lease separate office/warehouse space for your Franchised Business, it must be located within your Territory. You do not need our approval for a separate office/warehouse space.

You do not have to establish a showroom site, but if you are approved to do so, it must be located within the Territory, you must ensure the showroom complies with our written specifications and other requirements as set forth in the Manual and/or the Handbook, and you must obtain our prior written approval. We will have 14 days within which to indicate our approval or disapproval of the location of your showroom. We require that the showroom be located at least one mile within the borders of your Territory. We do not provide assistance with obtaining equipment, signs, fixtures, opening inventory and supplies.

The typical length of time between the signing of the franchise agreement and beginning operation of your Franchised Business is 60 to 90 days. Factors that may affect the time between signing the franchise agreement and beginning operation include whether you will operate out of your home or a separate office/warehouse or a showroom, the satisfactory completion of initial training and availability of CONCRETE CRAFT® materials for you to begin operating the Franchised Business. If you do not begin operating the Franchised Business on the date specified in the franchise agreement and do not obtain a written extension of time from us, you must begin paying fees even if you have not yet begun operating.

Post-Opening Obligations

During the operation of your Franchised Business, we will provide the following services and assistance to you:

1. Police the Marks and distinguishing characteristics as necessary (in our sole discretion) to protect the System (Franchise Agreement § 6.6).

2. Train you and/or your staff as we develop new products, services and methods (Franchise Agreement §7.6).

3. Make our representatives available to you during normal business hours for consultation and guidance with respect to the operation and management of the Franchised Business (Franchise Agreement § 7.7).
4. At your request, we will make additional or refresher on-site training available at your business as we deem appropriate, at the rate of $500 per day plus travel and living expenses (Franchise Agreement § 7.7).
5. At our option, hold a Convention of franchisees and other meetings to discuss topics which we determine to be appropriate and in the best interests of the System, such as trends in services and products, sales techniques, performance standards, and marketing programs (Franchise Agreement § 7.8).
6. Assist you in developing initial post-opening promotion of your Franchised Business and, from time to time, provide you with promotional and advertising information. (Franchise Agreement § 7.11)
7. Establish and maintain a web site that provides information about the CONCRETE CRAFT® System and identifies you and our other franchisees (Franchise Agreement § 8.11).
8. Operate a toll-free telephone number to be used by all our franchisees (Franchise Agreement § 8.4).
9. Establish and maintain, at our option, an electronic portal through which we disseminate the Manuals as well as marketing collateral, training and other digital assets (Franchise Agreement § 8.14).

Advertising

You must pay the greater of 1% of your Gross Revenue for the immediately preceding month or $500 each month to the National Advertising Fund. This amount may be increased, at any time, but cannot exceed 2% of your Gross Revenue (Franchise Agreement § 4.4(a)).

We will administer the National Advertising Fund. We will spend National Advertising Fees for local, regional and national advertising, and public relations programs and initiatives as we deem necessary or appropriate for the promotion or protection of the System including website development and maintenance, public relations, media costs, commissions, digital marketing, market research, creative and production costs (Franchise Agreement § 4.4(e) and (f)).

The money in the National Advertising Fund is used primarily for local, regional and national advertising, to enhance the Concrete Craft® image, and to develop marketing support (Franchise Agreement § 4.4). During the year ended December 31, 2021, we spent the National Advertising Fund as follows:

5.6% Production (content creation, new technology platforms)

70% Media Placement (digital advertising, email marketing, social media)

15% Administrative

9.4% Other (call center, phone service).

We use several advertising agencies to provide us with advertising materials and assist with media planning and buying in various types of media. We also provide in-house advertising support.

Businesses owned by us or our shareholders and affiliates or franchisees who purchased under prior offerings may contribute to the National Advertising Fund at a different rate or not at all. We alone will determine all matters involving advertising, public relations, and promotional campaigns. On a national or regional basis, we may impose an additional assessment on affected franchisees for special advertising or promotional activities if two thirds of all affected Concrete Craft® Franchised Businesses agree in writing (Franchise Agreement § 4.4(d)).

Some local advertising is funded by the National Advertising Fund. You will also place your own local advertising. We recommend you invest at least 10% of your Gross Revenue in local advertising (Franchise Agreement § 8.3(a)). You may purchase advertising materials from us or develop advertising materials for your own use, at your own cost, but we must approve the advertising materials in advance and in writing.

We have a Franchise Advisory Council consisting of five franchisee representatives across the United States and Canada. The purpose of the Franchise Advisory Council is to advise us in connection with issues facing franchisees, including but not limited to advertising policies. Members are elected by the franchise body. The Franchise Advisory Council serves in an advisory capacity only and will not have operational or decision-making power.

We do not and are not, in any way, required to spend any National Advertising Fees in your territory. However, all National Advertising Funds are spent to benefit all CONCRETE CRAFT® franchisees generally, including you.

If we do not spend all National Advertising Fees collected during the year, the remaining money is retained for future years. National advertising fees are not refundable or rebated to you. None of the National Advertising Fees are used primarily to solicit franchise sales. Our advertising may include a telephone number to call about franchising opportunities.

We will deposit National Advertising Fees into a separate national advertising operating account. No interest is credited for your benefit or paid to you (Franchise Agreement § 4.4(j)). The National Advertising Fund is not in a trust, fiduciary relationship, or any other similar special arrangement.

Upon your request, we will provide you with a summary statement of annual receipts and expenditures from the National Advertising Fund during the prior calendar year on or before March

31 (Franchise Agreement § 4.4(l)). The National Advertising Fund is not separately audited from our general funds audit.

In the future, we may establish a national support services network providing qualified representatives to handle customer problems. The cost of that service may be paid partially or wholly from the National Advertising Fund.

We can require advertising cooperatives to be formed, changed, or merged; and, we can dissolve a cooperative if it is not conducting its affairs in the best interests of the System, or contrary to System requirements. All votes of franchisees in a cooperative area will be based on one vote per territory. At the present time, no advertising cooperatives exist.

If we determine that an advertising cooperative is appropriate, we will designate the area, which, in our judgment, includes franchisees with common needs and interests. Franchisees within an advertising cooperative area will contribute the same amount or percentage to the common cooperative fund. Any franchisor outlets within the cooperative area will contribute to the advertising cooperative fund in the same manner as the other franchisees. The franchisees within an advertising cooperative area will administer the cooperative and determine whether governing documents will be developed and utilized. Similarly, the members of the cooperative will determine whether annual or periodic financial statements will be prepared and made available for review by the franchisees. You are required to participate.

You may not develop, create, generate, own, lease, or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, Web site, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols, or terms confusingly similar to any of them without our express prior written consent (Franchise Agreement § 6.7). You may not use the Marks to promote the Franchised Business via social media without our prior written consent (Franchise Agreement § 6.8).

Computer and Software

We provide you with an iPad as part of the start-up package for use during the sales process to support estimating, quote, and proposal generation. You must have a separate computing device with at least 16 gigabytes of RAM. We recommend Windows 10 Professional or better. Microsoft Office 365 Standard or better, must be installed. In order to protect you and the entire system from Internet threats, your computer must have an active subscription of MacAfee, Norton or similar antivirus software. We estimate the cost of your computer system will range between $1,250 to $2,000. **If your computer system deviates from these specifications, it will be incompatible with our hardware and software and we will be unable to provide you with technical support.** Your device must have high-speed (broadband, DSL, FIOS) Internet access. You are required to use our proprietary customer relations management ("CRM") software in your business which requires the use of supported internet browsers Chrome or Safari. Currently, your monthly Technology Fee, disclosed in Item 6, helps pay for upgrades and support for the CRM software. If the CRM software is modified or replaced in the future, you may need to upgrade or replace your computer to run the

modified CRM software. There are no contractual limitations on the frequency or cost of mandated upgrades.

We can require you to use any web-based application or software that we or others develop and can require you to enter into any software license and maintenance agreements for the software that we prescribe. We also can require you to sign or assent to a "terms of use" agreement with respect to all software that we designate. You must acquire any computer hardware necessary for the software that we designate (Franchise Agreement § 8.1(d)). There are no contractual limitations on the frequency or cost of required upgrades. Since computer technology is evolving rapidly, it is difficult to predict the extent of required upgrades or your estimated costs.

You must use the computer system for daily functions like tracking and entering purchase orders and receipts, updating inventory, generating sales reports, inventory management, and analysis of financial information relating to the Franchised Business.

You must give us unrestricted electronic access (including user IDs and passwords, if necessary) to your computer system for the purposes of obtaining information relating to gross revenues of the Franchised Business, inventory levels, aged inventory and cost of goods sold. You must permit us to download and transfer data via modem or other connection on a real-time basis or as frequently as possible, as we determine. There are no contractual limitations on our right to access data stored in your computer system.

Training

Training consists of a combination of 10 days in-person Academy training at the HFC Experience Center in Coppell, Texas as well as 11 hours pre- and post- Academy training sessions that are conducted virtually. Our current curriculum is shown in the table below but is subject to change at any time without notice:

TRAINING PROGRAM

Subject	Hours of In-Person Classroom or Virtual Training	Hours of On-The-Job Training	Location
PRE TRAINING			
IT, Zoom, Platform, Kahoot walkthroughs	3	0	Virtual
ACADEMY (CLASSROOM) TRAINING			
Welcome & Introductions	1.5	0	Virtual

Subject	Hours of In-Person Classroom or Virtual Training	Hours of On-The-Job Training	Location
Decorative Concrete and Product Knowledge Overview	3	0	Coppell, TX
Application Techniques: • Prep, color, seal • Concrete Resurfacing • Stained Concrete • Sealer Education	35	0	Coppell, TX
Estimating, Job Site Cost, Safety	4	0	Coppell, TX
Consultative Sales Process, Selling a Premium Brand (Advanced Sales), Role Play, Financial Management, Business Planning	30	0	Coppell, TX
Marketing, Local Area Marketing, Lead Generation, Networking Profitability Competitive Research	8	0	Virtual
Startup Package, Ordering	2	0	Virtual
Technology, CRM/SM	4	0	Virtual
Policies and Procedures, Post-Training Plan	3	0	Virtual
POST TRAINING			
ServiceMinder Product Information Guide	3	0	Virtual
Total	96.5	0	

Our training program is supervised by Heidi Fleshman, our Vice President of Training and Education. Ms. Fleshman has been our Vice President of Training and Education since January 2018. Ms. Fleshman previously held the positions with us of Director of Training and Curriculum since July 2016, and Curriculum Manager since April 2016. The training modules are presented by John Kostro and Dan Lightner, both of whom have seventeen years of experience in the field they teach and nine

years of experience with our predecessor as well as our Regional Operations Managers Barry Krall and Trent Lensch who have over 25 years and 33 years respectively of relevant professional experience, and Karen Libby, who trains on ServiceMinder specifically for Concrete Craft and who has been a part of HFC's CRM operations and training for several years.

For your first franchise agreement with us, training for up to two people is provided without charge. The Start-up Package you receive from us includes a travel voucher for $1,000 to attend initial training. All costs in excess of $1,000 are payable by you.

There is no training requirement for franchise agreements other than your first one with us.

If we have room at a training session, you may send additional people to in-person training. We will train one additional person at the same training session as the original trainee at no additional charge. Additional people may attend either the same or later in-person training sessions, subject to class availability. We reserve the right to charge up to $150 per person per day for additional attendees. You must pay all other costs associated with in-person training, including lodging and airfare in excess of the amounts described above, meals, and wages for your employees during training.

You or your manager must complete the initial training program to our satisfaction before you begin operating the Franchised Business. Additionally, your lead installer must attend the Application Techniques portion of the training in Coppell, Texas. At the initial training program, we give you access to proprietary information for use in training your staff. The materials we provide remain our sole property. Initial training is conducted as needed, usually every other month.

Upon reasonable notice and at no charge to you, we may require you or your designated personnel to attend additional training courses, seminars, conferences or other programs that we consider relevant or appropriate to the successful operation of the System. You must pay all costs you and your employees incur while attending any additional training programs, including costs of travel, hotel and meals. We currently hold regional meetings, but do not require attendance. We have the right to make attendance mandatory.

Bookkeeping Service

For the first year of your franchise, we will provide you with bookkeeping services valued at approximately $3,400. This service will be provided by outside accountants whom we have retained to provide bookkeeping services to our franchisees. As a condition to receiving this service you agree that our outside accountants may share financial and other information about your business with us in the format we prescribe. (Franchise Agreement § 7.7)

ITEM 12. TERRITORY

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.

During the term of the Franchise Agreement, we will grant you a protected territory. We will not establish another Franchised Business in your Territory that sells and installs decorative concrete products using our System and Marks. We will not compete with you in your Territory from outlets that we own using our System and Marks. Franchisees are prohibited from doing business in the contracted territory of other franchisees, however, we cannot guarantee that another franchisee will not breach the franchise agreement and do business in your Territory. Your Territory will be described by United States Postal Service ZIP Codes in your franchise agreement. Each Territory will consist of approximately 100,000 households. The ZIP codes making up your territory will not change even if their boundaries are expanded or contracted by the Postal Service or if the population within them decreases or increases.

We may negotiate agreements with Key Accounts, such as commercial customers that have multiple sites, offices, or retail premises across two or more territories. We may charge you a reasonable percentage of the job or a fee in return for Key Account referrals. If you wish to service Key Accounts in your Territory as our subcontractor, you must sign our then-current Master Services Agreement which shall govern all work performed by you for Key Accounts. You may choose whether to service any particular Key Account on a case by case basis. If you choose to opt out with respect to any Key Account in your Territory, we may subcontract with other franchisees or third parties to service the Key Account.

If we establish a Company-Owned Operation (COO) in the future, a COO may contract with Significant Key Accounts. A Significant Key Account is one that requires such a substantial capital investment in product, or such complexity or volume of work, that a single franchisee cannot practicably perform the work required. In such cases, COO may contract with the Significant Key Account for its own account and underwrite the product purchase, offering you the opportunity to perform some or all of the installation services as COO's subcontractor, for reasonable compensation. If necessary, a COO may also subcontract with other franchisees or third parties to service the Significant Key Account in the territory without compensation to you.

We may also, in the future, arrange other referral programs, such as web site referral programs, under which you pay fees to referral sources in return for business in your Territory. We will give you information about these programs as they are developed and you may decide whether to opt out of them. If you do not expressly opt out of a referral program, you will be considered to have opted in.

You must promote, market, and engage in the Franchised Business diligently and effectively, develop to the best of your ability the potential of the Franchised Business within your Territory, and devote and focus your full time attention and efforts to its promotion and development.

You may not relocate your territory without our consent. You do not need our approval for the location of your Franchised Business within your territory, but if you decide to have a retail showroom our prior written approval is required and it must be located at least one mile within the borders of your territory.

Because the Franchised Business consists of the sale and related installations of decorative concrete within your territory, alternative means of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing media, used to generate sales without performing installations, whether they are directed to customers inside or outside your territory, are not permitted without our prior consent.

You may not use the Internet to solicit business except as described in Sections 6.8 (Use of Marks in Social Media) and 8.11(d) (Franchisor's Web Site) of the franchise agreement. You may not intentionally direct your advertising or marketing at customers in other franchisees' territories. You must obtain our prior written approval before selling and installing decorative concrete in unassigned Gray Area outside your assigned Territory. Generally, we will grant permission for you to operate in Gray Area. The decorative concrete products and services you sell must be installed in buildings located in your Territory, or with our consent, in Gray Area.

If we give you permission to operate in Gray Area, we have the right to sell or assign them or any part of them at any time, without notice to you. You will not have a right of first refusal or option to buy a territory that was formerly designated as a Gray Area.

Although we will not grant anyone else the right to operate in your Territory, except as permitted under a Key Account program or the joint marketing provisions contained in section 2.2(c) of the franchise agreement, we do not promise that another franchisee will not violate his or her franchise agreement and conduct business in your Territory.

You may increase your territory only by entering into a franchise agreement for an available additional territory for the fees described in Item 5 of this disclosure document. An additional territory must generally be contiguous or close to your first territory. We will grant an additional territory to you only if you are not in default of your first franchise agreement.

We have the right to operate or establish businesses similar to your Franchised Business, using the same Marks you will use and providing service to customers anywhere outside your Territory, regardless of how close they are to your Territory.

We have the right to make sales using our principal mark within your Territory by means of the Internet, catalog sales, direct marketing or any other means that does not involve both sale and installation of decorative concrete. We do not have to compensate you for making such sales. We may introduce ecommerce capabilities in the future. If we do so, you will be required to participate.

We have the right to establish businesses similar to the Franchised Business that operate under a different trade name and marks within your Territory without compensating you. However, we do not have any plans to do so.

In addition, we and our affiliates may (a) manufacture decorative concrete components or other products for sale to other retailers and wholesalers who will sell the decorative concrete components or other products under different trademarks, (b) sell decorative concrete components and other

products at retail, without custom measuring or installation, under different trademarks, (c) acquire or be acquired by a company that operates and/or franchises decorative concrete businesses within your territory without using the System and the Marks, (d) acquire or be acquired by a manufacturer of products associated with decorative concrete activities, (e) sell decorative concrete components and services through any other means that do not involve both the System and the Marks, and (e) advertise and promote the System and the Marks at any location within or outside your territory.

We may respond to customer complaints in your Territory, which we may resolve in our discretion.

You will not have any options or rights of first refusal or similar rights within your Territory or adjacent Territories. You will not have the right to acquire additional Concrete Craft® franchises anywhere.

Under the franchise agreement, your territorial protection or limited exclusivity will not depend upon the volume of sales generated nor on your penetration of the potential market. Except as described in this Item, there are no circumstances under which we may modify your territorial rights during the term of the franchise agreement.

ITEM 13. TRADEMARKS

You will have the right to operate your business under the Marks described below and to use other Marks we designate, under the Concrete Craft® System.

REGISTRATION OR SERIAL NUMBER	MARK	REGISTRATION/FILING DATE
Registration No. 4,979,157	CONCRETE CRAFT	Registered June 14, 2016
Registration No. 6,217,020	CONCRETE CRAFT TRANSFORMATIONAL, INSIDE AND OUT.	Registered December 8, 2020

All trademark registrations and applications have been filed on the Principal Register of the United States Patent and Trademark Office. All required affidavits have been filed.

You must follow our rules when you use our Marks. You cannot use all or any part of our name or Marks as all or part of your company's legal name. You may not use any modifying words, designs or symbols with our Marks. You may use the phrase "Concrete Craft _____" as a fictitious business name. You must obtain our approval for your fictitious business name. You may not use our Marks or name in connection with the sale of unauthorized product or service or in a manner we have not authorized in writing.

No agreements limit our rights to use or license the use of our Marks.

You must notify us immediately if you learn about an infringement of or challenge to your use of our Marks. We will take the action we think appropriate. We will defend you against any claim against you because of your authorized use of our Marks or any judgment resulting from a claim, suit or demand arising from your use of the Marks according to the terms of the franchise agreement except a claim by a prior user of the name "Concrete Craft". We control any administrative proceedings or litigation involving a trademark we license to you.

You must modify or discontinue the use of our Marks at your own expense if we modify or discontinue them. You may not directly or indirectly contest our right to our Marks.

We do not know of any prior rights or infringing uses in your Territory or of any material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of this state, or any court, or any pending infringement, opposition, or cancellation proceeding, that could materially affect your use of our Marks. There is no litigation involving the Marks.

We cannot prevent anyone who began using the name "Concrete Craft" before our use of it from continuing their use of that name in the area of prior use. The name "Concrete Craft" may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us. You acknowledge that you are responsible for finding out whether the name "Concrete Craft" is already being used in the Territory. As a material part of the consideration for our grant of a franchise to you, you agree that we are not liable to you for any prior use of the name "Concrete Craft" by anyone else.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Although we have not filed a copyright registration application for the Manual or the Handbook, we claim a copyright in their contents. The information contained in the Manual and the Handbook is proprietary. Except for your right to use the Manual and the Handbook and our marketing materials, you do not receive the right to use any item covered by a copyright. You must promptly tell us when you learn about unauthorized use of any of our proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses recovered by a third party because of claims of infringement or misappropriation of proprietary information, patents, or copyrights based on your authorized use of this information.

We do not own any rights in or licenses to any patents that are material to the franchise. We do not have any pending patent applications that are material to the franchise.

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

We prefer franchisees who plan to participate actively in the direct operation and daily affairs of the Franchised Business. We do not want to grant franchises to people who are merely seeking a

passive investment. If you do not operate the Franchised Business yourself, you must employ at least one manager on a full time basis. Your manager does not have to have an equity interest in your company. You must disclose the identity of the manager to us and, should the identity of the manager change, you must notify us in writing. The manager must complete our initial training program, devote his or her entire time during normal business hours to the management, operation, and development of the Franchised Business, maintain confidentiality of the trade secrets described in Item 14 and conform to the covenants not to compete described in Item 17.

We require the franchisee to be a company or a corporation by the time business commences. Anyone who has direct or indirect control of the company or corporation or a direct or indirect beneficial interest in the company or corporation must sign the Personal Covenant and Guarantee attached to the franchise agreement as Schedule 1. If you are married, your spouse also must sign the Personal Covenant and Guarantee.

ITEM 16. RESTRICTION ON WHAT FRANCHISEE MAY SELL

You may offer and sell in the Franchised Business only goods and services that we have authorized you to sell. Unless we instruct otherwise, you do not have to sell all the products and services we authorize, but we suggest that you do so. You are not permitted to offer or sell epoxy coatings with the limited exception of the epoxy clear coat used for stained concrete for added protection.

We have the right to change the authorized goods and services. The investment you must make in equipment, supplies and initial inventory because of these changes will not exceed $5,000 per year per territory without your prior approval.

Unless we approve otherwise in writing, you may only provide sales and services with respect to decorative concrete within your Territory. Unless we instruct otherwise, you may operate in unassigned territories known as Gray Area adjoining your Territory. Any operations in Gray Area are subject to sale of a territory that includes them or part of them to another franchisee, to initiation of "company-owned" operations in the Gray Area, and to our rules and regulations. Any advertising in Gray Area (including in telephone directories) may include only our toll-free telephone number, and not your local telephone number.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP			
This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.			
	PROVISION	**SECTION IN AGREEMENT**	**SUMMARY**
a.	Length of the franchise term	5.1	10 year initial term.
b.	Renewal or extension of the term	5.2	2 consecutive 5-year terms.
c.	Requirements for franchisee to renew or extend	5.2	Pay renewal fee and sign franchise agreement in our then-current form, not be in default, make necessary upgrades to the Franchised Business. The new franchise agreement may have materially different terms and conditions from our current franchise agreement.
d.	Termination by franchisee	None	You may terminate under any grounds permitted by law.
e.	Termination by franchisor without cause	None	Not applicable
f.	Termination by franchisor with cause	10.1	We can terminate (i) if you commit a material default, or (ii) if a condition occurs, the non-occurrence of which was presumed.
g.	"Cause" defined - curable defaults	10.3	You have 7 days to cure service mark violations (must begin the cure within 24 hours after notice). You have 30 days to cure defaults not listed in Section 10.2.
h.	"Cause" defined -non-curable defaults	10.2	Non-curable grounds for termination include: adjudication as a bankrupt, assignment for the benefit of creditors, admission of insolvency, abandonment of the Franchised Business, mutual agreement to terminate, material misrepresentation relating to the acquisition of the Franchised Business or engaging in conduct reflecting materially and unfavorably upon the operation and reputation of the Franchised Business or the Marks, failure to comply with any federal, state or local law applicable to the Franchised Business within 10 days of notification of noncompliance, repeated breaches whether or not corrected after notice, repeated failure to comply with the Franchise Agreement, whether or not corrected after notice, seizure of Franchised Business, final judgement against Franchisee not satisfied within 30 days, conviction of felony or misdemeanor involving moral turpitude, failure to pay fees to Franchisor within 5 days after receiving written notice, continued operation of Franchised Business would result in imminent danger to public health and safety, any other franchise agreement between Franchisor and Franchisee is terminated, misappropriation of customer deposits.
i.	Franchisee's obligations on termination/non-renewal	12.1	Obligations include removal of Concrete Craft® marks and payment of amounts due us. You must assign all telephone numbers relating to the business to us. (See r. below)

THE FRANCHISE RELATIONSHIP			
This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.			
j.	Assignment of contracts by franchisor	9.1	We may assign the franchise agreement if we determine the transferee is financially capable of performing our obligations and if the transferee agrees to assume such obligations.
k.	"Transfer" by franchisee – definition	1.16, 9.2	Includes transfer of contract or assets or any ownership change
l.	Franchisor approval of transfer	9.2(b)	We have the right to approve all transfers.
m.	Conditions for franchisor approval of transfer	9.2(b)	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, all money due and owing to us paid by you, and current agreement signed by new franchisee. (Also see r. below).
n.	Franchisor's right of first refusal to acquire franchisee's business	9.3	We can match any offer for your Franchised Business.
o.	Franchisor's option to purchase	None	Not applicable
p.	Death or disability of franchisee	9.6	Heir or successor must complete initial training within 30 days after the date of transfer.
q.	Non-competition covenants during the term of the franchise	8.10	Subject to state law, you may have no involvement in competing business anywhere in U.S. or in any other country where we have applied to register our trademarks.
r.	Non-competition after the franchise is terminated or expires	8.10, 12.1	Subject to state law, you may not engage in any competing business for 2 years within the former territory or within 25 miles of any Concrete Craft® territory. You must totally de-identify when your franchise rights have ended.
s.	Modification of the agreement	14.3	No modifications generally, but Manual, Handbook and specifications are subject to change.
t.	Integration/merger clause	14.2	Only the terms of this franchise disclosure document, the franchise agreement and Manual are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	11.1 - 11.4	Except for certain claims, and subject to state law, all disputes must be arbitrated or mediated in Orange County, California.
v.	Choice of forum	11.4, 11.6	Subject to applicable state law, claims for equitable or injunctive relief must be conducted in California.
w.	Choice of law	14.1	Federal law applies to arbitration and trademark issues. The law of your state applies to amendment of your franchise agreement, the maximum rate of interest that can be charged, and post-termination non-competition issues. Except as required by applicable law, California law applies to all other issues.

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following is historical financial information concerning the unaudited reported annual sales of a subset of our existing outlets, namely, those franchisees who reported gross sales and who were open for business for all of calendar year 2021 (35 single territory franchisees and 3 multiple territory franchisees, representing an aggregate total of 41 territories, or 84% of the territories open for all of 2021).

A. **Annual Sales Levels**

The following table shows unaudited annual gross sales reported by franchisees with a single territory and with multiple territories, that were in business throughout calendar year 2021. Figures for franchisees that had multiple territories are total sales for all territories – not average per territory – and if a franchisee's additional territory opened during 2021, the total sales do not represent a full year of sales for the additional territory. All gross sales figures are presented without regard to the size of the territory. Although we currently grant territories that include approximately 100,000 households, not all territories are that size. These variations in size arise both because we formerly sold territories of differing sizes and because territories can experience either growth or contraction after a franchise is sold.

During 2021 there were 35 reporting franchisees who operated a single territory throughout the year, and 3 reporting franchisees who operated multiple territories each throughout the year.

These sales results are based upon the sales reported to us by the franchisees. We have not audited or verified the franchisees' sales results, and we generally depend upon the franchisees to report their sales accurately. We do not have information concerning how our franchisees maintain their records, or whether those records are kept in accordance with generally-accepted accounting principles.

MEASURE	2021	2020	NUMBER OF OUTLETS REPRESENTED	EXPLANATION
Average Sales – One Territory	$474,864	$535,616	35 single territory franchisees/35 territories in 2021; 20 single territory franchisees/20 territories in 2020	Equals total sales by all franchisees, divided by the number of franchisees. 12 or 34% of the single territory franchisees and 2 or 33% of the multiple territory franchisees attained or surpassed the stated average results for the year. The lowest amount reported for a single territory franchisee was $85,460 and the highest was $2,145,845. The lowest amount reported for a multiple territory franchisee was $460,654 and the highest was $1,289,769.
Average Sales – Two or More Territories	$919,974	$601,193	3 two or more territory franchisees/6 territories in 2021; 4 two or more territory franchisees/8 territories in 2020	
Median Sales – One Territory	$319,136	$389,062		Shows mid-point of annual sales by franchisees with indicated number of territories. 18 or 51% of the single territory franchisees attained or surpassed the stated median results for the year. 2 or 67% of the multiple territory franchisees attained or surpassed the stated median results for the year.
Median Sales – Two or More Territories[1]	$1,009,500	$421,731		

MEASURE	2021	2020	NUMBER OF OUTLETS REPRESENTED	EXPLANATION
75th Percentile – One Territory	$546,202	$690,189		Reported sales by the 75th percentile of franchisees; only 25% of franchisees reported sales higher than this level.
75th Percentile – Two or More Territories[1]	$1,149,635	$735,644		
Average Sales of Middle 50% - One Territory	$305,519	$426,084		Equals the mean (average) annual gross sales of those franchisees whose reported sales fell between the top 25% and the bottom 25%.
Average Sales of Middle 50% - Two or More Territories[1]	$1,009,500	$421,731		
25th Percentile – One Territory	$220,831	$290,704		Reported sales by the 25th percentile of franchisees; only 25% of franchisees reported sales lower than this level.
25th Percentile – Two or More Territories[1]	$735,077	$287,280		

The following data are as reported by a subset of franchisees who responded to a survey that we conducted in February 2022 asking about their experiences during 2021. The survey was sent to all our franchisees, and 33 franchisees (45% of the system) returned responses. Forty (40) franchisees (55% of the system) did not respond to the survey for 2021. The questions asked as part of the survey and the results are described below.

B. **COVID-19 Voluntary or Mandatory Temporary Shutdowns**

As part of the survey, we asked our franchisees to report the number of months their business was shut down due to COVID-19. There were no closures during the year and all franchisees conducted business as usual.

C. **Cost of Goods Sold**

As part of the survey, we asked our franchisees to report their experiences concerning average cost of goods sold (that is, the cost to franchisees of decorative coatings sold by the franchisees) as a percentage of the price at which the franchisees sold those decorative coatings to their customers.

According to that survey, the average cost of goods sold was 26% of the gross (retail) sales price. We have not independently verified the amount reported by our franchisees, but that figure is consistent with information concerning suggested mark-ups that is discussed during franchisee training classes.

In addition to the cost of goods sold, you will also incur other expenses that are not included in this calculation, such as monthly payments (lease or financing) for the required van, labor costs for anyone you hire, rent for office/warehouse space, telephone and other utility expenses, automobile, general liability, and other types of insurance, royalties and advertising expenses, federal, state and local taxes, and financing expenses if you finance any part of your investment. You may also incur other expenses, depending upon the manner in which you operate the business. You should consult with your advisors and with other business owners concerning the other types and amounts of expenses you will incur.

D. **Average Sale Amount**

As part of the survey, we also asked our franchisees to tell us their average sale amount. The average of all responses by our franchisees was $5,864.

E. **Closing Rate**

As part of the survey, we asked our franchisees to tell us the percentage of sales calls that lead to a sale. The average of all responses by our franchisees was 35%.

F. **Product Mix**

As part of the survey, we asked our franchisees about their percentage of volume for various product categories. The average of all responses from our franchisees was as follows:

PRODUCT	%
Stamped Concrete	23
Resurfaced Concrete	34
Stained Concrete	10
Other	33

G. **Indoor vs. Outdoor Work**

As part of the survey, we asked our franchisees about their percentage of work performed indoors vs. outdoors. The average of all responses from our franchisees was as follows:

LOCATION	%
Indoors	21
Outdoors	79

H. **Residential vs. Commercial Jobs**

As part of the survey, we asked our franchisees about their percentage of work performed in a residential vs. commercial setting. The average of all responses from our franchisees was as follows:

LOCATION	%
Residential	77
Commercial	23

I. **Employees**

As part of the survey, we asked our franchisees how many employees were employed in their Franchised Business. The responses by our franchisees were as follows:

POSITION	% RESPONDENTS
Sole owner/operator	0
Partnership including with spouse	3.1
One Additional Employee	51.5
Two Additional Employees	42.4
Three Additional Employees	3.0

J. **Number of Years In Business**

As part of the survey we asked our franchisees how long they had been in business. The responses by our franchisees were as follows:

NUMBER OF YEARS IN BUSINESS	% RESPONDENTS
1-2	52
3-4	24
5-6	16
7-9	0
10 plus	8

K. **Work Locations**

As part of the survey we asked our franchisees where their office was located. The responses by our franchisees were as follows:

LOCATION	% RESPONDENTS
Home Office	39.1
Commercial Office	8.7
Warehouse Space	30.4
Storage Facility	21.8

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

We will make written substantiation for these Financial Performance Representations available to you on your reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing 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 Dan Lightner at 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, telephone (949) 404-1100, the Federal Trade Commission, and the appropriate state regulatory agencies.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

ITEM 20. TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS ENDING DECEMBER 31, 2019, 2020, AND 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	45	48	+3
	2020	48	46	-2
	2021	46	79	+33
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	45	48	+3
	2020	48	46	-2
	2021	46	79	+33

ITEM 20. TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS FOR YEARS ENDING DECEMBER 31, 2019, 2020, AND 2021

State	Year	Number of Transfers
Florida	2019	0
	2020	1
	2021	0
Texas	2019	1
	2020	0
	2021	0
Totals	2019	1
	2020	1
	2021	0

ITEM 20. TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS ENDING DECEMBER 31, 2019, 2020, AND 2021

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
AL	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
AR	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1[2]	1[2]	0	0	0	0[2]
AZ	2019	1	2	0	0	0	0	3
	2020	3	1	2	0	0	0	2
	2021	2	0	0	0	0	0	2
CA	2019	3	1	2	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	1	2	0	0	0	2
CO	2019	2	1	0	0	0	0	3
	2020	3	1[1]	2	0	0	0	2[1]
	2021	2	2	0	0	0	0	4
FL	2019	5	5	1	0	0	0	9
	2020	9	3	2	0	0	2	8
	2021	8	3[2]	3	0	0	1[2]	7[2]
GA	2019	5	1	0	0	0	2	4
	2020	4	0	1	0	0	0	3
	2021	3	1	0	0	0	0	4
ID	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
IL	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
IN	2019	0	2	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
KS	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
KY	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	2	0	0	0	0	4
MA	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
MD	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
MI	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
MN	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
MO	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	3[2]	0	0	0	2[2]	2[2]

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
NC	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	1[2]	0	0	0	1[2]	4[2]
NE	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
NJ	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
NV	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
NY	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
OH	2019	2	0	0	0	0	0	2
	2020	2	0	1	0	0	0	1
	2021	1	3	0	0	0	0	4
PA	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
SC	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	3	0	0	0	0	6
TN	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
TX	2019	10	0	3	0	0	0	7

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2020	7	1	3	0	0	0	5
	2021	5	4[2]	0	0	0	3[2]	6[2]
UT	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	1	0	0	0	0	3
VA	2019	2	0	0	0	0	0	2
	2020	2	1	1	0	0	0	2
	2021	2	1	1	0	0	0	2
WA	2019	2	1	1	0	0	0	2
	2020	2	0	1	0	0	0	1
	2021	1	2	0	0	0	0	3
WI	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Totals	2019	45	13	8	0	0	2	48
	2020	48	14[1]	14[1]	0	0	2	46[1]
	2021	46	47[2]	7[2]	0	0	7[2]	79[2]

1. *One outlet opened in 2020, and the same outlet terminated in 2020.*
2. *One outlet opened in 2021, and the same outlet terminated in 2021.*

ITEM 20. TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ENDING DECEMBER 31, 2019, 2020, AND 2021

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
GA	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

ITEM 20. TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2021

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Alabama	0	1	0
Alaska	0	0	0
Arizona	0	1	0
Arkansas	0	1	0
California	0	2	0
Colorado	0	1	0
Connecticut	0	1	0
Delaware	0	0	0
Florida	3	2	0
Georgia	2	1	0
Hawaii	0	0	0

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Idaho	0	0	0
Illinois	0	1	0
Indiana	0	1	0
Iowa	1	0	0
Kansas	0	1	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	1	0
Michigan	0	1	0
Minnesota	2	0	0
Mississippi	0	0	0
Missouri	0	1	0
Montana	0	0	0
Nebraska	1	1	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	2	0
New Mexico	0	0	0
New York	0	1	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	1	1	0
Oklahoma	0	0	0
Oregon	0	1	0

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Pennsylvania	1	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	1	0
Texas	0	2	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	1	0	0
Washington, DC	0	0	0
West Virginia	0	0	0
Wisconsin	0	2	0
Wyoming	0	0	0
TOTALS	**12**	**27**	**0**

Attached to this disclosure document as Exhibit C is a list of all current franchisees as of January 6, 2022, with the address and telephone number of each of their businesses.

Attached to this disclosure document as Exhibit D is the name, last known city and state, and telephone number of each franchisee whose franchise has, during the most recently completed fiscal year, been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business or who has not communicated with us within ten weeks of the issuance date of this disclosure document. Exhibit D lists 14 terminated franchises and 0 transferred franchises.

If we grant you this franchise, your contact information may be disclosed to other prospective franchisees when you leave the franchise system.

We have entered into agreements with some former franchisees that contain confidentiality clauses. In some instances, current and former franchisees signed provisions restricting their ability

to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

There is no trademark-specific franchisee organization associated with the CONCRETE CRAFT® franchise system.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit B are our audited financial statements as of and for the years ended December 31, 2021, 2020 and 2019.

ITEM 22. CONTRACTS

The following agreements are proposed for use in this state in connection with the franchise we offer:

TITLE OF AGREEMENT	EXHIBIT/ SCHEDULE #	SIGNED BY
Franchise Agreement and State Specific Addendum	Exhibit A	You and us
Personal Covenant and Guarantee	Schedule 1 to Exhibit A	All people having direct or indirect "Control"* over the Franchisee or a direct or indirect beneficial ownership interest in Franchisee, including any spouse of Franchisee.
Consent to Transfer and Assumption of Franchise Agreement (includes release of claims)	Exhibit G	You, new franchisee and us
Veterans Addendum to Franchise Agreement	Exhibit H	You (only if you are a veteran) and us
Secured Promissory Note	Exhibit I	You (Obligor)
General Security Agreement	Exhibit J	You (Pledgor) and us
Master Services Agreement	Exhibit L	You and us

**"Control" means possession of the direct or indirect power to direct or cause the direction of your management and policies, whether through the ownership of voting securities, by contract, or otherwise.*

ITEM 23. RECEIPT

Attached as the last page of this disclosure document is a receipt. Please sign it, date it **as of the date you receive the disclosure document** and return it to us. A duplicate of the receipt is attached for your records.

STATE SPECIFIC ADDENDA

California

Neither the franchisor, nor any person identified in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling the person from membership in the association or exchange.

California Business and Professions Code §§ 20000 through 20043 (Franchise Relations Act) provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

The franchise agreement contains a covenant not to compete that continues after the termination of the franchise. This provision may not be enforceable under California law.

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a franchise agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

Unless the transaction is exempt under the statute, Section 31125 of the California Corporations Code requires the franchisor to give the franchise a special disclosure document before soliciting a proposed material modification of an existing franchise.

The franchise agreement requires binding arbitration. The arbitration will occur in Orange County, California, with the costs being determined according to the rules of the American Arbitration Association.

The franchise agreement contains a liquidated damages clause. Under Civil Code Section 16711 certain liquidated damages clauses are unenforceable.

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

OUR WEBSITE ADDRESS IS WWW.CONCRETECRAFT.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE

CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF EACH PROPOSED AGREEMENT RELATING TO THE GRANT OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Hawaii

HAWAII DISCLAIMER

THESE FRANCHISES WILL BE OR HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in Hawaii authorized to receive service of process:

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, HI 96813

(1) Item 1 is amended to add the following:

The name and address of our agent in this state authorized to receive service of process is: the Commissioner of Securities of the Department of Commerce and Consumer Affairs, 335 Merchant Street, Honolulu, Hawaii 96813.

(2) Item 5 of the disclosure document is modified to include the following paragraph:

On request of the Commissioner of Securities of the Department of Commerce and Consumer Affairs, we have agreed to defer collection of all initial fees until we have performed all our pre-opening obligations.

(3) Item 17, Summary column for (i) is amended to add the following:

Under Hawaii law, on termination or refusal to renew the franchise, you are entitled to be compensated for the fair market value, at the time of the termination or expiration of the franchise, of your inventory, supplies, equipment and furnishings purchased from us or a supplier we designated; except that personalized materials that have no value to us need not be compensated for. If we refuse to renew the franchise for the purpose of converting your business to one we own and operate, we, in addition to the remedies described above, will compensate you for the loss of goodwill. We may deduct from the compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment and furnishings under this requirement, and may offset from the compensation any moneys you owe us.

(4) Item 20 is amended to add the following:

Registrations are effective or proposed registrations will shortly be on file in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Proposed registrations or filings for these franchises are or will be shortly on file in no other state.

No states have refused, by order or otherwise, to register these franchises.

No states have revoked or suspended the right to offer these franchises.

There are no states in which a proposed registration of these franchises has been withdrawn.

The following language is inserted at the end of the first paragraph of Item 5 in the disclosure document: "The Initial Franchise Fee, Initial Territory Fee and, if applicable, Additional Territory Fee will not be payable until we have fulfilled all of our pre-opening obligations to you." The third paragraph in Item 5 of the disclosure document is deleted because Hawaii franchisees may not reserve Territories with a Deposit Receipt.

Illinois

The following language is inserted before the last sentence of the first paragraph in Item 5 of the disclosure document. "The Initial Franchise Fee, Territory Fee and, if applicable, Additional Territory Fee will be deferred until we have fulfilled all of our pre-opening obligations to you and

you have commenced doing business." The fourth paragraph in Item 5 of the disclosure document is deleted because Illinois franchisees may not reserve Territories with a Deposit Receipt.

The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Many states have statutes concerning the relationship between franchisor and franchisee. These statutes deal with such matters as renewal and termination of franchises. Provisions of this sort will prevail over inconsistent terms in a franchise agreement. Illinois has such a statute, Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1 et seq.

The franchise agreement provides for termination upon bankruptcy. A provision in a franchise agreement that terminates the franchise upon bankruptcy of the franchisee may not be enforceable under Title 11, U.S. Code § 101.

Item 17v (Choice of Forum) is amended to state "None for equitable/injunctive relief and California for arbitration/mediation proceedings" under the heading for "Summary."

The franchise agreement includes a choice of law clause designating another state's law as the governing law. Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Item 17 w. is amended to state "none" under the heading for "Section in franchise agreement" and "not applicable" under the heading for "Summary."

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Maryland

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. The fourth paragraph in Item 5 of the disclosure document is deleted because Maryland franchisees may not reserve Territories with a Deposit Receipt.

Amendments to Item 17 of the disclosure document:

Item 17m (Transfer) is amended to add the following statement:

The general release required as a condition of transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17u (Dispute Resolution by Arbitration or Mediation) is amended to add: "Franchisee may bring a lawsuit for claims arising under the Maryland Franchise Registration and Disclosure Law." under the heading "Summary".

Item 17v (Choice of Forum) is amended to state "None for equitable/injunctive relief and California for arbitration/mediation proceedings, and Maryland for a lawsuit for claims arising under the Maryland Franchise Registration and Disclosure Law" under the heading for "Summary."

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

The franchise agreement says that we may require you to sign a release of claims as a condition of renewal or transfer of your franchise. The release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Under the franchise agreement, you must disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland Franchise law. These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within three years after the franchise is granted.

Minnesota

Amendments to Item 17 of the disclosure document:

Minn. Stat. Sec. 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The franchise agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.12, Subd. 1(g) provides that Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. The franchisor will protect the franchisee's rights to

use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

The franchise agreement requires you to sign a release of claims as a condition of renewing or Transferring a franchise. Minn. Rule 2860.4400J prohibits us from requiring you to sign a release of claims arising under the Minnesota Franchise Law. Therefore, any release we require you to sign will exclude claims arising under the Minnesota Franchise Law.

The franchise agreement provides that we are entitled to a temporary injunction or decree of specific performance without bond if we can demonstrate to a court of competent jurisdiction that there is substantial likelihood of your breach or threatened breach of any of the terms of the Agreements. The Agreements are amended to provide that we are entitled to seek a temporary injunction or decree of specific performance under these circumstances, not that we are necessarily entitled to obtain this relief.

Any limitations of claims section in the franchise agreement must comply with Minn. Stat. Sec. 80C.17, Subd. 5.

New York

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHINGIN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT, HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement,

fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating ot the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise and territory fees constitute part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), entitled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), entitled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), entitled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), entitled "**Choice of forum**", and Item 17(w), entitled "**Choice of Law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

North Dakota

In North Dakota, the disclosure document is amended as follows to conform to North Dakota law:

Item 17r is amended to add the following: "To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota."

Item 17u (Dispute Resolution by Arbitration or Mediation) is amended to omit any reference to the location of mediation or arbitration.

Item 17v (Choice of Forum) is amended to state "None" under the heading for Section in Agreement and "Not Applicable" under the heading for "Summary."

The franchise agreement includes a waiver of the right to a jury trial. That requirement will not apply to North Dakota franchises and is deemed deleted in each place it appears in the disclosure document and franchise agreement.

The franchise agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchises and is deemed deleted in each place it appears in the disclosure document and franchise agreement.

Rhode Island

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the disclosure document, any litigation (but not arbitration) arising under the franchise agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

To the extent required by § 19-28.1-14 of the Rhode Island Franchise Investment Act, the Agreements will be governed by the laws of the State of Rhode Island.

South Dakota

The following language is inserted at the end of the first paragraph of Item 5 in the disclosure document: "The Initial Franchise Fee, Initial Territory Fee and, if applicable, Additional Territory Fee will not be payable until we have fulfilled all of our pre-opening obligations to you." The third paragraph in Item 5 of the disclosure document is deleted because South Dakota franchisees may not reserve Territories with a Deposit Receipt.

The franchise agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The franchise agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with § 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The franchise agreement designates the law of a state other than South Dakota as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act and trademark issues are to be construed under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the franchise agreement.

Under South Dakota law, any provision in a franchise agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained

in the disclosure document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDCL 37-5B-21, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

Virginia

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the franchise disclosure document for American Decorative Coatings, LLC, for use in the Commonwealth of Virginia is amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Washington

Item 3 of the FDD is hereby amended to include the following:

In January 2018, the Attorney General of Washington initiated the "In re Franchise No Poaching Provisions Investigation" which included investigation of the hiring practices of franchisors and franchisees in Washington. Specifically, the Attorney General asserted that provisions in franchise agreements that restrict a franchisee's ability to solicit or hire employees from the franchisor or other franchisees constitute a contract, combination or conspiracy in restraint of trade in violation of the Consumer Protection Act, RCW 19.86.030. In September 2019, we proactively entered into a voluntary Assurance of Discontinuance ("AOD") with Washington. Under the AOD we agreed to refrain from including in our franchise agreement in the future any provisions that purport to restrict a franchisee's ability to solicit or hire employees from American Decorative Coatings, LLC or other franchisees. Before entering into the AOD, we had already removed from our franchise agreement a provision that Washington would have asked us to remove. We have never enforced this provision in the past and, pursuant to the AOD, we agreed not to enforce this provision in any of our existing franchise agreements in the future. The AOD also

required that we endeavor to amend these existing franchise agreements to remove that provision. We entered into the AOD voluntarily, to expedite our continued franchise operations in Washington, and we do not agree or concede that any claim made by Washington had merit.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection withthe sale of franchises, or a violation of the Washington Franchise Investment Protection Act, inWashington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonablyrestrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonableestimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unlessthe independent contractor's earnings from the party seeking enforcement, when annualized,exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result,any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchisor broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The Initial Franchise Fee and Initial Territory Fee will be held in escrow until we have fulfilled all of our pre-opening obligations to you.

EXHIBIT A

FRANCHISE AGREEMENT, STATE ADDENDUM AND SCHEDULES

CONCRETE CRAFT

TRANSFORMATIONAL, INSIDE AND OUT.

FRANCHISE AGREEMENT

TABLE OF CONTENTS

1. DEFINITIONS

1

1.1. Affiliate 1
1.2. Company-Owned Operation 2
1.3. Control 2
1.4. Franchised Business 2
1.5 Gray Area 2
1.6. Gross Revenue 2
1.7. Handbook 2
1.8. Key Account 3
1.9. Manager 3
1.10. Manual 3
1.11. Marks 3
1.12. Materials 3
1.13. Products 3
1.14. Showroom 4
1.15. System 4
1.16. Territory 4
1.17. Transfer 4

2. THE FRANCHISED BUSINESS

4

2.1. Grant of Franchise 4
2.2. Limited Exclusivity 5
2.3. Reserved Rights 6
2.4. Area and Scope of Operation 6

3. LOCATION OF BUSINESS

7

3.1. Principal Place of Business 7
3.2. Storage Unit and Office/Warehouse 7
3.3. Showroom 7

4. PAYMENTS BY FRANCHISEE

8

4.1. Franchise Fee 8

4.2. Territory Fee....8
4.3. Continuing Royalty....8
4.4. National Advertising Fund....9
4.5. Technology Fee....11
4.6.Annual Convention Fee....11
4.7. Means and Time of Payment....11
4.8. No Accord or Satisfaction....12
4.9. Fees for Optional Referrals....12
5. TERM
12
5.1. Initial Term....12
5.2. Additional Term....12
5.3. Notice of Expiration Required by Law....13
6. INTELLECTUAL PROPERTY
14
6.1. Marks....14
6.2. Acts in Derogation of the Franchisor's Rights....15
6.3. Use and Modification of Marks....16
6.4. Use of Other Trademarks....16
6.5. Prohibition Against Disputing Franchisor's Rights....16
6.6. Mark Infringement Claims and Defense of Marks....16
6.7. Use of Marks on the Internet....17
6.8. Use of Marks in Social Media....18
6.9. Copyrights....18
7. INSTRUCTION AND OPERATING ASSISTANCE
19
7.1. Initial Training....19
7.2. Additional Attendees....19
7.3. Staff Training....20
7.4. Remedial Training....20
7.5. Start-Up Package....20
7.6. Staff Training Courses....20
7.7. Continuing Assistance....20
7.8. Annual Convention....21
7.9. Proprietary Materials....21
7.10.Equipment, Tools, Supplies and Inventory....21
7.11.Initial Promotion and Advertising....21

8. OPERATION OF BUSINESS

21
8.1. Franchisee Operational Requirements 21
8.2. Manual and Handbook 26
8.3. Local Area Marketing 26
8.4. Telephone Numbers and Advertising 27
8.5. Insurance 27
8.6. Reporting, Data, Records and Rights of Inspection 28
8.7. Review 30
8.8. Compliance with Laws 30
8.9. Pricing 30
8.10. No Competing Businesses 30
8.11. Franchisor's Web Site 32
8.12. E-mail, Internet, Social Media and Other Media 33
8.13. Electronic Commerce 34
8.14. Franchisor Electronic Portal 35
8.15. Change in Status Processing 35
8.16. Key Accounts 36
8.17. Vendor Allowances 36
8.18. Privacy 36
8.19. Nondisclosure and Confidentiality 37

9. ASSIGNMENT

38
9.1. Assignment by Franchisor 38
9.2. Assignment by Franchisee 38
9.3. Right of First Refusal 40
9.4. Transfers to Family Members 40
9.5. Transfers to Affiliated People 41
9.6. Transfers Upon Death or Incapacity 41

10. DEFAULT AND TERMINATION

41
10.1. General 41
10.2. Termination Without Opportunity to Cure 42
10.3. Termination Subject to Opportunity to Cure 43
10.4. Description of Default 44
10.5. Statutory Limitations 44
10.6. Alternative Remedies 44

11. DISPUTE RESOLUTION

44
11.1. Alternate Dispute Resolution 44
11.2. Disputes Not Subject To Alternate Dispute Resolution 45
11.3. Option to Mediate Dispute 45
11.4. Arbitration....45
11.5. Business Judgment....46
11.6. Venue, Submission to Court, Limitation of Damages 47
11.7. Independence of Provisions....47
12. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION

47
12.1. Franchisee's Obligations following Termination or Expiration 47
12.2. Rights of Franchisor....49
12.3. Franchisor's Right to Cure Defaults by Franchisee 49
12.4. Waiver and Delay....49
12.5. Attorney Fees and Expenses....49
13. GENERAL CONDITIONS AND PROVISIONS

50
13.1. Relationship of Franchisee to Franchisor 50
13.2. No Liability....50
13.3. Indemnity....50
13.4. Survival of Covenants 51
13.5. Successors and Assigns....51
13.6. Joint and Several Liability 51
13.7. Counterparts 51
13.8. Notices 51
13.9.Franchisor’s Discretion 52
14. CONSTRUCTION OF AGREEMENT

52
14.1. Governing Law....52
14.2. Entire Agreement 53
14.3. Modification....53
14.4. Titles for Convenience Only....53
14.5. Gender 53
14.6. Severability....53
14.7. No Third Party Beneficiaries 53
14.8. Examples Not Exclusive 54
14.9. "Person" Inclusive 54

15. SUBMISSION OF AGREEMENT

54
16. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE

54
16.1. Certain Acknowledgments and Representations of Franchisee 54
16.2. Additional Information Respecting Franchisee 55

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
SCHEDULES:
1: Personal Covenant and Guarantee
2: Description of Territory
3: Concrete Craft® Start-up Package
4: Schedule of Names and Addresses of Owners and Principal Officers
5: Franchisee's Affirmations and Acknowledgements

FRANCHISE AGREEMENT

This Franchise Agreement (Agreement) is entered into as of _____ ("Effective Date"), between American Decorative Coatings, LLC, a Delaware limited liability company ("Franchisor"), and _____, a(n) _____ proposing to do business in the state of _____ as Concrete Craft _____ ("Franchisee"). Franchisee will begin operation under this Agreement on _____ ("Operating Date").

RECITALS

A. Franchisor is engaged in the administration and development of programs for a mobile business ("Franchised Business") for the sale and installation of decorative concrete using our expertise ("System") and CONCRETE CRAFT® marks ("Marks"), as defined below, as well as other proprietary information owned by, and identified with, Franchisor. Franchisor is the owner of the Marks, the System, and all rights in respect of each of them. Franchisor's activities in general, and its franchise program in particular, are undertaken to develop, maintain, and enhance the Marks and Franchisor's overall reputation in retail sales and related services relating to decorative concrete.

B. Franchisee wishes to be franchised by the Franchisor to use the System, the Marks, and the goodwill of Franchisor to conduct the Franchised Business. Franchisor is willing to grant to Franchisee a franchise for the System and the Marks, in accordance with the provisions of this Agreement, the Manual and the Handbook, as amended from time to time, on the terms and conditions set forth below.

C. Franchisee acknowledges that, in the administration of this Agreement and in taking actions with respect to its relationship with Franchisee, Franchisor must take into account the needs of all people operating under the Marks, the effect upon those people as a whole, and the need to protect the Marks for the benefit of those people and Franchisor.

1. DEFINITIONS

1.1. Affiliate

An "Affiliate" of Franchisor or Franchisee, as the case may be, means all people in the following categories when they are conducting business activities related to Franchisor or Franchisee: (a) all people who Control, are Controlled by, or are under common Control with, Franchisor or Franchisee; (b) all direct or indirect shareholders, partners, members, or owners of Franchisor or Franchisee, regardless whether they Control Franchisor or Franchisee; and (c) all officers, directors, employees, and agents of Franchisor or Franchisee and of Franchisor's or Franchisee's other Affiliates.

1.2. Company-Owned Operation

The term “Company-Owned Operation” or “COO” means a business or businesses similar to some or all aspects of the Franchised Business owned and operated by Franchisor or its Affiliate for its own account.

1.3. Control

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract, or otherwise.

1.4. Franchised Business

The term "Franchised Business" means maintaining and operating a retail operation for the sale and installation of decorative concrete to customers located in the Territory, in accordance with the System and using the goodwill associated with the Marks, all upon the terms and conditions stated in this Agreement. For purposes of this Agreement, a customer is located in the Territory if the location where the Franchised Business’s services will be performed is located in the Territory.

1.5 Gray Area

The term “Gray Area” means an area adjoining the Territory that is not part of any other franchisee’s territory, nor an area served by the Company-Owned Operation.

1.6. Gross Revenue

The term “Gross Revenue” means the aggregate of all revenues, sales and other income of Franchisee from whatever source derived, including Gray Area, regardless of whether collected by Franchisee, arising out of, in connection with or relating to the Franchised Business including, without limitation, (a) income from the sale of any products or other items; (b) income from any services provided; and (c) all proceeds from any business interruption insurance, but excluding (i) all refunds and discounts made in good faith to a customer; (ii) any sales, use, retail sales and equivalent taxes which are collected by Franchisee for or on behalf of any governmental or other public body and actually remitted to such body; and (iii) the value of any coupon, voucher or other allowance authorized by Franchisor and issued or granted to customers of Franchised Business which is received or credited by Franchisee in full or partial satisfaction of the price of any product or service offered in connection with the Franchised Business. Franchisor reserves the right to institute policies in the Manual or otherwise in writing and from time to time, regarding the inclusion in Gross Revenue of any pre-paid goods and services (including, without limitation, gift cards and gift certificates) and delivery and redemption thereof.

1.7. Handbook

The term “Handbook” means Franchisor’s Confidential Operations Handbook to be referenced by Franchisee in operating the Franchised Business. The Handbook will be made

available on Franchisor's electronic portal. The Handbook includes all amendments and supplements prescribed by Franchisor from time to time.

1.8. Key Account

The term "Key Account" means any (a) potential or existing customer that has multiple sites, offices, or retail premises across two or more franchised territories; (b) any home improvement retail or wholesale outlet, construction company, contractor, or similar business whose clientele includes potential customers for decorative concrete across two or more franchised territories, and (c) referral sources that offer to refer customers across two or more franchised territories to Franchisor for a fee.

1.9. Manager

The term "Manager" means the employee or agent of Franchisee who has been designated by Franchisee as the person responsible for the day-to-day operation of the Franchised Business and who has successfully completed initial training. If Franchisee is an individual, Franchisee may be the Manager.

1.10. Manual

"Manual" is the Confidential Operations Manual consisting of the collection of policies and procedures (regardless of title) to be adhered to by Franchisee in performing under this Agreement. The Manual will be made available on Franchisor's electronic portal. The Manual includes all amendments and supplements prescribed by Franchisor from time to time.

1.11. Marks

The term "Marks" means "CONCRETE CRAFT®" and all other proprietary marks registered or pending with the United States Patent and Trademark Office, as well as all common law trademarks and Marks, trade names, logotypes, insignias, designs, and other commercial symbols which Franchisor uses and authorizes others to use to identify the Franchised Business.

1.12. Materials

The term "Materials" means all forms, contracts, agreements, signs, displays, stationery, and other items permitted or required by Franchisor to be used in the operation of the Franchised Business.

1.13. Products

The term "Products" means decorative concrete products including concrete sealers, coatings and stains as authorized by Franchisor.

1.14. Showroom

The term “Showroom” means a fixed retail location for the display and/or sale of Products and services associated with the Franchised Business.

1.15. System

The term "System" means a comprehensive marketing and operational system, as amended from time to time, prescribed by Franchisor to be used in the conduct of the Franchised Business, as described in this Agreement, the Manual and the Handbook. The System includes, among other things, the Marks and certain advertising, marketing and sales programs and techniques, Franchisor-controlled telephone numbers, training programs and materials, artwork, graphics, and layouts, slogans, names, and titles, text, and other intellectual property that Franchisor makes available to Franchisee. Franchisor, in its sole discretion, may improve and/or change the System from time to time (including adding to, deleting, or modifying elements of the System, establishing categories or classifications of franchisees, and amending the Manual and/or the Handbook) for the intended purpose of making the System more effective, efficient, economical, or competitive, adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions, enhancing the reputation or public acceptance of the System, and/or better serving the public.

1.16. Territory

The term "Territory" means the geographic area described in the attached Schedule 2, which is defined by U.S. Postal Service ZIP Codes (the boundaries of which are subject to adjustment by the Postal Service). On the Effective Date, the Territory consists of approximately 100,000 households, but the number of households (and the number of people per household) is subject to growth and shrinkage over the Term.

1.17. Transfer

The term "Transfer" means any direct or indirect sale, assignment, transfer, conveyance, delegation of duties, gift, declaration of trust, pledge, mortgage, hypothecation, or other encumbrance, voluntarily or involuntarily, by operation of law or otherwise, whether as a single transaction or as part of a series of transactions, of any interest in a person, this Agreement, or all or substantially all of the assets of a person.

2. THE FRANCHISED BUSINESS

2.1. Grant of Franchise

Franchisor grants to Franchisee, and Franchisee accepts, a franchise (“Franchise”) to participate in and use the System by conducting the Franchised Business solely within the Territory in strict accordance with this Agreement and the Manual, from the Operating Date until the end of the Term, unless sooner terminated. **Nothing contained in this Agreement may be interpreted as a guarantee of success.** Franchisee retains the right to conduct businesses and perform services other than the Franchised Business, but subject to the restrictions on engaging in competitive

activities under Section 8.10, and subject to all other applicable provisions of this Agreement and the Manual. Franchisee may not use the Marks, all or any part of the System, or any of Franchisor's other proprietary information in connection with any other businesses or services without the express prior written permission of the President or other executive officer of Franchisor, which permission, if granted, will bring the other businesses or services within the scope of the Franchised Business.

2.2. Limited Exclusivity

(a) Except as provided in paragraphs (b), (c), (d) and (e) of this section, during the Term, Franchisor will not establish or operate within the Territory, or franchise any third party to establish or operate within the Territory, any other business that both sells and installs decorative concrete using the System and the Marks.

(b) Franchisee may not contract with Key Accounts. Franchisee agrees that, from time to time, Franchisor may enter into agreements with Key Accounts that contemplate performance in multiple territories, including the Territory, of sales or installations of, or other services regarding, decorative concrete. If Franchisee wishes to service Key Accounts in the Territory as Franchisor's subcontractor, it shall sign Franchisor's then-current Master Services Agreement which shall govern all work performed by Franchisee for Key Accounts. Franchisee may choose whether to service any particular Key Account on a case by case basis. If Franchisee chooses to opt out with respect to any Key Account in the Territory, or if Franchisee fails to provide sales, installations, or other services to a particular Key Account in the Territory on any two occasions in a 12-month period, Franchisor may provide or grant others the right to provide sales, installations, or other services with respect to that particular Key Account in the Territory for the remainder of the term.

A customer in the Territory with a job that is too large for Franchisee to undertake or that Franchisee chooses not to service shall be deemed to be a Key Account for purposes of this Section 2.2(b) even if that Key Account is limited to the Territory.

(c) Franchisee acknowledges that, from time to time, opportunities may arise to participate in joint marketing efforts with other CONCRETE CRAFT® franchisees. If Franchisee is afforded the opportunity to participate in joint marketing efforts but declines to do so, the participating CONCRETE CRAFT® franchisee must offer any leads for the Territory generated as a result of the joint marketing effort to Franchisee on reasonable terms and conditions (including maximum lead fees per referral) specified from time to time in the Manual. If the participating franchisee complies with Franchisor's guidelines on the offering terms for the leads and Franchisee declines to accept the lead on the terms offered, then the participating franchisee will not be required to turn over the lead to Franchisee and the participating franchisee may instead work the lead in the Territory without compensation to Franchisee.

(d) Franchisee agrees that if, as a result of Franchisee's default of this Agreement and as an alternative to termination, Franchisor withholds customer leads generated on Franchisee's behalf by Franchisor as described in sections 8.11(e) and 10.6 of this Agreement, Franchisor may provide or grant other franchisees the right to provide sales, installations or other services with respect to those customer leads in the Territory until Franchisee cures the breach.

(e) Except to the limited extent expressly provided in paragraph (a) of this section the rights granted to Franchisee under this Agreement are non-exclusive and Franchisor expressly reserves all other rights, including the exclusive, unrestricted rights, directly and indirectly, itself and through its employees, representatives, franchisees, licensees, assigns, agents, and others: (i) to own and operate, and to franchise others to own and operate, decorative concrete businesses using the System and the Marks at any location outside the Territory; (ii) to solicit, sell to, and service Key Accounts and the clients of those Key Accounts, wherever located (including within the Territory), subject to compliance with paragraph (b) of this Section 2.2 and Section 8.16; (iii) to acquire or be acquired by a company that operates and/or franchises decorative concrete businesses within the Territory without using the System and the Marks; (iv) to acquire or be acquired by a manufacturer of products associated with decorative concrete activities; (v) to sell decorative concrete products and services through any other means that do not involve both the System and the Marks (including within the Territory); and (vi) to advertise and promote the System and the Marks at any location within or outside the Territory.

2.3. Reserved Rights

Nothing contained in this Agreement will accord Franchisee any right, title or interest in or to the Marks, System, operational techniques, service concepts, proprietary information, or goodwill of Franchisor, except only those rights granted by this Agreement.

2.4. Area and Scope of Operation

Franchisee will only conduct its Franchised Business within the Territory and must maintain a business address within the Territory even if Franchisee operates out of its own home located outside the Territory. Unless Franchisee will operate out of its own home (in which case Franchisee must still maintain a business address within the Territory and any advertising of the Franchised Business must display the business address within the Territory and not Franchisee's home address), its office must be located within the Territory. Any warehouse or other facilities must be located within the Territory.

Except as to Gray Area, Franchisee may provide sales and services only with respect to locations within the Territory. Franchisee must (i) diligently and effectively promote, market, and engage in the Franchised Business within the Territory; (ii) develop, to the best of its ability, the potential for the Franchised Business from within the Territory; (iii) operate the Franchised Business so as to maximize the Gross Revenue of the Franchised Business; and (iv) devote and focus its full-time attentions and efforts to that promotion and development.

Unless otherwise instructed by Franchisor, Franchisee may operate in Gray Area. Any operations in Gray Area are subject to sale of the territory to another franchisee, to initiation of "company-owned" operations in the Gray Area, and to Franchisor's rules and regulations, including that any advertising in Gray Area (including in telephone directories) can only include Franchisor's toll-free telephone number, and not the local telephone number of Franchisee.

Franchisee does not receive any right of first refusal or other rights of any type to a Gray Area by virtue of operations in that gray area. Franchisor may sell any Gray Area territory at any time, without advance notice to Franchisee. Upon notice from Franchisor, Franchisee will

immediately cease all marketing activities in any Gray Area. Franchisor may give a notice to cease marketing without regard to whether the Gray Area has been sold to another franchisee. After Franchisor gives notice to cease marketing, Franchisee may (for a maximum of 30 days) complete installations of decorative concrete for which orders were completed before Franchisor gave Franchisee notice to cease marketing in the area.

Franchisee's Initials:

_____

3. LOCATION OF BUSINESS

3.1. Principal Place of Business

Franchisee's principal place of business is at the following location:

_____

3.2. Storage Unit and Office/Warehouse

Franchisor recommends that Franchisee initially use a storage unit at which Franchisee may accept truck delivery of decorative concrete products before installation. At any time, Franchisee may, without further approval from Franchisor, develop an office and/or warehouse provided that the office/warehouse is located within the Territory.

3.3. Showroom

Franchisee does not have to establish a Showroom, but if it decides to do so: (i) the Showroom must be located within the Territory; (ii) Franchisee must ensure the Showroom complies with Franchisor's written specifications and other requirements for Showrooms set forth in the Manual and/or the Handbook; and (iii) the Showroom requires Franchisor's prior written approval. If Franchisee wishes to establish a Showroom, Franchisee will find and submit to Franchisor, for Franchisor's approval, a location for the Showroom and such information regarding the Showroom location as Franchisor may require.

Franchisor will have 14 days from receipt of all the requested information to approve or disapprove the Showroom location. Franchisor has the right to grant or withhold approval of any proposed Showroom location in its business judgment. Any proposed relocation of the Showroom in the future will be subject to the same approval process as set forth above. Franchisee acknowledges and agrees that Franchisor's consent to the location, and any information regarding the location communicated to Franchisee regarding the standard site selection criteria for Showroom locations, does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location for a Showroom or for any other purpose. Franchisor's recommendation or consent to the location indicates only that Franchisor believes that the location falls within the acceptable criteria for Showroom locations that Franchisor has established at the time of the consent to the location. Franchisee acknowledges and agrees that Franchisee's selection of the location is based on Franchisee's own independent investigation of the suitability of the location and that Franchisor's approval is not a guarantee or promise of success.

Franchisee may display and offer for sale all Products that have been approved for sale by franchisees of Franchisor. Unless otherwise approved in writing by Franchisor (which consent may be withheld arbitrarily or otherwise in Franchisor's sole discretion), Franchisee may not sell any products other than Products that have been approved for sale by all franchisees of Franchisor. Franchisee acknowledges that Franchisor may have other franchisees in the same general area of Franchisee's Showroom and that Franchisor may consider the interests of all franchisees in deciding whether to allow additional products to be sold from the Showroom.

To ensure no sales are made in the territories of other franchisees and to avoid misunderstandings when customers are quoted a price for Products that are different than the prices of other franchisees, Franchisee must as a preliminary matter first determine if the customer is from another franchisee's contracted territory. If so, Franchisee must refer the customer to the franchisee in whose territory the customer is located and provide such franchisee's name and contact information and must not quote any prices, sales terms or other information to the customer. Franchisee will not be compensated for these referrals but will provide them as a means to protect the goodwill of the CONCRETE CRAFT® brand and the Marks.

4. PAYMENTS BY FRANCHISEE

4.1. Franchise Fee

If Franchisee is not a party to another franchise agreement with Franchisor, Franchisee will pay to Franchisor an Initial Franchise Fee of $19,950. Franchisee will receive the CONCRETE CRAFT® Start-Up Package (listed in Schedule 3 to this Agreement) when the Initial Franchise Fee is paid in full. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America upon signing of this Agreement by Franchisee. The Initial Franchise Fee is not refundable.

4.2. Territory Fee

If Franchisee is purchasing the Territory from Franchisor (rather than an existing franchisee) Franchisee also will pay Franchisor a Territory Fee of $50,000. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America, upon signing of this Agreement by Franchisee. The Territory Fee is not refundable.

4.3. Continuing Royalty

Throughout the Term of this Agreement, Franchisee will pay a Continuing Royalty calculated each month in arrears equal to the greater of: (a) the percentage of Gross Revenue calculated below; or (b) a minimum monthly Continuing Royalty of $750 for the first 12 months of the Term and $1,500 thereafter:

Continuing Royalty	Gross Revenue for the Prior Month
7.0%	$0 - $30,000
6.0%	$30,000.01 – $60,000
5.0%	$60,000.01 - $120,000
4.0%	$120,000.01 and above

Franchisee will pay a blended rate of Continuing Royalty. For example, if Franchisee's Gross Revenue for the prior month is $75,000, Franchisee will pay 7% for the first $30,000, 6% for the second $30,000 and 5% for the last $15,000. Gross Revenue for work performed in Gray Area is to be included.

If Franchisee has more than one franchise agreement with Franchisor containing this Continuing Royalty provision, the Gross Revenue for each franchised business thereunder is averaged for purposes of this calculation. For example, if Franchisee has two franchise agreements, the Gross Revenue for both franchised businesses is added together and divided by two to arrive at the average Gross Revenue for each franchised business for purposes of calculating the Continuing Royalty payable under each franchise agreement.

For purposes of this Section 4.3, Gross Revenue is recognized when the work is completed and a final invoice is issued to the customer. If Franchisee has issued previous invoices to the customer prior to the final invoice, the aggregate amount of all previous invoices and the final invoice shall be reported as Gross Revenue for the prior month.

If Franchisee renews this Agreement, the amount of the Continuing Royalty throughout the renewal term will be the Continuing Royalty provided for in the then-current form of Franchise Agreement being issued by Franchisor.

(b) The Continuing Royalty payable for any month for which a Gross Revenue report has not been submitted when due as required by Section 8.6(b) shall be calculated based on an imputed Gross Revenue of $60,000 for the month. If, once the late Gross Revenue report is received, Franchisor determines that the Gross Revenue for that month was: (a) less than $60,000, the overpayment of Continuing Royalty shall be applied to the Continuing Royalty for the month following the month in which the Gross Revenue report was received by Franchisor; or (b) more than $60,000, the underpayment of Continuing Royalty shall be added to the Continuing Royalty for the month following the month in which the late Gross Revenue report was received by Franchisor.

(c) Payments of Continuing Royalty are not refundable.

4.4. National Advertising Fund

(a) Throughout the Term of this Agreement, Franchisee will pay Franchisor the greater of one percent (1%) of Franchisee's monthly Gross Revenue for the previous month or $500 for a monthly National Advertising Fee. Monthly National Advertising Fund payments are paid in arrears. Franchisor may increase this amount but not above 2% of Franchisee's monthly Gross Revenue. Gross Revenue for work performed in Gray Area is to be included.

(b) Payments of National Advertising Fee are not refundable.

(c) Franchisor may in the future establish the CONCRETE CRAFT® National Support Services Network, through which qualified representatives will be able to respond to inquiries from customers of CONCRETE CRAFT® franchisees. The costs for these services may be reimbursed partially or wholly from the National Advertising Fund ("Fund").

(d) On a national or regional basis, Franchisor may impose an additional assessment upon some or all of its franchisees for special designated advertising or promotional activities, if 2/3 of all affected CONCRETE CRAFT® franchisees agree to that assessment in writing.

(e) The National Advertising Fees will be contributed to the Fund for such national, regional, local and other advertising and public relations programs and initiatives as Franchisor, in its sole discretion, may deem necessary or appropriate for the promotion or protection of the System. The Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to Franchisee, or to any franchisees, with respect to the Fund. Franchisor has the absolute right to direct the creative concepts, materials, endorsements and media used in the advertising and public relations programs, as well as the placement and allocation of the programs.

(f) The Fund will be used and expended for website development and maintenance, public relations, media costs, commissions, Internet marketing, market research costs, creative costs and production costs including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to advertising, promotional and public relations programs and initiatives undertaken by Franchisor. Franchisor reserves the right to place and develop such advertisements and promotions and to market on behalf of the System, either directly or through advertising agencies retained or formed for such purpose.

(g) The Fund will be accounted for separately from the other funds of Franchisor. The Fund may not be used to defray any of Franchisor's general operating expenses, except for any reasonable salaries that Franchisor may incur in activities reasonably related to the Fund's advertising and promotional programs (including, without limitation, conducting market research, managing programs supported by the Fund, and retaining outside agencies), and an administrative fee of 15% of the annual aggregate National Advertising Fees received by Franchisor. Any sums remaining in the Fund at the end of a fiscal year must carry over in the Fund to the next fiscal year.

(h) Franchisee acknowledges and agrees that the Fund is intended to maximize general public recognition and patronage of businesses for the benefit of the System as a whole, and that Franchisor undertakes no obligation in administering the Fund to ensure that any particular Franchisee benefits directly or pro-rata from the placement or conduct of such advertising and promotion.

(i) The Fund may not be used for any initiative intended solely to market the sale of franchises. Franchisee acknowledges and agrees, however, that certain activities supported by the Fund, including, without limitation, maintenance of the website, public relations activities, and community involvement activities, may include information about franchising opportunities.

(j) No interest on unexpended National Advertising Fees will be imputed for the benefit of or payable to Franchisee and no interest on Franchisor expenditures in excess of National Advertising Fees collected will be imputed for the benefit of, or payable to, Franchisor.

(k) Franchisor will determine the cost, form of media, content, format, production, timing, location (including regional or local concentration and seasonal exposure) and all other matters relating to advertising, public relations, and promotional campaigns.

(l) On or before March 31 of each year, if requested in writing by Franchisee, Franchisor will deliver to Franchisee a summary statement of receipts and expenditures of the Fund relating to the preceding calendar year, certified to be correct by an officer of Franchisor.

4.5. Technology Fee

Throughout the Term of this Agreement, Franchisee will pay Franchisor, in advance, a monthly Technology Fee in the amount specified in the Manual. The Technology Fee is applied towards the cost of operating, upgrading and supporting Franchisor's technology platforms including the CONCRETE CRAFT® customer relations management software and any successor or replacement thereof. Because changes to technology are dynamic and not predictable within the Initial Term, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, the Technology Fee is subject to change from time to time. Payments of Technology Fee are not refundable.

4.6. Convention Fee

Franchisor may hold a convention of franchisees on an annual basis or at such other interval as Franchisor may from time to time determine ("Convention"). Franchisor will pay Franchisor a Convention registration fee ("Convention Fee") for one individual to attend Convention. The amount of the Convention Fee will vary depending upon the location of the city and venue where the Convention will be conducted. The Convention Fee is payable in advance and will be charged monthly. The Convention Fee does not cover the costs associated with travel, lodging or other miscellaneous expenses associated with the Convention. Convention Fees for additional persons attending Convention will be collected at the time of registration.

4.7. Means and Time of Payment

Franchisee must authorize Franchisor to withdraw Continuing Royalty fees, National Advertising Fees, Technology Fees and all other fees due under this Agreement directly from Franchisee's bank account. Funds to cover fees must be available for withdrawal from Franchisee's bank account from the first day of each month in which payment is due. Franchisee must immediately make arrangements with its bank to authorize these withdrawals. Franchisee must sign any document required by Franchisor to enable its payment to Franchisor of Continuing Royalties, National Advertising Fees, technology fees and any other ongoing fees by electronic funds transfer, pre-arranged draft, sweep of its bank account or any other method of funds transfer, at Franchisor's option.

4.8. Late or Insufficient Funds Fee

Late or dishonored payments or payments not paid in full due to insufficient funds will be subject to a late or insufficient funds fee of $300.

4.9.No Accord or Satisfaction

If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due under this Agreement, the payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No statement on any payment or in any letter accompanying any payment or elsewhere will constitute or be construed as an accord or satisfaction.

4.10. Fees for Optional Referrals

Unless Franchisee has advised Franchisor in writing of its election not to participate in a particular referral program or Key Account program, Franchisee must pay the referral fees required by the program for any customer referrals Franchisee receives from the program. All referral fees payable as a result of Franchisee's participation in a particular referral program managed by Franchisor are payable to Franchisor at the times specified for the program, but no more frequently than monthly.

4.12. Consumer Price Index

Each fixed amount payable under this Agreement may be increased on April 1 annually be the increase, if any, in the Consumer Price Index for All Urban Consumers for the prior year ended December 31.

5. TERM

5.1. Initial Term

The initial term of this Agreement ("Term") is ten (10) years from the Operating Date, unless sooner terminated under the provisions of this Agreement.

In the event this Agreement is executed in connection with a renewal of an existing franchise agreement or with the grant of a second additional term, Section 5.2 below is deemed deleted and is of no force or effect.

5.2. Additional Term

(a) Subject to the terms and conditions contained in this Section 5.2, Franchisee may extend its franchise relationship for two additional five-year terms, upon the following conditions:

(i) Franchisor will notify Franchisee of the expiration date of the Term of this Agreement and will transmit to Franchisee a copy of its then current franchise agreement and franchise disclosure document approximately 180 days before the expiration of the Term.

(ii) After receipt by Franchisee of the then current franchise agreement complete in all material respects, but not later than 30 business days after receipt by Franchisee of the notice, franchise agreement and disclosure document, Franchisee will sign and return the then-current franchise agreement. Upon receipt, Franchisor will sign one copy and return it to Franchisee. The new agreement will become effective concurrently upon expiration of the Term of this Agreement. If Franchisee fails or refuses to sign and return to Franchisor the new franchise agreement within the time frame stated in this section, all of Franchisee's rights and options to enter into an additional franchise agreement will expire.

(iii) Franchisee will pay a $5,000 renewal fee at the time the new franchise agreement is signed by Franchisee.

(iv) On the Operating Date of the new franchise agreement, Franchisee and its Affiliates may not be in default under this or any other agreement with Franchisor and its Affiliates, and Franchisee must have materially performed all of its obligations under this Agreement over the life of this Agreement.

(b) If Franchisor ceases granting franchises in the state in which the Franchised Business is operating, Franchisor will notify Franchisee at least 180 days before the expiration of the Term of that cessation, whereupon Franchisee's right to enter into a new franchise agreement will be terminated in its entirety at the end of the Term.

(c) If Franchisor determines not to grant an additional franchise agreement by reason of a default by Franchisee which is incurable or has not been cured by Franchisee within the applicable time period or failure of Franchisee to fully perform its obligations under this Agreement, Franchisor will give Franchisee notice of its intention not to grant an additional term (i) within the minimum time required by the jurisdictional authorities, or (ii) in the absence of a specific period, within 30 days after Franchisee gives its notice of its wish to enter into a new franchise agreement but not less than 90 days before the termination date of this Agreement.

(d) After the signing by Franchisee of a subsequent franchise agreement, and before the effective date of the new franchise agreement, Franchisee will bring its Franchised Business into full compliance with the standards then applicable to new CONCRETE CRAFT® franchisees.

5.3. Notice of Expiration Required by Law

If applicable law requires that Franchisor give a longer period of notice to Franchisee than provided in this Agreement prior to the expiration of the Term, Franchisor will give the additional required notice. If Franchisor does not give the required additional notice, this Agreement will remain in effect on a month-to-month basis only until Franchisee has received the required additional notice.

6. INTELLECTUAL PROPERTY

6.1. Marks

(a) Franchisor grants to Franchisee the right during the Term to use and display the Marks in accordance with the provisions contained in this Agreement and in the Manual, solely in the operation of the Franchised Business. Franchisee acknowledges that Franchisor prescribes minimum standards respecting the nature and quality of the goods and services used by Franchisee in which the Marks are used. Franchisee agrees to be responsible for and to supervise all of its employees and agents to insure the proper use of the Marks in compliance with this Agreement. Franchisee will use the Marks solely in the Franchised Business and may not use or display the Marks in the operation of any business, the performance of any other service, or the conduct of any other activity outside the scope of the Franchised Business. Franchisee agrees that all of Franchisee's use of the Marks under this Agreement inures to the benefit of Franchisor. Nothing in this Agreement will give Franchisee any right, title, or interest in or to any of the Marks, except a mere privilege and franchise during the Term to display and use the Marks strictly according to the limitations provided in this Agreement and the Manual. Franchisee agrees that all art work, graphics, layouts, slogans, names, titles, text, or similar Materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, its employees, agents and subcontractors and any other party with whom Franchisee contracts to have the Materials produced will become the sole property of Franchisor, including copyright and trademark rights, and Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors, and any other party with whom it may contract to have the Materials produced, to promptly sign any and all appropriate documents in this regard. Franchisee agrees to join with Franchisor in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee will consent in writing to the cancellation and will join in any cancellation petition. The expense of any of the foregoing recording activities will be borne by Franchisor.

(b) Franchisor has advised Franchisee that the name "CONCRETE CRAFT®" may have been used by other people in the conduct of a decorative concrete business prior to Franchisor's registration of its Mark and that those prior users may have the legal right to continue to use the name "CONCRETE CRAFT®" in the geographical area in which they have used it. Franchisor has further advised Franchisee that the mechanisms for determining whether a particular trade name is being used by another person (i) vary substantially from locale to locale and Franchisor cannot assure Franchisee that the name "CONCRETE CRAFT®" is not currently being used in the Territory; (ii) may require a search of local trademark and Mark registration records, fictitious business name filings, or both, or some other records maintained by city, county, or state agencies or entities; and (iii) may be imperfect and fail to reveal some protected uses. Franchisee understands that, before signing this Agreement and accepting the Territory, Franchisee should have obtained advice from local counsel regarding the appropriate search and protection mechanisms and have conducted an appropriate search and investigation in the Territory to determine whether there is any prior user of the name "CONCRETE CRAFT®".

(c) The name "CONCRETE CRAFT®" may be in use by other businesses in the United States who are not Franchisor's franchisees or in any way affiliated with Franchisor. Franchisee

acknowledges that Franchisee is responsible for finding out whether the name "CONCRETE CRAFT®" is already being used in the Territory. As a material part of the consideration for Franchisor's grant of a franchise to Franchisee, Franchisee waives any claim that Franchisor is liable to Franchisee for damages or losses resulting from any prior use of the name "CONCRETE CRAFT®" by anyone else. Nothing in the preceding sentence, however, will be considered to limit a party's respective obligations under Section 6.6 below.

6.2. Acts in Derogation of the Franchisor's Rights

(a) Franchisee agrees that the Marks are the exclusive property of Franchisor. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership by virtue of Franchisee's licensed use of the Marks or otherwise. Ownership and title of the Marks and Franchisor's manuals, bulletins, instruction sheets, forms, methods of operation, and goodwill are and will remain vested solely in Franchisor, and Franchisee's right of use is only co-extensive with the Term of this Agreement. Franchisee acknowledges that the material and information now and from now on provided and/or revealed to Franchisee under this Agreement (including the contents of the Manual and the Handbook) are confidential trade secrets of Franchisor and are revealed in confidence, and Franchisee will keep and respect the confidences so reposed, both during and after the Term of this Agreement. Franchisor expressly reserves all rights with respect to the Marks, confidential trade secrets, methods of operation, and other proprietary information, except as expressly granted to Franchisee in this Agreement or in the Manual. Franchisor will disclose its trade secrets to Franchisee by loaning to Franchisee for the Term of this Agreement the Manual and other written materials containing the trade secrets, through training and assistance provided to Franchisee, and by and through the performance of Franchisor's other obligations under this Agreement. Franchisee acknowledges that Franchisor is the sole owner of all proprietary information and trade secrets, that the information is being imparted to Franchisee only by reason of its special status as a Franchisee of the System, and that the trade secrets are not generally known to the decorative concrete industry or public at large and are not known to Franchisee except by reason of the disclosure. Franchisee further acknowledges that it will acquire no interest in the trade secrets, other than the right to use them in the development and operation of the Franchised Business during the Term of this Agreement. In addition, Franchisee acknowledges that the use or duplication of the trade secrets except as expressly permitted by this Agreement will constitute an unfair method of competition and that Franchisor will suffer irreparable injury by it. Franchisee agrees that it will not do or permit any act or in derogation of any of the rights of Franchisor in the Marks, either during or after the Term of this Agreement, and that Franchisee will use the Marks only for the uses and in the manner franchised under and as provided in this Agreement. Furthermore, Franchisee and its employees and agents will not engage in any acts or conduct that impairs the goodwill associated with the Marks.

(b) In connection with the operation of the Franchised Business, Franchisee agrees that at all times and in all advertising, promotions, signs, and other display materials, on its letterheads, business forms, and at all authorized business sites, in all of its business dealings related to them and to the general public, it will identify the Franchised Business under a fictitious business name, approved by Franchisor, together with the words "AN INDEPENDENTLY OWNED AND OPERATED FRANCHISEE" or any other similar designation that is prescribed by Franchisor, all in the form, size, and style as prescribed in the Manual and the Handbook. In its sole discretion, Franchisor retains the right to deny the use of certain words or phrases in the fictitious business

name. Franchisee will file and keep current a "Fictitious Business Name Statement" (or similar document) with respect to its fictitious business name in the county or other designated region in which Franchisee is conducting business and at any other places as may be required by law. Prior to beginning business under the Marks, Franchisee will supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious business names. Franchisor must approve in advance the total appearance of the fictitious business name (and other identifying words). Franchisee further agrees that it will not identify itself as (i) Franchisor; (ii) a subsidiary, parent, division, shareholder, partner, joint venturer, agent, or employee of Franchisor or other owner of the Marks or (iii) any of Franchisor's other franchisees. If Franchisee is a corporation, Franchisee will not use in its corporate name either the Marks or any words confusingly similar thereto.

6.3. Use and Modification of Marks

Franchisor may add to, substitute, or modify any or all of the Marks from time to time, by directive in the Manual. Franchisee will accept, use, display, or cease using, as may be applicable, the Marks, including any modified or additional trade names, trademarks, Marks, logotypes, and commercial symbols, and will within 30 days of receiving notification, begin to implement the changes and use its best efforts to complete the changes as soon as practicable at its own expense. On the expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, sign in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and fictitious business name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

6.4. Use of Other Trademarks

Franchisee may not use or display or permit the use or display of trademarks, trade names, Marks, insignias or logotypes, other than the fictitious business name (i) in any advertisement that contains the words "CONCRETE CRAFT®" or any other Marks; (ii) in or on any place of business of Franchisee in any manner that is reasonably visible from outside the place of business; or (iii) in any computer system used at any place of business of Franchisee, or otherwise in connection with the Franchised Business, in any manner that could lead any person to believe that the other trademarks, trade names, Marks, insignias, or logotypes or the products or services with which they are associated are owned or offered by the Franchisor or its Affiliates, except as otherwise expressly permitted in this Agreement or in the Manual.

6.5. Prohibition Against Disputing Franchisor's Rights

Franchisee may not, during or after the Term of this Agreement, in any way, dispute or impugn the validity of the Marks, the rights of Franchisor to the Marks, or the right of Franchisor or other franchisees of Franchisor to use the Marks.

6.6. Mark Infringement Claims and Defense of Marks

If Franchisee receives notice or otherwise becomes aware of any claim, suit, or demand against it by any party other than Franchisor or its affiliates, on account of any alleged infringement,

unfair competition, or similar matter arising from Franchisee's use of the Marks in accordance with the terms of this Agreement, Franchisee will promptly notify Franchisor of the claim, suit, or demand. Franchisee may not settle or compromise any such claim, suit, or demand by a third party without the prior written consent of Franchisor. Franchisor will defend, compromise, or settle at its discretion any such claim, suit or demand at Franchisor's cost and expense, using attorneys selected by Franchisor, and Franchisee agrees to cooperate fully in the matter. Provided that Franchisee has fully complied with the obligations of this section, Franchisor will indemnify Franchisee against all judgments resulting from any claim, suit, or demand arising from Franchisee's use of the Marks in accordance with the terms of this Agreement. Franchisor will have the sole discretion to determine whether a similar trademark or Mark being used by a third party is confusingly similar to the Marks being used by Franchisee and whether and what subsequent action, if any, should be undertaken with respect to the similar trademark or service mark.

6.7. Use of Marks on the Internet

(a) Franchisee may not develop, create, generate, own, franchise, lease, or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, Web site, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols, or terms confusingly similar to any of them without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time. Without limiting the generality of the foregoing, Franchisee will not cause, permit or allow the Marks, or any of them, or any words, symbols or terms confusingly similar to any of them, be used or displayed in whole or part: (i) as, or as a part of, an Internet domain name; (ii) as, or as a part of, a uniform resource locator (or "URL," the unique address assigned to each page of a Web site) at any level or address; or (iii) on or in connection with any Internet home page, Web site, bulletin board, newsgroup, chat-group, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet-related activity, without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time. Franchisee may not link to or frame any part of Franchisor's Web site (including the Franchisee Page, if any) to any other Web site or authorize any third party to link to or frame any part of Franchisor's Web site (including the Franchisee Page, if any) without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time.

(b) Except as provided below, Franchisee may not use, nor authorize any third party to use, the Marks to advertise, promote, offer, or sell any goods or services through the Internet, if those goods or services are the same as or similar to those (i) which are offered at or from the Franchised Business; (ii) which bear any of the Marks; or (iii) which are otherwise offered or sold under the Marks. Franchisee may, however, use the Marks to sell goods or services through the Internet in compliance with the Manual or with Franchisor's prior written consent, but then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time.

(c) Franchisor is the owner of, and will retain all right, title, and interest in and to the domain name "Concrete Craft", the URLs: “www.americandecorativecoatings.com” and “www.concretecraft.com”, all existing and future domain names, URLs, addresses and subaddresses (including the Franchisee Page subaddresses), all computer programs and computer code (e.g., HTML, Java) used for or on Franchisor's Web site, excluding any computer programs and computer code owned by third parties (collectively, “Software”), all text, images, sounds, files, video, designs, animations, layout, color schemes, trade dress, concepts, methods, techniques, processes and data prepared for, used on or in connection with, displayed on, or collected from or through Franchisor's Web site (collectively, "Content), and all intellectual property rights in or to any of them.

6.8. Use of Marks in Social Media

(a) Franchisee may not promote the Franchised Business or use the Marks in any manner on any social media site existing now or in the future (including, without limitation, on blogs, vlogs, Facebook, LinkedIn, Twitter, Instagram, Flickr, Tumblr, Pinterest, Google+, Vine and Snap Chat) or on file-, audio- or video-sharing sites, other than in accordance with Franchisor’s written standards. Franchisor has final authority over all social media marketing, and Franchisee must comply with Franchisor’s brand standards regarding use of social media in the operation of the Franchised Business. Franchisee may not post communications about the Franchised Business or the System that would disclose the System’s confidential or proprietary information, violate any relevant laws, regulations or guidelines or violate the terms of use imposed by the social media site. Franchisee may not post communications about the Franchised Business or the System on any public-facing social media site that is not authorized by Franchisor for use by Franchisee. Franchisee must ensure that policies it adopts for its employees’ social media use are consistent with the requirements for social media advertising set forth herein.

(b) Franchisor is under no obligation to provide Franchisee with access to branded social media pages or other social media assets. Any social media pages or other social media assets that Franchisor, in its sole discretion, chooses to make available to Franchisee will be provided only on condition that Franchisee updates them regularly. Any such social media pages or other social media assets maintained by Franchisee shall be deemed “advertising” and shall be subject to all terms of this Section 6.8. Franchisor has the right, but not the obligation, to conduct social media campaigns on behalf of all, or any subset of, Franchisees via local social media.

6.9. Copyrights

Franchisee acknowledges that Franchisor owns the worldwide copyrights and other intellectual property rights to all components of the System that are original works of authorship subject to copyright, including, without limitation, the Manual, the Handbook, marketing materials, website text, artwork, photographs, musical compositions, sound recordings, audiovisual works, computer software, and architectural designs (collectively, the “Copyrighted Materials”). Franchisee acknowledges and agrees that it may not make translations, copies, adaptations of or modifications to the Copyrighted Materials without the prior written consent of Franchisor.

Neither this Agreement nor the operation of the Franchised Business in any way gives Franchisee any interest in the Copyrighted Materials other than the right to use the Copyrighted

Materials solely in connection with the Franchised Business, solely in accordance with the terms and conditions of this Agreement and solely during the term of this Agreement.

Franchisee acknowledges that Franchisor will own the copyrights and all other rights to translations, modifications and adaptations of or to the Copyrighted Materials made by Franchisee from time to time. Franchisee hereby assigns to Franchisor its copyrights and economic rights and waives any moral rights and similar rights with respect to the translated, modified or adapted Copyrighted Materials, and agrees to execute any all instruments and documents, render such assistance and perform such acts and things as may, in the opinion of Franchisor, be necessary or advisable in the furtherance of such assignment and waiver. Franchisee will require the same assignment, waiver and covenant in favor of Franchisor by Franchisee's officers and employees and by any independent contractors or other third parties who translate, modify or adapt the Copyrighted Materials.

7. INSTRUCTION AND OPERATING ASSISTANCE

7.1. Initial Training

Unless the Initial Franchise Fee was waived under Section 4.1, immediately before the Operating Date and after Franchisee is open for business, Franchisor will provide training to Franchisee's Manager in the System, including instruction in decorative concrete design and product installation, sales and marketing techniques, advertising techniques, availability and differences of decorative concrete coatings, and Franchisor's policies and procedures ("Initial Training"). Franchisor will determine the duration of and the time(s) and place(s) at which the Initial Training will be conducted. The Manager must complete Initial Training before the Operating Date. Franchisor will provide the Initial Training to additional responsible management people as requested by Franchisee, subject to the provisions of Section 7.2. Before beginning the Initial Training, the Manager must deliver to Franchisor a signed confidentiality agreement in the form included in the Manual. At or immediately before Initial Training (unless the Initial Franchise Fee was waived under Section 4.1), Franchisor will provide Franchisee with the CONCRETE CRAFT® Start-Up Package, comprised of those items enumerated in Schedule 3 to this Agreement.

As part of the CONCRETE CRAFT® Start-Up Package, Franchisor will provide Franchisee with a $1,000 travel voucher towards the costs of attending Initial Training. Franchisee or its Manager is responsible for all costs in excess of the value of the travel voucher incurred to attend training.

7.2. Additional Attendees

Provided there is sufficient room in an Initial Training class, Franchisor will allow additional responsible management people designated by Franchisee to attend Initial Training. People attending Initial Training must have a demonstrable relationship to the management and operation of the Franchised Business by Franchisee. Prior to beginning training, each person must deliver to Franchisor a signed confidentiality agreement in the form from time-to-time included in the Manual. Franchisor will not assess a training fee for Franchisee and Franchisee's Manager. Franchisor reserves the right to assess a reasonable charge for training additional attendees. At

Franchisor's discretion, any additional trainees may not be allowed to participate in field trips or vendor visits during the Initial Training.

7.3. Staff Training

Franchisee and the Franchisee's management personnel attending Initial Training are responsible for training Franchisee's other staff and other management personnel in connection with their respective roles/positions at the Franchised Business. Franchisee may utilize certain of Franchisor's confidential information and proprietary materials, including the Manual and the Handbook, when conducting training but only to the extent necessary to conduct such training and only pursuant to Franchisor's confidentiality terms and conditions.

7.4. On-Site Assistance

If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance at Franchisor's then-current training fee, plus expenses, including Franchisor's travel and lodging expenses, as Franchisor deems necessary in its sole discretion.

7.5. Start-Up Package

Franchisee will receive the CONCRETE CRAFT® Start-Up Package described in Schedule 3 to this Agreement if the initial franchise fee is paid in full.

7.6. Staff Training Courses

(a) Franchisor may make available to Franchisee, from time to time, optional staff training courses, seminars, conferences, or other programs, in a suitable location in Franchisor's discretion. Franchisor may charge a reasonable fee for such optional courses. Franchisor reserves the right to exclude prospective trainees from any further training courses who have not attended prerequisite Franchisor training courses.

(b) Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at training courses, seminars, conferences, or other programs other than Initial Training that are considered by Franchisor to be relevant or appropriate to the successful operation of the System. Franchisor will charge no fees for required training courses, seminars, conferences, or other programs.

(c) In connection with any staff training courses described in Sections 7.6(a) and 7.6(b) above, Franchisee will pay the travel, hotel and meal expenses for Franchisee's attendees.

7.7. Continuing Assistance

Representatives of Franchisor will be available on an ongoing basis during normal business hours for consultation and guidance with respect to the operation and management of the Franchised Business. In addition to the Handbook, Franchisor may from time to time provide Franchisee with

additional materials and/or training relating to the Franchised Business.

Additionally, Franchisor may, at its cost, provide or facilitate bookkeeping services and/or structured coaching with respect to aspects of the Franchised Business as Franchisor determines appropriate. If Franchisor facilitates such bookkeeping services and/or structured coaching utilizing third party contractors, Franchisee consents to such contractors sharing with Franchisor all financial and other information concerning Franchisee's business derived during the course of such coaching.

7.8. Convention

Franchisor may, at its option, hold a convention or meeting of franchisees annually or at such other interval as Franchisor shall determine. Franchisee will pay the Convention Fee set forth in Section 4.7 and the travel, hotel and meal expenses for Franchisee and Franchisee's attendees.

7.9. Proprietary Materials

At Initial Training or other training programs (if any), Franchisor will provide to Franchisee proprietary information for use in connection with the training of Franchisee's staff. At Initial Training, Franchisor will grant Franchisee electronic access to the Manual and the Handbook for Franchisee's use during the Term of this Agreement. Franchisor may also from time to time make available to Franchisee for purchase certain materials relevant to the System and the Franchised Business. Franchisee may not, and may not allow its employees or others, to copy, reproduce, disseminate, or otherwise reveal to third parties any of the foregoing proprietary information and related materials without Franchisor's express prior written consent.

7.10. Equipment, Tools, Supplies and Inventory

Franchisor shall recommend the standard equipment, tools, supplies and inventory for use by Franchisee and sources for purchasing such items.

7.11. Initial Promotion and Advertising

Franchisor shall assist Franchisee in developing the pre-opening, and initial post-opening promotion of the Franchised Business. Franchisor will, from time to time, provide Franchisee with promotional and advertising information.

8. OPERATION OF BUSINESS

8.1. Franchisee Operational Requirements

(a) Manager. Franchisee will employ or engage the services of, on a full time basis, at least one Manager who will devote his or her entire time and attention during normal business hours, as defined in the Manual, to the management, operation, and development of the Franchised Business in a manner that maximizes Gross Revenue consistent with sound marketing and business practices and will not engage in any other business activity requiring his or her active participation during normal business hours.

(b) Vehicle. At any time after the Effective Date, but before the Operating Date, Franchisee must purchase or lease at Franchisee's expense a motor vehicle meeting Franchisor's standards, as set forth in the Manual and the Handbook (a "Vehicle") for use in the Franchised Business. As part of the CONCRETE CRAFT® Start-Up Package, Franchisor provides signage displaying the CONCRETE CRAFT® logo. Franchisee must retain (at Franchisee's expense) a capable vendor to affix the signage to the Vehicle. Placement of the signage on the Vehicle must be in accordance with the specifications of Franchisor as described in the Manual and the Handbook. Any subsequent modifications to the Mark and distinctive logo on the side of the Vehicle will be at Franchisee's expense. Franchisee will be responsible for all operating and other expenses associated with the Vehicle. Franchisee will deliver to Franchisor a copy of the bill of sale or lease for the Vehicle within ten days after Franchisee purchases or leases it. Franchisee must at all times maintain a policy of comprehensive liability insurance that meets specifications stated in the Manual with Franchisor as an additional named insured. The insurance requirements of the preceding sentence will survive so long as Franchisee uses the Vehicle in any business operating under the fictitious business names. If this Agreement is terminated, for whatever reason, Franchisee will immediately remove the name and logo of CONCRETE CRAFT® and any other Marks from the Vehicle and cease any further use of that name, logo and Marks.

(c) Approved Vendors. Franchisee must purchase Products only from Franchisor or vendors designated by Franchisor (which may include Affiliates of Franchisor). Any purchases by a Franchisee from any vendor other than Franchisor, an Affiliate of Franchisor or an approved vendor in excess of 10% of total Product purchases will be considered a prima facie material breach of this Agreement which, if not excused, constitutes grounds for immediate termination of this Agreement upon written notice from Franchisor. If Franchisee purchases from a vendor other than Franchisor, an Affiliate of Franchisor or an approved vendor, Franchisor also has the right, at its option, in lieu of termination, to redirect Gray Area and national account leads that would otherwise be directed to Franchisee to another compliant franchisee of Franchisor's choice. In addition, Franchisee will be required to purchase from Franchisor, an Affiliate of Franchisor or approved vendors samples, marketing materials, or other items necessary to sell decorative concrete products and services, as well as stationery and business cards containing Franchisor's proprietary Marks. In order to protect the System and its good standing with vendors, Franchisee must pay vendors on time and notify Franchisor of any amounts payable to vendors more than 90 days past due.

(d) Technology and Computer Systems. Franchisor has the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by, between, or among the Franchised Business, including without limitation: (1) back office and point of sale systems, mobile devices, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Franchised Business, between or among Franchised Businesses, and between and among Franchisee's Franchised Business and Franchisor, its designee, and/or Franchisee; (2) physical, electronic, and other security systems; (3) printers and other peripheral devices; (4) archival back-up systems; and (5) Internet access mode (e.g., form of telecommunications connection) and speed (collectively, the "Computer System"). Franchisee must purchase or lease, and thereafter maintain, the Computer System, and comply with Franchisor's requirements, specifications, and policies concerning the use of technology, as they may be specified in this Agreement, or specified or modified in the Manual or the Handbook or otherwise in writing.

(i) Franchisor's Use of Data

Franchisor shall have the right at any time to retrieve and use such data and information from Franchisee's Computer System that Franchisor deems necessary or desirable, including, without limitation, the uses identified in Section 8.1(d) above. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it must strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and will otherwise operate its Computer System in accordance with Franchisor's standards and specifications. To ensure full operational efficiency and optimum communication capability between and among equipment and computer systems installed by Franchisee, Franchisor, and other franchisees, Franchisee agrees, at its expense, that Franchisee must keep its Computer System in good maintenance and repair, and, at its expense, and following the determination that Franchisor shall have the right to make, to the effect that same will prove economically or otherwise beneficial to all System franchisees, that Franchisee must promptly install such additions, changes, modifications, substitutions, and/or replacement to Franchisee's computer hardware, software, telephone, and power lines, and other related facilities, as Franchisor directs periodically in writing. Franchisee must provide to Franchisor, upon Franchisor's request, all email lists and customer lists used or maintained by Franchisee on the Computer System or elsewhere.

(ii) Required Programs

Franchisor has the right, but not the obligation, to develop or have developed for it, or to designate, any or all of the following: (a) software programs and accounting system software that Franchisee must use in connection with the Computer System ("Required Software"), which Franchisee must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee must install; (c) the tangible media upon which Franchisee must record or receive data; (d) the database file structure of Franchisee's Computer System; (e) an electronic portal for informational assistance with may include, without limitation, the Manual, Handbook, training, other assistance materials, and management reporting solutions; and (f) answering service requirements.

(iii) Upgrades and Access

Franchisee agrees to install and use the Computer System and Required Software in the manner that Franchisor requires. Franchisor may charge a reasonable software license fee for any Required Software. Franchisee agrees to implement and periodically update and make other changes to the Computer System and Required Software as Franchisor requests in writing, which shall not be more often than one upgrade per year (collectively, "Computer Upgrades"). Franchisee will comply with Franchisor's written specifications (whether in the Manual, Handbook or otherwise) with respect to the Computer System and the Required Software, and with respect

to Computer Upgrades, at Franchisee's own expense.

Franchisee agrees to afford Franchisor unimpeded access to its Computer System and Required Software in the manner, form, and at the times that Franchisor requests. Franchisee must provide Franchisor with user identifications and passwords required to access files and other information contained on the Computer System.

Because changes to technology are dynamic and not predictable within the Term, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees: (a) that Franchisor will have the right to establish, in writing, reasonable new standards to address new technologies and data security, whether published in the Manual or Handbook or otherwise in writing, and that Franchisor has the right to implement those changes in technology into the System; and (b) to abide by Franchisor's new standards (and with Franchised Business audits conducted by Franchisor or its designee to confirm Franchisee's compliance) as if this Section, and other technology provisions in this Agreement, were periodically revised for that purpose.

(e) Extranet/Electronic Portal. Franchisee must comply with Franchisor's requirements (as set forth in the Manual or the Handbook or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Extranet and/or electronic portal and/or such other computer systems as Franchisor may reasonably require. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of Franchisor's headquarters to access certain parts of Franchisor's computer network via the Internet. Franchisor may establish an Extranet and/or electronic portal (but is not required to do so or to maintain an Extranet and/or electronic portal). Franchisee must comply with Franchisor's requirements (as set forth in the Manual or the Handbook or otherwise in writing) with respect to connecting to the Extranet and/or electronic portal, and utilizing the Extranet and/or electronic portal in connection with the operation of the Franchised Business. The Extranet and/or electronic portal may include, without limitation, the Manual, the Handbook, training and other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct).

Franchisee must purchase and maintain such computer software and hardware (including but not limited to telecommunications capacity) as may be required to connect to and utilize the Extranet and/or electronic portal. Franchisor reserves the right to require Franchisee to contribute a reasonable amount toward the cost of the Extranet's and/or electronic portal's maintenance and further development. If Franchisee fails to comply with any policy or procedure governing the Extranet and/or electronic portal, Franchisor may temporarily suspend Franchisee's access to all or any aspect of the Extranet and/or electronic portal (such as a chat room, bulletin board, listserv or similar feature) until Franchisee fully cures the breach. Franchisee will not have any claim against Franchisor or any affiliate arising from such suspension from the Extranet and/or electronic portal pursuant to this Section 8.1(e), and Franchisee hereby waives any such claim it may at any time have and releases Franchisor and its affiliates from any liability arising therefrom.

Franchisee and Franchisor shall each be responsible for protecting their own interests in

relation to electronic communications. Franchisor shall have no liability to Franchisee on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss, or omission arising from or in connection with electronic communication of information.

(f) Customer Relations. Except as otherwise specified by Franchisor in the Manual or Handbook or otherwise, Franchisee must immediately resolve any customer complaints regarding the quality of products or services of the Franchised Business or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee must use reasonable efforts to resolve the customer complaints as soon as practical. If Franchisor determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor believes that Franchisee has failed adequately to address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee must pay Franchisor immediately on demand. **It is strictly prohibited to use a deposit received from a customer for the purchase of product for any other purpose, including the placement of product orders for other customers.**

(g) Taxes. Franchisee will pay any and all personal property, income, sales, use, excise, ad valorem, and other taxes, regardless of source or nature, which may be imposed, levied, assessed, or charged on, against, or in connection with, the Franchised Business or any product or service sold or furnished by Franchisee under this Agreement or otherwise, by any federal, state, county, municipal, or other governmental agency or subdivision which may have jurisdiction over the Franchised Business or the products or services offered in connection with it.

(h) Minimum Working Capital. Franchisor strongly suggests (but does not require) that Franchisee should have a minimum working capital of not less than $80,000 after paying the Initial Franchise Fee and Territory Fee, but before beginning of operations. Depending upon the circumstances, Franchisee may need considerably greater working capital. This working capital is to be used for initial advertising, Vehicle expenses, the office equipment required by Franchisor as well as miscellaneous other office equipment, insurance, all necessary business, contractors' or other licenses required by Franchisee's state to do business, initial tools and supplies, deposits, initial start-up costs, inventory and related and ongoing expenses. Those amounts (some of which may be paid to Franchisor and other amounts to outside vendors in connection with various expenses) are generally non-refundable. Whether any amounts paid to third parties are refundable depends upon the agreements with the third parties.

(i) Staffing. From time to time, Franchisee will hire the additional full-time and part-time staff that Franchisee considers necessary to operate the Franchised Business properly. Although Franchisor may make recommendations to Franchisee (in the Handbook or otherwise) concerning employees, Franchisee will be solely responsible for all hiring, firing, and discipline issues concerning its employees. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor. Franchisor has no right or obligation to direct Franchisee's employees or to operate the Franchised Business. Franchisee will indemnify Franchisor (under Section 13.3, below) for all claims arising out of or relating to Franchisee's employees and Franchisee's hiring, firing, and discipline decisions concerning those employees.

8.2. Manual and Handbook

(a) Franchisee will operate the Franchised Business in accordance with the Manual and the Handbook. Franchisor will have the right to modify the Manual and the Handbook at any time by the addition, deletion or other modification of the provisions of the Manual and the Handbook. Franchisor agrees that although the modifications to the Manual and the Handbook may be material in that they may have an effect on the operation of the Franchised Business, they may not conflict with or materially alter the terms of this Agreement. All additions, deletions or modifications will be effective the next business day after notification is posted on Franchisor's electronic portal.

(b) All additions, deletions, or modifications to the Manual and the Handbook will be equally applicable to all similarly-situated Franchisees. The Manual and the Handbook, as modified or amended from time to time, will not alter Franchisee's fundamental status and rights under this Agreement. References to the Manual or the Handbook made in this Agreement, or in any amendments or exhibits to this Agreement, will be considered to mean the Manual or the Handbook, as the case may be, as amended from time to time.

(c) Except as specifically permitted by Franchisor, at no time may Franchisee, or its employees or agents, make, or cause to be made, any copies or reproductions of all or any portion of the Manual or the Handbook or disclose the terms of either of them to any other person except employees and agents of Franchisee when required in the operation of the Franchised Business.

8.3. Local Area Marketing

(a) Franchisee must use best efforts to promote and advertise the Franchised Business and participate in any local marketing and promotional programs that Franchisor establishes from time to time. In addition to the National Advertising Fee, Franchisor recommends that Franchisee invest at least 10% of its Gross Revenue in local marketing and promotion.

(b) Franchisee has the right to conduct such advertising and promotions of the Franchised Business as Franchisee in its reasonable discretion desires, provided that:

(i) Franchisee must advertise and promote only in a manner that will reflect favorably on Franchisor, Franchisee, the products and services and the good name, goodwill and reputation thereof;

(ii) Franchisee must submit all proposed advertising and promotions to Franchisor for its approval, which approval may not be unreasonably withheld or unduly delayed. Franchisee may not use any advertising or promotions until Franchisor has given its written approval of such advertising or promotions;

(iii) if Franchisee operates a Showroom, Franchisee must prominently display, at its expense, in and on the Showroom, signs of such nature, form, color, number, location, size and content as Franchisor may direct or approve in writing from time to time. Such signs must be purchased from suppliers approved by Franchisor; and

(iv) Franchisee hereby acknowledges that all rights, including, without limitation, all intellectual property rights, in all advertising and promotional material prepared by or on behalf of Franchisor are and will at all times remain the property of Franchisor.

8.4. Telephone Numbers and Advertising

(a) Franchisor will operate a toll free telephone number to be used for the conduct of the Franchised Business. All advertising relating to the Franchised Business will include this toll free number.

(b) At its expense Franchisee will obtain and maintain a telephone service for the Franchised Business. Franchisee may insert this telephone number in its directory listings, business cards, and stationery in conjunction with the Franchised Business, but may otherwise advertise this telephone number only with Franchisor's prior written consent. If Franchisee operates the Franchised Business from Franchisee's residence, the business number must be separate from Franchisee's personal (residential) telephone number. If Franchisee is engaged in businesses other than the Franchised Business, Franchisee must maintain different telephone numbers and may make no reference to the Franchised Business in any listings in respect of the other businesses. At the time of termination of this Agreement, for any reason, Franchisee will comply with the provisions of Section 12.1(b) below, with respect to telephone numbers.

(c) Upon termination of this Agreement, for any reason, Franchisor will retain or change the telephone number relating to the Franchised Business in its sole discretion and Franchisee will do all things necessary or appropriate to transfer the telephone number to Franchisor, including paying any outstanding accounts with any directories and telephone service providers, and will not provide a call forwarding or telephone number referral with respect to any retained or disconnected telephone number. At any time during the Term of this Agreement, Franchisor may require Franchisee to sign a telephone supersedure form applicable to the telephone number relating to the Franchised Business. Furthermore, upon termination, Franchisee will not indicate in any manner it was previously affiliated with Franchisor.

(d) Franchisor may impose other requirements concerning telephones and telephone numbers in the Manual. Among other requirements that may be imposed in the Manual, Franchisor may require that Franchisee's telephones be answered by a live person (either an employee of Franchisee or an answering service) during regular business hours, rather than using voice-mail or a telephone answering machine.

8.5. Insurance

Franchisee will have in effect on the Operating Date and maintain during the Term a commercial general liability insurance policy and all other insurance in the types and amounts as are specified in the Manual. All policies of insurance to be maintained by Franchisee will contain a separate endorsement naming the Franchisor, and if required, its affiliated companies, as additional insured parties. The policies of insurance will not be subject to cancellation or modification except after 30 days prior written notice to the Franchisor. Franchisee will cause

certificates of insurance or other evidence of insurance coverage in the form Franchisor requests showing compliance with the above requirements to be delivered to the Franchisor annually upon renewal and at any other times that Franchisor requests. If Franchisee does not maintain the insurance coverage required in the Manual, Franchisor may purchase the policies of insurance it considers to be required and Franchisee will reimburse Franchisor for all costs of the insurance.

8.6. Reporting, Data, Records and Rights of Inspection

(a) Franchisor may, from time to time, specify in the Manual or otherwise in writing the information that Franchisee will collect and maintain on the Computer System (as defined in section 8.1(d)), and Franchisee will provide to Franchisor such reports as Franchisor may from time to time prescribe in the Manual. All data pertaining to the Franchised Business, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from, Franchisee's Computer System) is and will be owned exclusively by Franchisor without compensation to Franchisee. Copies and originals of such data must be provided to Franchisor on Franchisor's request. Franchisor by this Agreement licenses use of such data back to Franchisee for the Term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the Franchised Business.

(b) Franchisee will submit monthly Gross Revenue reports by the fifth day of the month for the immediately preceding calendar month in the form and via the method prescribed by Franchisor from time to time in the Manual or otherwise in writing.

(c) Franchisee will submit monthly profit and loss statements by the fifth day of the month for the immediately preceding calendar month in the form and via the method prescribed by Franchisor from time to time in the Manual or otherwise in writing.

(d) Franchisee will maintain during the Term, and for a period of 36 months following expiration or termination of this Agreement for any reason, complete and accurate records of all Gross Revenue and Product purchases related to the Franchised Business, in the form and manner specified by Franchisor in the Manual. Franchisor shall have the right, during normal business hours, and without prior notice to Franchisee, to inspect or audit, or cause to be inspected or audited the financial books, records, bookkeeping and accounting records, documents or other materials in respect of the Franchise Business, including the right, without limitation, to have a person on the premises to check, verify and tabulate Gross Revenue and Product purchases, and/or to examine and make copies of all accounting and business records and procedures. In the event that any such audit or inspection shall disclose an understatement of Gross Revenue, Continuing Royalty or other material financial information related to the Franchised Business, Franchisee shall pay to Franchisor, within fourteen (14) days after receipt by Franchisee of the inspection or audit report, the Continuing Royalty and other sums due on account of such understatement. Further, if such audit or inspection is made necessary by the failure of Franchisee to furnish reports, financial statements or any other documentation as herein required, or if it is determined by any such audit or inspection that Franchisee's records and procedures were insufficient to permit a proper determination of Gross Revenue or Product purchases for any year or part thereof to be made, or that Gross Revenue, Continuing Royalty or other material financial information for the period in

question were understated by 5% or more of the Gross Revenue actually received, or Product purchases from other than approved vendors were more than 10% of all Product purchases, Franchisee shall immediately take such steps as may be necessary to remedy such default in accordance with any Franchisor requirement and Franchisee shall promptly pay to Franchisor all costs incurred in connection with such audit or inspection, including, without limitation, charges of an accountant and the travel expenses, room, board and compensation of employees of Franchisor or its designee who performed the audit or inspection. In the event any audit or inspection reveals any understatement of 5% or more of Gross Revenue, or that Product purchases from other than approved vendors were more than 10% of all Product purchases, Franchisor has the right as it deems necessary to conduct further audits or inspections for up to two years thereafter, at Franchisee's expense for all costs and expenses of the subsequent audit or inspection. Franchisee acknowledges and agrees that if a subsequent audit or inspection reveals any understatement of Gross Revenues of 5% or more, or 10% or more Product purchases are from other than approved vendors, in addition to any other available remedies, Franchisor will have the right to terminate this Agreement without any opportunity to cure in accordance with Section 10.2 of this Agreement. If Franchisee's records and procedures were insufficient to permit a proper determination of Gross Revenue or Product purchases, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Sales or Product purchases from other than approved vendors for the period under consideration and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of the Continuing Royalty and other sums due on account of any understatement and, as liquidated damages and not a penalty, such sums that would otherwise have been paid to Franchisor by approved vendors in the form of rebate had Franchisee purchased Product from the approved vendors instead of unapproved vendors. Any such estimate shall be final and binding on Franchisee.

(e) Within 60 days after each of Franchisee's fiscal years end, Franchisee will furnish Franchisor with (i) a detailed profit and loss statement in Franchisor's required form together with a balance sheet for the Franchised Business for the previous fiscal year; (ii) a statement of gross sales for the previous fiscal year; and (iii) a list of Franchisee's business offices (including the addresses and telephone numbers of each), along with any further information Franchisor reasonably requests. All of the financial statements and information will be prepared according to the guidelines prescribed by Franchisor in the Manual, and will be certified by Franchisee, or in the case of a corporate Franchisee, by Franchisee's Chief Executive Officer or Chief Financial Officer, as being true and correct.

(f) Franchisor may, at any time, use any financial report or statement, or any information derived from them, in aggregate form, as part of Franchisor's disclosure document or similar document.

(g) Franchisor and/or its representatives shall have the right at all times during normal business hours, without notice to Franchisee, to inspect the Showroom (if any) to determine whether it is in compliance with the requirements of the Manual and the Showroom addendum and examine the manner in which Franchisee is conducting its business. In the event of any such inspection, Franchisee and its personnel shall cooperate fully.

8.7. Review

Upon reasonable prior written notice, Franchisor will have the right to send representatives at reasonable intervals during normal business hours, into Franchisee's principal place of business or other offices to inspect Franchisee's operations, business methods, services, financial and other records (of which Franchisor representatives may make copies), management, and administration, to determine the quality and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Manual.

8.8. Compliance with Laws

Franchisee will (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, some of which are subject of specific policies set forth in the Manual and which policies must be strictly adhered to; (ii) comply with all applicable wage and hour and other laws and regulations of the federal, state, or local governments; (iii) prepare and file all necessary tax returns; (iv) pay promptly all taxes imposed upon Franchisee or upon its business or property; and (v) at all times comply with the applicable licensing requirements if any, of a State Contractor's License Board (or its equivalent) and other appropriate organizations. Franchisee represents and warrants that it will obtain and maintain all necessary permits, certificates, and/or licenses necessary to conduct the Franchised Business in the Territory. Franchisee will immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification will include all relevant details concerning the proceedings, according to the procedures described in the Manual.

8.9. Pricing

Franchisee is solely responsible for determining the prices of Products and services offered by the Franchised Business; however, Franchisee is required to comply with any maximum or minimum resale pricing restrictions Franchisor may implement so long as such pricing does not violate applicable law.

8.10. No Competing Businesses

(a) Franchisee acknowledges that, under this Agreement, Franchisee will receive valuable specialized training, trade secrets, and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of the System. Franchisee acknowledges that this specialized training, trade secrets, and confidential information provide a competitive advantage and will be valuable to Franchisee in the development and operation of the Franchised Business, and that gaining access to this specialized training, trade secrets, and confidential information is, therefore, a primary reason why Franchisee is entering into this Agreement.

(b) In consideration for this specialized training, trade secrets, confidential information, and rights, Franchisee covenants that, except as otherwise approved in writing by Franchisor,

Franchisee will not during the Term, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any people, partnership, or corporation:

(i) Divert or attempt to divert any business or customer of the Franchised Business to any "Competitor" (as defined below), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System. For purposes of this Agreement, a "Competitor" is a business that derives revenues from the direct or indirect retail sale of decorative concrete products or services or other products or services similar to those sold by the Franchisor or any of its franchisees.

(ii) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, or joint ventures), advise, assist, or make loans to, any Competitor located within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of, or registered the Marks or similar marks, or operates or licenses others to operate a business under the Marks or similar marks.

(c) For a continuously uninterrupted period of two years, beginning with "expiration date" specified below, Franchisee will not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any other person:

(i) Divert or attempt to divert any business or customer of the Franchised Business to any Competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(ii) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, or joint ventures), advise, assist, or make loans to, any Competitor that is, or is intended to be, located within, or within a 25 mile radius of, the Territory or the territory of any CONCRETE CRAFT® business in existence or under development as of the expiration date.

For purposes of this section, "expiration date" is the date that this Agreement expires without renewal or is terminated (regardless of the reason for termination), or that Franchisee transfers all of its interest in this Agreement.

(d) Franchisee acknowledges that each of the covenants contained in this section is a reasonable limitation as to time, geographical area, and scope of activity to be restrained, and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. Each of the covenants in this section will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this section. This

section will not apply to the ownership of less than a 1% beneficial interest in the outstanding equity securities of any publicly held company.

(e) Franchisee understands and acknowledges that Franchisor may, in its sole discretion, reduce the scope of any covenant in this section without Franchisee's consent, effective immediately upon notice to Franchisee. Franchisee agrees that any covenant as so modified will be fully enforceable, and Franchisee covenants that it will comply with the modified covenant.

(f) Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this section.

(g) Franchisee must require and obtain signing of covenants similar to those set forth in this section (including covenants applicable upon the termination of a person's employment with Franchisee) from its Manager. Additionally, at Franchisor's request, Franchisee will require and obtain signing of similar covenants to those identified in the preceding sentence from any personnel of Franchisee who have received or will have access to training from Franchisor. Franchisee will also require all people who Control Franchisee or who own (directly or indirectly) 10% or more of Franchisee to sign similar covenants. Any covenants required under this section will be substantially in the form of this section.

8.11. Franchisor's Web Site

(a) Franchisor has established and will maintain from time to time one or more sites on the Internet that may, among other things, facilitate orders, provide information about the System and the products and services that are offered at businesses operated under the Marks, and allow end-users to locate a nearby business operated under the Marks ("Franchisor's Web site"). Franchisor has sole discretion and control over the design and content of Franchisor's Web site. Franchisor may, at its sole option, from time to time, without prior notice to Franchisee: (i) change, revise, or eliminate the design, content, and functionality of Franchisor's Web site; (ii) make operational changes to Franchisor's Web site; (iii) change or modify the URL and/or domain name of Franchisor's Web site; (iv) substitute, modify, or rearrange Franchisor's Web site, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to, among other things, (A) comply with applicable laws, (B) respond to changes in market conditions or technology, and (C) respond to any other circumstances; (v) limit or restrict end-user access (in whole or in part) to Franchisor's Web site; and (vi) disable or terminate Franchisor's Web site without any liability to Franchisee.

(b) Franchisor may link Franchisor's Web site to the Web sites of third parties, including electronic service providers, Franchisor's Affiliates, and other providers of goods and services. Franchisor may also permit third parties to link (including links to interior pages of Franchisor's Web site, including the Franchisee Page) and frame Franchisor's Web site (including the Franchisee Page). Franchisor may place legal notices, disclaimers, Franchisor's Marks, corporate logos and slogans, advertisements, endorsements, trademarks, and other identifying information on Franchisor's Web site, all of which may be modified, expanded, or eliminated at Franchisor's option. Further, Franchisor may establish or participate in programs whereby Franchisor refers end-users to other Web sites, or Franchisor receives referrals from other Web sites. All consideration

(monetary and non-monetary) received by Franchisor on account of the placement or sale of advertisements, endorsements, and sponsorships on Franchisor's Web site (including any Franchisee Page), and all consideration (monetary and non-monetary) received by Franchisor on account of affiliate programs, will belong only to Franchisor. Franchisor may also establish programs that encourage repeat visits to Franchisor's Web site by end-users.

(c) Franchisor's Web site may include one or more interior pages that identify CONCRETE CRAFT® franchisees operating under the Marks, including the Franchised Business, by among other things, geographic region, address, telephone numbers, and other appropriate matters. Franchisor's Web site may also include one or more interior pages dedicated to franchise sales by Franchisor and/or relations with Franchisor's investors.

(d) Franchisor may, from time to time, establish one or more interior pages on Franchisor's Web site dedicated in whole or in part to the Franchised Business ("Franchisee Page"). Franchisor may permit Franchisee to customize or post certain information to the Franchisee Page, subject to Franchisee's compliance with the procedures, policies, standards, and specifications that Franchisor may establish from time to time. Any modifications (including customizations, alterations, submissions, or updates) to the content made by Franchisee for any purpose will be considered to be a "work made for hire" under the copyright laws, and therefore, Franchisor will own the intellectual property rights in and to the modifications. To the extent any modification does not qualify as a work made for hire as outlined above, Franchisee assigns those modifications to Franchisor for no additional consideration and with no further action required and will sign any further assignments as Franchisor may request.

(e) Without limiting Franchisor's general unrestricted right to permit, deny, and regulate Franchisee's participation on Franchisor's Web site in Franchisor's sole discretion, if Franchisee breaches this Agreement, or any other agreement with Franchisor or its affiliates, Franchisor may disable or terminate the Franchisee Page and remove all references to the Franchised Business on Franchisor's Web site or redirect customer leads to other franchisees pursuant to section 2.2(d) until the breach is cured.

(f) Franchisor has no control over the stability or maintenance of the Internet generally. As a result, Franchisor is not responsible for damage or loss caused by errors of the Internet. Furthermore, Franchisor is not liable for any direct, indirect, special, incidental, exemplary, or consequential damages arising out of the use of, or the inability to use, Franchisor's Web site or the Internet, including loss of profits, goodwill, or savings, downtime, or damage to or replacement of programs and data, whether based in contract, tort, product liability, or otherwise.

8.12. E-mail, Internet, Social Media and Other Media

(a) Franchisee must comply with Franchisor's requirements and policies (as described in the Manual, Handbook or otherwise in writing) with respect to all digital media (including, but not limited to, Franchisor's web site) in connection with the Franchised Business and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, in social media or any other media, regarding the Franchised Business. Such activities include, without limitation, participation in any Internet blogs, vlogs or social media sites. Any such activities which are not expressly permitted in the Manual, the Handbook or otherwise in

writing, or for which Franchisee has not previously received approval from Franchisor, will be subject to Franchisor's prior approval.

(b) Franchisee may advertise and promote the Franchised Business via social media, which must be comprised of pages, communications and content located on third party platforms using the Marks as specified by Franchisor (collectively, "Franchisee's Social Media"), provided that Franchisor is granted administrator access rights to Franchisee's Social Media. All uses of Franchisee's Social Media pages and communication channels and uses must be established in accordance, and at all times be in compliance with, the Manual and Handbook.

(c) Franchisee agrees not to transmit or cause any other party to transmit consumer advertisements or solicitations by e-mail or other digital media without Franchisor's prior written consent as to: (a) the content of such advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee agrees that it will be solely responsible for complying with any laws pertaining to sending e-mails, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Proprietary Marketing Act of 2003 (known as the CAN-SPAM Act of 2003).

(d) Franchisee must promptly discontinue any advertising or promotion using social media, whether or not previously agreed to by Franchisor, upon notice from Franchisor that it reasonably considers that such use of social media does not conform to the System standards. Upon the expiration or termination of this Agreement, Franchisee will assign ownership (to the extent Franchisor does not already own them) of all domain names, account names, handles, and user names used by Franchisee in its business under this Agreement and Franchisee will take all such actions as Franchisor reasonably requires to disassociate Franchisee from any such names and social media pages.

8.13. Electronic Commerce

Franchisor may, at its sole option, use Franchisor's Web site or another Web site created for the purpose, to engage in "Electronic Commerce." The term "Electronic Commerce" means offering and selling merchandise and services associated with the Marks, and receiving and accepting orders and payment for that merchandise and services, directly or indirectly, through any means of electronic communication, including receiving and accepting orders over the Internet. Upon Franchisor's request, Franchisee will be required to participate in Electronic Commerce and will sign Franchisor's then-current electronic commerce participation agreement, which will, among other things: (i) state the terms on which Franchisee and Franchisor will share program revenues and expenses; (ii) authorize Franchisor, from time to time, to establish, and thereafter modify, procedures, policies, protocols, and standards and specifications that govern Electronic Commerce and use of end-user information; (iii) require specified computer (hardware and software) and communications equipment; and (iv) authorize Franchisor to disable or terminate end-users' ability to place orders or schedule appointments with Franchisee during any period that Franchisee is in breach of this Agreement or any other agreement with Franchisor or its Affiliates.

8.14. Franchisor Electronic Portal

(a) Franchisor may establish and maintain, at its option, either a series of "private" pages on Franchisor's Web site (described in Section 8.11) or electronic portal through either of which Franchisor, franchisees of Franchisor, and their respective employees may communicate with each other, and through which Franchisor may disseminate the Manual and the Handbook, updates to them, and other confidential information. Franchisor will have sole discretion and control over all aspects of the electronic portal, including the content and functionality of the electronic portal. Franchisor will have no obligation to maintain the electronic portal indefinitely, and may dismantle it at any time without liability to Franchisee.

(b) If Franchisor establishes an electronic portal, Franchisee will have the privilege to use the electronic portal, subject to Franchisee's strict compliance with the standards and specifications, protocols, and restrictions (collectively, "Franchisor Protocols") that Franchisor may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous, or otherwise offensive language in electronic communications, (ii) communications between or among Franchisees that endorse or encourage breach of any franchisee's franchise agreement, (iii) confidential treatment of materials that Franchisor transmits via the electronic portal, (iv) password protocols and other security precautions, (v) grounds and procedures for Franchisor's suspending or revoking a Franchisee's access to the electronic portal, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the electronic portal. Franchisee acknowledges that, as administrator of the electronic portal, Franchisor can technically access and view any communication that any person posts on the electronic portal. Franchisee further acknowledges that the electronic portal and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

(c) Franchisee will establish and continually maintain (during all times that the electronic portal is established and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Handbook) with the electronic portal that allows Franchisor to send messages to and receive messages from Franchisees, subject to the Franchisor Protocols.

(d) If Franchisee breaches this Agreement or any other agreement with Franchisor or its Affiliates, Franchisor may disable or terminate Franchisee's access to the electronic portal without Franchisor having any liability to Franchisee, and in which case Franchisor will only be required to provide Franchisee a paper copy of the Manual and the Handbook and any updates to them, unless Franchisee is not otherwise entitled to the Manual or the Handbook.

8.15. Change in Status Processing

Requests for (i) change of fictitious business name, (ii) changes in designated Manager or (iii) other changes in status as may be specified from time to time by Franchisor, will be made on the form as designated by Franchisor in the Manual.

8.16. Key Accounts

Franchisee acknowledges that to competitively attract and effectively service Key Accounts, Franchisor may need to establish policies governing the manner in which Key Accounts will be serviced. Franchisee will comply with all Key Account policies.

Franchisee further acknowledges that Key Account policies to be established by Franchisor may obligate Franchisee to pay to Franchisor a lead referral fee or a percentage of the job in exchange for referral of leads from the Key Account. Franchisee acknowledges that Franchisor makes no representation or warranty that any specified amount of Key Account business will be provided within the Territory.

8.17. Vendor Allowances

Franchisee acknowledges and agrees that Franchisor shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, commissions, credits, monies, payments or benefits (collectively, "Allowances") offered by vendors to Franchisor or its affiliates based upon Franchisee's (and other franchisees') purchases of Products and other goods and services. Franchisee acknowledges that such Allowances are additional consideration for the rights granted by Franchisor to Franchisee under this Agreement and that Franchisor has exclusive right, title and interest in and to any and all such Allowances. Franchisee further acknowledges that Franchisor is entitled to collect, retain and utilize any or all such Allowances without restriction (unless otherwise instructed by the vendor).

8.18. Privacy

(a) With regards to Privacy Information (defined below) Franchisee and Franchisor must comply with their obligations under applicable Privacy Law. "Privacy Information" means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver's license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer's interaction with an Internet Web site, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this subsection to create a profile about a consumer

reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. "Personal Information" does not include publicly available information that is lawfully made available to the general public from federal, state or local government records. "Publicly available" does not mean biometric information collected by a business about a consumer without the consumer's knowledge. "Privacy Law" means any local, state or federal data privacy or data security law or regulation.

(b) Use of Privacy Information. In no circumstances shall Franchisee or Franchisor ever sell the Privacy Information. Franchisee further agrees not to access, use or process the Privacy Information, except in the furtherance of its rights and obligations under this Agreement but at all times in compliance with Privacy Law. Franchisee shall be solely liable for any and all violations of Privacy Law that may arise from its failure to comply with this provision.

(c) Privacy Information Requests. To the extent Franchisor does not have the ability to address requests made under applicable Privacy Law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon Franchisor's request, provide reasonable assistance to Franchisor in responding to such requests.

(d) Audits. During the term of this Agreement, at Franchisor's request and subject to reasonable notice, Franchisee shall provide Franchisor with information sufficient to establish its compliance with the obligations set forth in this section 8.18 and the applicable Privacy Laws.

8.19. PCI DSS Compliance

Franchisee must comply with the Payment Card Industry Data Security Standards (PCI DSS) as these standards may be revised and modified by the Payment Card Industry Security Standards Council (PCISSC) or such successor replacement organization, and/or in accordance with other standards as we may specify. In addition, if requested, you must submit annually to us a fully completed copy of your PCI Attestation of Compliance on the then-current PCISSC form or such successor or replacement form(s) and/or processes.

8.20.Nondisclosure and Confidentiality

Franchisee acknowledges that it has had no part in the creation or development of nor does it have any property or other rights or claims of any kind in or to any element of the System, the Marks or any matters dealt within the Manual or the Handbook. Franchisee also acknowledges that all disclosures made to Franchisee relating to the System, including, without limitation, the specifications, standards, procedures and the entire contents of the Manual and the Handbook, are communicated to Franchisee solely on a confidential basis and as trade secrets, in which Franchisor has a substantial investment and a legitimate right to protect against unlawful disclosure. Accordingly, Franchisee agrees to maintain the confidentiality of all such information during the term of this Agreement and at any time thereafter and may not disclose any portions of the Manual or the Handbook or any information whatsoever with respect to Franchisee's or Franchisor's business affairs or the System, other than as may be required to enable Franchisee to conduct its business. Franchisee further agrees not to use any such information in any other business or in any manner not specifically approved in advance in writing by Franchisor.

9. ASSIGNMENT

9.1. Assignment by Franchisor

Franchisor may Transfer this Agreement, or all or any part of its rights, privileges, and obligations under this Agreement, to any other person, provided that, in respect to any Transfer resulting in the subsequent performance by the assignee of the functions of the Franchisor: (i) at the time Franchisor Transfers this Agreement, Franchisor reasonably believes that the transferee is financially responsible and economically capable of performing the delegated obligations of Franchisor; and (ii) the transferee of Franchisor expressly assumes and agrees to perform the obligations. Following the Transfer by Franchisor, Franchisor will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement.

9.2. Assignment by Franchisee

This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee (if Franchisee is an individual) or the people who directly or indirectly Control Franchisee or directly or indirectly own (in this context, an "Equity Holder") a beneficial interest in Franchisee (if Franchisee is person other than an individual), and the trust and confidence reposed by Franchisor in Franchisee and its Equity Holders. Franchisee and its Equity Holders each covenant to actively and substantially participate in the ownership and operation of the Franchised Business.

(a) Without the prior written consent of Franchisor and subject to Franchisor's right of first refusal provided for in Section 9.3, neither Franchisee nor any Equity Holder may Transfer any interest in Franchisee, this Agreement, or all or substantially all of the assets of Franchisee used in connection with the Franchised Business. As further clarification of the foregoing restrictions, Franchisee may not sub-franchise or attempt to sub-franchise this Agreement, or a portion but not all of Franchisee's rights under this Agreement, without the express prior written permission of Franchisor. Any Transfer or purported Transfer in violation of this section will be void.

(b) Franchisor may withhold its consent to a sub-licensing of all or part of Franchisee's interest in the Agreement for any reason whatsoever in Franchisor's sole discretion. If Franchisee or any of its owners proposes to make any other form of Transfer, and if Franchisor elects not to exercise its right of first refusal (or if the right of first refusal is not applicable to the proposed Transfer, as provided in this Agreement), Franchisor may withhold or condition Franchisor's consent to any Transfer, as Franchisor deems appropriate, based on the circumstances of the Transfer or otherwise. If Franchisor believes that the terms and conditions of any Transfer would not be in the best interests of the Franchisor, the proposed transferee or the CONCRETE CRAFT® System, Franchisor may refuse to consent to such Transfer. Without limitation, Franchisor may consider the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the Marks, or Franchisor, or any of Franchisor's Affiliates. Additionally, it will not be unreasonable for Franchisor to impose, among other things, the following conditions precedent to its consent to any Transfer:

(i) The proposed assignee of the interest to be subjected to the Transfer will complete Franchisor's application for a franchise agreement, and Franchisee and the proposed assignee will fully disclose in writing all of the terms and conditions of the proposed Transfer.

(ii) The proposed assignee(s) of the interest to be subjected to the Transfer demonstrate(s) that it has or they have the skills, qualifications, and economic resources necessary, in Franchisor's reasonable judgment, to conduct the business contemplated by this Agreement. Among other things, this may require the possession of certain skills and qualifications of the prospective transferee, including experience in or ability to learn the decorative concrete business, financial and operational skills and qualifications, economic resources, reputation and character of the prospective transferees, and the ability of the prospective transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement. Without limiting the generality of the foregoing, if a contractor's license is required in the state in which the Territory is located, the proposed assignee or one or more of the principal officers, shareholders or directors of the proposed assignee must qualify for, and obtain, or otherwise obtain for the benefit of the Franchised Business such as through an employee of Franchisee, such contractor's license prior to the effective date of the Transfer.

(iii) The proposed assignee of the interest to be subjected to the Transfer expressly assumes in writing for the benefit of Franchisor all of the obligations of Franchisee under this Agreement.

(iv) If the proposed Transfer will result in a new Franchisee under this Agreement, the new Franchisee signs the then current form of Franchise Agreement being used by Franchisor and pays the then-current initial franchise fee under the franchise agreement.

(v) As of the date of the proposed Transfer, Franchisee is in full compliance with all of its obligations to Franchisor, whether under this Agreement or under any other agreement, arrangement, or understanding with Franchisor.

(vi) Franchisee, assignee and each shareholder of a corporate assignee sign the then current form of Consent to Transfer and Assumption of Franchise Agreement.

(vii) Franchisee pays to Franchisor a non-refundable transfer fee equal to the amount then being charged by Franchisor. In addition, if the proposed assignee of the interest to be subjected to the Transfer was already in Franchisor's lead database at the time of first contact between Franchisee (or its Equity Holder) and the proposed assignee, then Franchisor may require Franchisee to pay the referral fee then being charged by Franchisor plus the amount of any broker fees that Franchisor must pay a third-party (not an employee of Franchisor).

(c) If Franchisee is not an individual, Franchisee will provide Franchisor at the Effective Date with a copy of Franchisee's governing documents (such as articles of incorporation, bylaws, operating agreement, or partnership agreement) and all other agreements among the Equity Holders (such as buy/sell agreements). If Franchisee is a corporation or other entity that issues capital stock, Franchisee will provide Franchisor at the Effective Date with a prototype stock certificate. As a

condition to entering into the Franchise Agreement, a Franchisee that issues capital stock will be required to place the following legend on all stock certificates:

> **"The transfer of this stock is subject to the terms and conditions of that certain Franchise Agreement dated _____ between this corporation and American Decorative Coatings, LLC. Reference is made to that Franchise Agreement and the restrictive provisions contained in them and as may be otherwise described in the Articles of Incorporation and by-laws of this corporation."**

(d) The cumulative Transfer in any 12 consecutive month period of 25% or more of the ownership interests or voting power in Franchisee will be considered to be a Transfer for purposes of this Section 9.

9.3. Right of First Refusal

Except as provided in Sections 9.4, 9.5, and 9.6, the right of Franchisee or its Equity Holders to Transfer any interest in this Franchise Agreement will be subject to Franchisor's right of first refusal with respect thereto. Franchisor may exercise the right of first refusal in the following manner:

(a) Franchisee will deliver to Franchisor a written notice setting forth (i) all of the terms and conditions of any bona fide offer relating to a proposed Assignment by Franchisee; and (ii) all available information concerning the proposed assignee of the interest proposed to be subject to a Transfer.

(b) Within ten days after Franchisor's receipt of the notice (or if Franchisor requests additional information, within ten days after receipt of the additional information), Franchisor may either consent or withhold its consent to the Transfer, in accordance with Section 9.2 or, at its option, may accept the Transfer itself or on behalf of its nominee upon the terms and conditions specified in the notice.

(c) If Franchisor elects not to exercise the right of first refusal and consents to the Transfer, Franchisee will for a period of 90 days, and subject to the provisions of Section 9.2, be free to complete the proposed Transfer upon the terms and conditions specified in the notice. If, however, the terms are materially changed, or if the 90-day period expires, Franchisor will again have the right of first refusal with respect to the offer and Franchisee will again be required to comply with Section 9.3(a) above.

9.4. Transfers to Family Members

An individual Franchisee or an Equity Holder may, with Franchisor's consent, which will not be unreasonably withheld, Transfer the Franchised Business or an equity interest in Franchisee to the person's spouse, parent, sibling, niece, nephew, descendant, or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement.

9.5. Transfers to Affiliated People

Franchisee or an Equity Holder may, without the consent of Franchisor, upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee to a person (other than an individual) entirely owned by natural person(s) making the Transfer in the same proportionate amount of ownership as before the Transfer, provided that adequate provision is made for the management of the Franchised Business and that the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer fee will be payable in respect of a Transfer under this section.

9.6. Transfers Upon Death or Incapacity

In spite of any of the foregoing, upon the death or legal incapacity of Franchisee or an Equity Holder that is an individual, the person's interest in this Agreement or its equity interest in the Franchisee will Transfer in accordance with the person's will or, if the person dies intestate, in accordance with laws of intestacy governing the distribution of the person's estate, provided that adequate provision is made for the management of the Franchised Business and the transferee is one or more of the decedent's spouse, parents, siblings, nieces, nephews, descendants, or spouse's descendants. A Transfer under this section will be free from Franchisor's right of first refusal provided in Section 9.3, and no transfer fee will be payable in respect of a Transfer pursuant to this section. Any subsequent Transfer will be subject to all provisions of this Section 9.

If Franchisor determines, in its reasonable judgment, that the heirs, personal representatives, or conservators, as applicable, are not capable of operating the Franchised Business, Franchisor may immediately begin operating the Franchised Business on behalf of Franchisee pending a Transfer to a qualified buyer. For this management assistance, Franchisor may charge Franchisee a fee equal to 8% of the Gross Revenues during Franchisor's operation of the Franchise and the wages or salary for an interim Manager.

10. DEFAULT AND TERMINATION

10.1. General

(a) Franchisor may unilaterally terminate this Agreement upon Franchisee's material breach of this Agreement or upon the occurrence of any of the conditions listed in Section 10.2. The listing in Section 10.2 of some conditions as constituting specific grounds for termination does not imply that other material breaches of this Agreement are not also good cause for termination, even though some of the conditions listed in Section 10.2 parallel obligations of Franchisee described elsewhere in this Agreement. Franchisor will exercise its right to terminate this Agreement in the manner described in this Section 10.

(b) In spite of anything contained in this Agreement to the contrary, in those circumstances under which Franchisor may terminate this Agreement, Franchisor may in its sole discretion, offer to Franchisee an alternative remedy to termination of this Agreement. If Franchisee declines Franchisor's alternative offer, Franchisor may proceed to terminate this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, in those circumstances under which Franchisor may terminate this Agreement for Franchisee's default, Franchisor may exercise all remedies available to it at law or in equity, including seeking specific performance and damages (including direct, indirect, special, incidental, or consequential damages). All rights and remedies provided in this Agreement are in addition to and not in substitution of the rights and remedies available to a party at law or in equity.

10.2. Termination Without Opportunity to Cure

The obligations of Franchisor under this Agreement are contingent upon the non-occurrence of each of the conditions described below. Franchisor may terminate this Agreement immediately upon notice to Franchisee, without prior opportunity to cure, upon the occurrence of any of the following conditions, each of which constitutes grounds for immediate termination of this Agreement without notice or opportunity to cure (except as specifically stated in these conditions):

(a) To the extent permitted by law, if Franchisee or the Franchised Business is declared bankrupt or judicially determined to be insolvent, or if all or a substantial part of the assets used by Franchisee in connection with the Franchised Business are assigned to or for the benefit of any creditor, or if Franchisee admits Franchisee's inability to pay its debts as they come due.

(b) If Franchisee Abandons the Franchised Business. The term "Abandon" means failure to operate the Franchised Business for a period of seven consecutive days (without Franchisor's prior written consent) during a time that Franchisee is required to operate the Franchised Business under the terms of this Agreement, or any shorter period under which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Business. A repeated pattern of failure to operate the Franchised Business for periods of less than seven consecutive days may result in the Franchised Business being considered Abandoned if in the judgment of Franchisor the closure adversely impacts the Franchised Business. The Franchised Business will not be considered Abandoned if the failure to operate is due to acts of God or other matters beyond the control of Franchisee (other than Franchisee's inability to procure money), provided that Franchisee gives notice of any cessation of operations to Franchisor promptly after the initial occurrence of the event resulting in the cessation of operations (and in any event within ten days) and Franchisor acknowledges in writing that the cessation of operations is due to one of the foregoing causes and provided further that Franchisee re-establishes the Franchised Business and is fully operational within 120 days after the initial occurrence of the event resulting in the cessation of operations or any longer period that Franchisor permits.

(c) If Franchisor and Franchisee agree in writing to terminate this Agreement.

(d) If Franchisor discovers that Franchisee made any material misrepresentations relating to the acquisition of the Franchised Business, or if Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the Marks.

(e) If Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business.

(f) If Franchisee, after curing any breach in accordance with Section 10.3 commits the same breach, whether or not the breach is corrected after notice.

(g) If Franchisee repeatedly fails to comply with one or more requirements of this Agreement, whether or not corrected after notice.

(h) If the Franchised Business or business premises of the Franchisee are seized, taken over, or foreclosed by a government official in the exercise of the official's duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, if a final judgment against Franchisee for more than $10,000 remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed), or if a levy of signing has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days after the date of the levy.

(i) If Franchisee is convicted of a felony, of a misdemeanor involving moral turpitude, or of other criminal misconduct which is relevant to the operation of the Franchised Business.

(j) If Franchisee fails to pay any Continuing Royalty or other amounts due to Franchisor within five days after receiving written notice that the fees are overdue.

(k) If Franchisor makes a reasonable determination that continued operation of the Franchised Business by Franchisee will result in an imminent danger to public health or safety.

(l) If any other franchise agreement between Franchisor and Franchisee is terminated by Franchisor because of breach or default by Franchisee or failure of a condition to continued effect of the franchise agreement.

(m) If Franchisee applies a deposit from a customer intended to be used to purchase Product for that customer’s order for any other purpose.

(n) If Franchisee purchases more than 10% of its Products from unapproved vendors in violation of Section 8.1(c).

(o) If a repeated audit reveals repeated understatement of Gross Revenues by 5% or more as stated in Section 8.6(c).

10.3. Termination Subject to Opportunity to Cure

Except for failure of the conditions listed in Section 10.2, above, or as otherwise expressly provided in this Agreement, Franchisee will have 30 days after Franchisor's written notice within which to cure any breach of this Agreement, and to provide evidence of the cure to Franchisor. If any default is not cured within that time period, or any longer time period that applicable law

requires or that Franchisor specifies in the written notice, this Agreement and all rights granted by it will thereupon automatically terminate without further notice or opportunity to cure.

10.4. Description of Default

The description of any breach, default, or failure of a condition in any notice served by Franchisor upon Franchisee will in no way preclude Franchisor from specifying additional or supplemental breaches, defaults, or failures of conditions (including matters discovered after the termination is effective) in any action, arbitration, mediation, hearing, or suit relating to this Agreement or the termination of this Agreement.

10.5. Statutory Limitations

In spite of anything to the contrary in this Section 10, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties limits Franchisor's right to terminate this Agreement or requires longer notice periods than those stated in this Agreement, and if the parties are prohibited by law from agreeing to the shorter periods stated in this Agreement, then Franchisor will conform to the requirements of those laws and regulations, but only to the extent necessary to bring Franchisor's actions within the requirements of the law or regulation.

10.6. Alternative Remedies

In those circumstances under which Franchisor may terminate this Agreement, Franchisor may in its sole discretion: (a) redirect customer leads generated by Franchisor on Franchisee's behalf to other franchisees as contemplated in section 2.2(d); and/or (b) grant to Franchisee, in lieu of immediate termination of this Agreement, (i) an extended period of time (not to exceed six months from the last day of the cure period otherwise applicable to the breach) to cure the breach which gave rise to Franchisor's right to terminate, (ii) an option to reimburse Franchisor up to $1,000 for investigating the breach of this Agreement, or (iii) if the breach consists of the sale of decorative concrete products or services in the territory assigned to another franchisee of Franchisor, require Franchisee to pay, as liquidated damages, and not a penalty, an amount equal to 100% of the total gross sales generated by sales in the other franchisee's territory (which shall be used in Franchisor's discretion to reimburse the other franchisee for the value of the business diverted, including lost goodwill, and to compensate Franchisor for its costs of investigating Franchisee's breach). Franchisee acknowledges that Franchisor's election to grant an extended cure period or to permit a reimbursement will not operate as a waiver of any of Franchisor's other rights under this Agreement.

11. DISPUTE RESOLUTION

11.1. Alternate Dispute Resolution

Except for the disputes described in Section 11.2 of this Agreement and except as otherwise specifically modified by this Section 11, any dispute between Franchisor and any of its Affiliates, on the one hand, and Franchisee and any of its Affiliates, on the other, arising out of, relating to or referencing this Agreement or its breach in any way, including any claim sounding in tort arising

out of the relationship created by this Agreement, and any claim that this Agreement or any other of its parts is invalid, illegal, or otherwise voidable or void, is subject to the dispute resolution provisions described in Section 11 of this Agreement.

11.2. Disputes Not Subject To Alternate Dispute Resolution

Franchisee acknowledges that it is important that Franchisor be able to use reasonable efforts to protect the Marks, the System, and the integrity of the Marks and the System. To that end, Franchisor may, at its option, seek injunctive or other equitable relief to enforce the provisions of Section 6 (Intellectual Property), Section 7.9 (Proprietary Materials), Section 8.10 (No Other Decorative Concrete Business), or Section 12.1 (Franchisee's Obligations Following Termination or Expiration) of this Agreement, or the provisions of any separate confidentiality or non-disclosure agreement between Franchisor or its Affiliates (on the one hand) and Franchisee or its Affiliates (on the other hand) in the Court specified by Section 11.6.

11.3. Option to Mediate Dispute

(a) In the event of a dispute between the parties, either party may initiate a mediation procedure in accordance with this Section 11.3 by making a written request for mediation with the Judicial Arbitration and Mediation Service (JAMS), the National Franchise Mediation Program administered by the CPR Center for Dispute Resolution of New York, or any other mediation service mutually agreed to by the parties. Any mediation will be conducted according to the procedures of the selected mediation service.

(b) The object of any mediation subject to this Section 11.3 is to assist the parties in reaching a mutually acceptable resolution of the dispute. The mediation will, in all circumstances, be consistent with the rights and obligations created by this Agreement and will not be premised on the derogation or diminution of those rights or disregard of those rights. The mediation process will begin promptly and be concluded expeditiously, unless the parties mutually agree otherwise. Any and all discussions, negotiations, findings, or other statements by the mediator and/or the parties made in connection with the mediation will be privileged and confidential and will not be admissible into evidence in any litigation or arbitration.

(c) All mediation proceedings will take place in Orange County, California, or if Franchisor so elects, in the county where the principal place of business of Franchisee is then located. The fees of the mediator will be borne equally by Franchisor and Franchisee, and all other expenses relating to the mediation will be borne by the party incurring them.

11.4. Arbitration

(a) Except disputes not subject to alternative dispute resolution as described in Section 11.2 above, any dispute between Franchisor or any of its Affiliates (on the one hand) and Franchisee or any of its Affiliates (on the other hand) arising out of or relating to this Agreement or its breach, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Section 11.3 above, will be resolved by submission to arbitration conducted by a single impartial arbitrator appointed by JAMS according

to its Comprehensive Arbitration Rules and Procedures, or any other single impartial arbitrator mutually agreed to by the parties.

(b) All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Section 11 will be governed by the Federal Arbitration Act (9 U.S.C. 1 et seq.) and the federal common law of arbitration. All hearings and other proceedings will take place in Orange County, California, or if Franchisor so elects, in the county where the principal place of business of Franchisee is then located. The fees of the arbitrator will be borne equally by Franchisor and Franchisee, and all other expenses relating to the arbitration will be borne by the party incurring them.

(c) This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against the party by default or otherwise in spite of the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final, and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are waived.

11.5. Business Judgment

The parties recognize, and any arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) action in the exercise of its business judgment, based on its assessment of the overall best interests of all people operating under the Marks. Where that discretion has been exercised, and is supported by the business judgment of Franchisor, neither an arbitrator nor a judge may substitute his or her judgment for the judgment exercised by Franchisor unless the arbitrator or judge finds that Franchisor has exercised its judgment or discretion without any reasonable business basis for it. Whenever Franchisor has a right and/or the discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make that decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in the best interests of the System. Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (d) Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions

and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

11.6. Venue, Submission to Court, Limitation of Damages

In view of the fact that the books, records and business personnel of Franchisor are located in Orange County, California, and in order to minimize disruption or interference with operation of (and Franchisor's support to) all persons operating under the Marks, Franchisee and Franchisor agree as follows:

(a) All court proceedings arising out of or relating to this Agreement (including matters described in Section 11.2 above) will be brought in, and only in, the United States District Court for the Central District of California. No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in, and only in, a state court of competent jurisdiction in and for Orange County, California. In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts.

(b) The parties agree that all disputes submitted to the court under Section 11.2 will be tried to the court sitting without a jury, in spite of any state or federal constitutional or statutory rights or provisions.

(c) No punitive or exemplary damages will be awarded against either Franchisor or Franchisee, or any affiliates of either of them, in any proceeding arising under Section 11.2, and all claims to punitive or exemplary damages are waived by both parties.

11.7. Independence of Provisions

The provisions of this Section 11 are independent of any other covenant or provision of this Agreement. If any part of this Section 11 is held to be indefinite, invalid, unconscionable, or otherwise unenforceable by a court of competent jurisdiction, the indefinite, invalid, unconscionable, or unenforceable provision will be considered deleted, and the remaining parts of this Section 11 will continue in full force and effect. If the court determines that deletion of portions of this Section 11 would lead to an unintelligible provision, the parties request the court to modify or interpret the provisions to the minimum extent necessary to have them comply with the law while retaining the essence of the parties' agreement.

12. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION

12.1. Franchisee's Obligations following Termination or Expiration

(a) In the event of termination or expiration of this Agreement, whether by reason of Franchisee's breach, default, non-renewal, lapse of time, or other cause, in addition to any other obligations provided for in this Agreement, Franchisee will immediately discontinue the use and/or

display in any manner of the Marks and all Materials containing or bearing the Marks. Franchisee will not thereafter operate or do business under the Marks or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor. In that event, Franchisee also will not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements to any of them; or (ii) any forms, advertising matter, Marks, devices, insignias, slogans, or designs used from time to time in connection with the Franchised Business.

(b) Among the steps that Franchisee must take as a result of termination or expiration of this Agreement as described in Section 12.1(a) above, Franchisee will promptly take the following steps:

(i) Franchisee will remove at Franchisee's expense identifying Marks on the Vehicle and all other signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor.

(ii) Franchisee will erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor.

(iii) Franchisee will permanently discontinue all advertising to the effect that Franchisee is associated or affiliated with Franchisor.

(iv) Franchisee will refrain from doing anything that might indicate that Franchisee is or ever was an authorized franchisee of the Marks or the System, including indicating, directly or indirectly, that Franchisee was licensed to use the Marks or any other distinctive System features or that Franchisee at any time operated under any name, word, or mark associated or affiliated with Franchisor.

(v) If Franchisee engages in any business thereafter, Franchisee will use trade names, Marks, or trademarks (if any) which are significantly different from the Marks and use sign formats (if any) which are significantly different in color and type face and take all necessary steps to ensure that its Affiliates observe the foregoing obligations.

(vi) Assign to Franchisor all interest and right to use all telephone numbers and all listings applicable to the Franchised Business in use at the time of the termination and take all action necessary to change all telephone numbers immediately and change all listings as soon as possible including payment of any outstanding invoices payable to telephone service providers.

(vii) At the option of Franchisor, Franchisee will assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised Business. Furthermore, Franchisee will sign any forms or documents that

Franchisor considers necessary to appoint Franchisor as Franchisee's attorney-in-fact with full power and authority for the sole purpose of assigning these rights to Franchisor.

(c) If Franchisee fails to make or cause to be made any removal or change described in Section 12.1(b) above, then Franchisor may, after 15 days written notice, enter upon Franchisee's premises upon which the Franchised Business was being conducted without being considered guilty of trespass or any other tort, and make or cause to be made the required changes at the expense of Franchisee, which expense Franchisee agrees to pay Franchisor promptly upon demand. Franchisee irrevocably appoints Franchisor as its lawful attorney upon termination of this Agreement with authority to file any document in the name of and on behalf of Franchisee for the purpose of terminating any and all of Franchisee's rights in the fictitious business name and any of the Marks.

12.2. Rights of Franchisor

The expiration or termination of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and the expiration or termination will not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement.

12.3. Franchisor's Right to Cure Defaults by Franchisee

In addition to all other remedies granted by this Agreement, if Franchisee defaults in the performance of any of its obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee, cure the default for the account of and on behalf of Franchisee, and all costs or expenses (including attorney fees) incurred by Franchisor on account of curing the default will be due and payable by Franchisee to Franchisor on demand.

12.4. Waiver and Delay

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal, or neglect of Franchisor either to exercise any right, power, or option given to it under this Agreement or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Manual and the Handbook, will constitute a waiver of the provisions of this Agreement or the Manual and the Handbook with respect to any subsequent breach of the same or any other provision of this Agreement or the Manual and the Handbook, or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions of this Agreement or the Manual and the Handbook.

12.5. Attorney Fees and Expenses

In the event of any arbitration (including any petition for confirmation, modification, or vacation of the award) or litigation (including appeals) arising out of or relating to this Agreement, the breach or alleged breach of this Agreement, or the relationship of the parties, then the prevailing

party will be reimbursed by the losing party for all costs and expenses incurred in connection with them, including reasonable attorney fees for the services rendered to the prevailing party.

13. GENERAL CONDITIONS AND PROVISIONS

13.1. Relationship of Franchisee to Franchisor

The parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner, fiduciary, or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, partner, or co-venturer of Franchisor. All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be considered employees or agents of Franchisor, nor subject to Franchisor's control, and in particular, Franchisor will have no authority to exercise control over the hiring or termination of employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or the day-to-day activities of those people, except to the extent necessary to protect the Marks. Franchisee agrees to respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities. Each of the parties agrees to file its own tax, regulatory, and payroll reports with respect to its respective employees or agents and operations, and to indemnify the other party against any liability by virtue of the tax, regulatory, and payroll reports filed by the party.

13.2. No Liability

Franchisor shall not be responsible or otherwise liable for any injury, loss, or damage suffered by any person or property directly or indirectly arising out of Franchisee’s operation of the Franchised Business. Franchisor will have no liability for Franchisee’s obligations to pay third parties, including any landlords and product vendors.

13.3. Indemnity

Except as otherwise expressly provided in Section 6.6, Franchisee agrees to defend, and indemnify Franchisor and its Affiliates and designees against all costs and expenses actually incurred by them or for which they are liable, including attorney fees, court costs, losses, liabilities, damages, claims and demands of every nature, and including those incurred under a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including any claim or controversy arising out of (i) any Transfer by Franchisee referred to in Section 9.2, (ii) acts or omissions of Franchisee which are not in strict compliance with this Agreement and the Manual, (iii) acts or omissions of Franchisee which tend to create an impression that the relationship between the parties is other than one of Franchisor and Franchisee, or (iv) any acts or omissions of Franchisee’s employees. In spite of the foregoing, Franchisee will have no obligation to indemnify

Franchisor, or its Affiliates or designees against costs or expenses arising from the conduct of Franchisor found to be willful, malicious or grossly negligent.

13.4. Survival of Covenants

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable in spite of the expiration or other termination of this Agreement.

13.5. Successors and Assigns

This Agreement will be binding upon and benefit the successors and assigns of Franchisor and Franchisee and their respective heirs, executors, administrators, successors, and assigns, subject to the restrictions on Assignment by Franchisee contained in this Agreement.

13.6. Joint and Several Liability

If Franchisee consists of more than one person, the obligation and liabilities to Franchisor of each person are joint and several.

13.7. Counterparts

This Agreement may be signed in any number of copies, each of which will be considered to be an original, and all of which together will be considered to be one and the same instrument.

13.8. Notices

(a) All notices which the parties may be required or may desire to give under or in connection with this Agreement will be in writing and will be sent either by certified mail, return receipt requested, postage prepaid, or by reliable overnight delivery service, addressed as follows:

(i) If to Franchisor, to:

AMERICAN DECORATIVE COATINGS, LLC
19000 MacArthur Boulevard, Suite 100
Irvine, CA 92612

With a copy to:

HOME FRANCHISE CONCEPTS, LLC
19000 MacArthur Boulevard, Suite 100
Irvine, CA 92612
Attention: General Counsel

(ii) If to Franchisee, to the attention of the Manager at the address indicated in Section 16.2(c).

(b) Notices sent in accordance with this Section 13.8 will be considered given three business days after deposit with the United States Postal Service or the next business day after deposit with a reliable overnight delivery service.

(c) The addresses given in this Agreement for notices may be changed at any time by either party by written notice given to the other party as provided in this Agreement. If the address to which notices are otherwise required to be given under this Section 13.8 is known or believed by the person giving notice no longer to be valid, notices will also be sent to the last known valid address of the party receiving the notice.

13.9. Franchisor's Discretion

Whenever Franchisor has a right and/or the discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make that decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in the best interests of the System. Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (d) Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

14. CONSTRUCTION OF AGREEMENT

14.1. Governing Law

The United States Arbitration Act (9 U.S.C. 1 et seq.) will govern jurisdictional issues respecting arbitration of disputes under this Agreement. The Lanham Act (15 U.S.C. 1051 et seq.) will govern any issue involving the Marks. To the extent applicable, the laws of the state where Franchisee is domiciled will govern all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, and (iii) enforcement of post-termination non-competition provisions. Except as otherwise provided in Section 10 and this section, this Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of California. Franchisee waives, to the fullest extent permitted by law, the rights and protections that might be provided

through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Territory is located.

14.2. Entire Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related Agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document.

14.3. Modification

This Agreement cannot be modified or changed except by (i) written instrument signed by all of the parties, or (ii) by Franchisor's reduction of the scope of any of Franchisee's obligations under this Agreement, which may be done without Franchisee's consent and which will be effective immediately upon notice.

14.4. Titles for Convenience Only

Section titles used in this Agreement are for convenience only and will not be considered to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

14.5. Gender

All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Section may require.

14.6. Severability

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Manual or the Handbook and any present or future statute, law, ordinance, regulation, or judicial decision, contrary to which the parties have no legal right to contract, the statute, law, ordinance, regulation, or judicial decision will prevail, but in that event the provision of this Agreement or the Manual or the Handbook thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, Section, sentence, or clause of this Agreement or the Manual or the Handbook is held to be indefinite, invalid, or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be considered deleted, and the remaining parts will continue in full force and effect, unless the provision pertains to the payment of fees under Section 4, in which case this Agreement will terminate.

14.7. No Third Party Beneficiaries

This Agreement is not intended to benefit any other person except the named parties. No other person may claim any rights under this Agreement by virtue of so-called "third party beneficiary rights" or otherwise.

14.8. Examples Not Exclusive

The verb "to include" (in all its tenses and variations, such as "including) is always used in a non-exclusive sense (as if followed by one of the phrases "without limitation" or "but not limited to). The failure to list a particular example after a variation of the word "including" is not to be construed as an indication that the example is excluded.

14.9. "Person" Inclusive

The term "person" means all forms of juridical persons, including individuals, partnerships, corporations, trusts, unincorporated associations, and governmental entities.

15. SUBMISSION OF AGREEMENT

The submission of this Agreement to Franchisee does not constitute an offer, and this Agreement will become effective only upon the signing of this Agreement by both Franchisor and Franchisee. This Agreement will not be binding on Franchisor unless and until it has been accepted and signed by the President or other executive officer of Franchisor. This Agreement may not become effective until and unless Franchisee has been furnished by Franchisor with any disclosure, in written form, required under or according to applicable law.

16. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE

16.1. Certain Acknowledgments and Representations of Franchisee

(a) If required, Franchisee is a duly licensed state contractor under the laws of the state within which the Territory is situated (or has otherwise made arrangements to operate under an existing state contractor's license in accordance with applicable law) and is in compliance with all applicable laws, rules, and regulations of authorities having jurisdiction.

(b) Franchisee understands and acknowledges (i) that all people operating under the Marks and the System benefit from uniform and ethical standards of quality, appearance, and service described in and required by the Manual and the Handbook, and (ii) the necessity of operating the Franchised Business under the standards stated in the Manual. Franchisee represents that it has the capabilities, professionally, financially, and otherwise, to comply with the standards of Franchisor.

(c) If Franchisee is not an individual, Franchisee is duly incorporated or organized and is qualified to do business in the Territory.

(d) The signing of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(e) Any individual signing this Agreement on behalf of Franchisee is duly authorized to do so and the Agreement will constitute a valid and binding obligation of the Franchisee and, if applicable, all of its partners, if Franchisee is a partnership.

(f) Franchisee has (or if Franchisee is not an individual, Franchisee's principals have) carefully read this Agreement and all other related documents to be signed by Franchisee concurrently or in conjunction with the signing of this Agreement. Franchisee has had the opportunity to obtain the advice of legal counsel in connection with the signing and delivery of this Agreement, understands the nature of this Agreement, and intends to comply with this Agreement and to be bound by this Agreement.

(g) The formation of this Agreement and the disclosures made in connection with the relationship described in this Agreement are governed in part by the franchise relations acts, the franchise investment laws, the franchise disclosure laws and the regulations promulgated under those laws and regulations in the states in which Franchisor and its franchisees do or intend to do business. Those laws, regulations, and disclosure requirements have been implemented for the protection and benefit of franchisees and prospective franchisees. Franchisee acknowledges that it has been advised to obtain legal advice and counsel to evaluate the opportunity of becoming a franchisee of Franchisor and the benefits and duties of this Agreement. Franchisee acknowledges that it has chosen to enter into this Agreement solely based upon its independent judgment as to its needs at a time when other franchise and franchise opportunities were available. No promises or assurances have been made by Franchisor other than as explicitly stated in this Agreement.

16.2. Additional Information Respecting Franchisee

(a) Attached as Schedule 4 is a schedule containing complete information respecting the owners, partners, members, officers, and directors, as the case may be, of Franchisee.

(b) Unless otherwise disclosed to Franchisor in writing, Franchisee's financial and other records will be maintained at Franchisee's principal place of business indicated in Section 3.1.

(c) The name and business address of Franchisee's Manager is:

_____

Franchisee will deliver, under Section 13.8, written notice of any change in this information after the Effective Date.

(d) Franchisee has delivered to Franchisor complete and accurate copies of all organizational documents relating to Franchisee, including (as appropriate) all partnership agreements, certificates of partnership, Articles or certificates of incorporation, by-laws, shareholder agreements, and operating agreements, as well as all amendments, side letters, and other items modifying any of those documents.

(e) The Term (as described in Section 5.1) of this Agreement expires on _____.

[SIGNATURES FOLLOW]

IN WITNESS TO WHICH, the parties to this Agreement have caused this Agreement to be signed on or as of the dates indicated below:

FRANCHISOR
AMERICAN DECORATIVE COATINGS, LLC

Date: _____ By: _____
Jennie Amante, Secretary

Sign here if Franchisee is an individual:

FRANCHISEE

Date: _____ _____
Print Name:_____

Sign here if Franchisee is a company:

FRANCHISEE

_____
Print Company Name

Date: _____ By: _____
Print Name:_____
Print Title:_____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT

1. INTRODUCTION

This Addendum ("Addendum") is effective on the same date as the Franchise Agreement (Agreement) to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in the States of Hawaii, Illinois, Maryland, Minnesota, New York, North Dakota, South Dakota, Rhode Island, Virginia and Washington.

2. AGREEMENT

The parties agree as follows:

2.1 Hawaii

The following provisions apply to you if you live in Hawaii or your business will be located in Hawaii:

2.1.1. Franchise Fee

The first two sentences in Section 4.1 (Initial Fee) of the Agreement are amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee, Franchisee will pay to Franchisor an "Initial Franchise Fee" of $19,950. Franchisee will receive the CONCRETE CRAFT® Start-Up Package (listed in Schedule 3 to this Agreement) when the Initial Franchise Fee is paid in full. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America. The Initial Franchise Fee is not refundable.

2.1.2. Territory Fee

The first sentence of Section 4.2 (Territory Fee) is amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee, Franchisee will pay to Franchisor a Territory Fee of $50,000. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America. The Territory Fee is not refundable.

2.2 Illinois

The following provisions apply to you if your State is Illinois:

2.2.1. Franchise Fee

The first two sentences in Section 4.1 (Initial Fee) of the Agreement are amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee and Franchisee has commenced doing business, Franchisee will pay to Franchisor an "Initial Franchise Fee" of $19,950. Franchisee will receive the CONCRETE CRAFT® Start-Up Package (listed in Schedule 3 to this Agreement) when the Initial Franchise Fee is paid in full. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America. The Initial Franchise Fee is not refundable.

2.2.2. Territory Fee

The first sentence of Section 4.2 (Territory Fee) is amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee and Franchisee has commenced doing business, Franchisee will pay to Franchisor a Territory Fee of $50,000. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America. The Territory Fee is not refundable.

2.2.3. Governing Law and Venue

Illinois law governs the franchise agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the state of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

2.2.4. Termination and Non-Renewal

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

2.2.5. No Waiver of Illinois Law

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

2.3 Maryland

The following provisions apply to you if you live in Maryland or your business will be located in Maryland:

2.3.1. Financial Assurance

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2.3.2. Franchise Fee

The first two sentences in Section 4.1 (Initial Fee) of the Agreement are amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee, Franchisee will pay to Franchisor an "Initial Franchise Fee" of $19,950. Franchisee will receive the CONCRETE CRAFT® Start-Up Package (listed in Schedule 3 to this Agreement) when the Initial Franchise Fee is paid in full. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America. The Initial Franchise Fee is not refundable.

2.3.3. Territory Fee

The first sentence of Section 4.2 (Territory Fee) is amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee, Franchisee will pay to Franchisor a Territory Fee of $50,000. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America. The Territory Fee is not refundable.

2.3.4. Release of Claims

Section 9.2 (Assignment by Franchisee) of the Agreement says that we may require

you to sign a release of claims as a condition of renewal or transfer of your franchise. However, this release will not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

2.3.5. Disputes Not Subject To Alternate Dispute Resolution

Section 11.2 (Disputes Not Subject To Alternate Dispute Resolution) of the Agreement is amended to read as follows:

Except for claims subject to arbitration, a franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2.3.6. Venue

Section 11.6(a) (Venue, Submission to Court, Limitation of Damages) of the Agreement is revised to read as follows:

No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in a state court of competent jurisdiction. In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts.

2.3.7. Disclaimers

Under the franchise agreement, you must disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland Franchise law. These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2.3.8. Time Period for Bringing Claims

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise. Any limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

2.4. Minnesota

The following provisions apply to you if you live in Minnesota or your business will be located in Minnesota:

2.4.1. Release of Claims

Section 9.2 (Assignment by Franchisee) of the Agreement says that we may require you to sign a special release of claims as a condition of renewal or transfer of your franchise. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

2.4.2. Arbitration Venue

Section 11.4 (Arbitration) of the Agreement requires binding arbitration of most disputes. The arbitration will occur in a state other than Minnesota, with costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

2.4.3. Venue

Section 11.6(a) (Venue, Submission to Court, Limitation of Damages) of the Agreement is amended to read as follows:

> *No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in a state court of competent jurisdiction. In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts.*

2.5. New York

The following provision applies to you if your State is New York:

2.5.1. Governing Law

Section 14.1 (Governing Law) of the Agreement is amended to read as follows:

The United States Arbitration Act (9 U.S.C. §1 et seq.) will govern jurisdictional issues respecting arbitration of disputes under this Agreement. The Lanham Act (15 U.S.C. §1051 et seq.) will govern any issue involving the Marks. To the extent applicable, all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, or (iii) post-termination non-competition provisions will be governed by the laws of the state where Franchisee is domiciled. Except as otherwise provided in Article 10 of this Agreement and this Section, this Agreement and the legal relations among the parties to this agreement will be governed by and construed according to the laws of the State of California. The foregoing choice of law should not be considered to be a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.

2.6. North Dakota

The following provisions apply to you if your State is North Dakota:

2.6.1. Franchise Fee

The first two sentences in Section 4.1 (Initial Fee) of the Agreement are amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee, Franchisee will pay to Franchisor an "Initial Franchise Fee" of $19,950. Franchisee will receive the CONCRETE CRAFT® Start-Up Package (listed in Schedule 3 to this Agreement) when the Initial Franchise Fee is paid in full. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America. The Initial Franchise Fee is not refundable.

2.6.2. Territory Fee

The first sentence of Section 4.2 (Territory Fee) is amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee, Franchisee will pay to Franchisor a Territory Fee of $50,000. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America. The Territory Fee is not refundable.

2.6.3. Mediation and Arbitration Venue

Article 11 (Dispute Resolution) of the Agreement requires mediation and arbitration to take place in California. The North Dakota Securities Commissioner has held that franchise agreements providing that the parties must agree to the mediation or arbitration of

disputes at a location that is remote from the site of the franchisee's business is "unfair, unjust, or inequitable to North Dakota franchisees."

2.6.4. Venue

Section 11.6(a) (Venue, Submission to Court, Limitation of Damages) of the Agreement is revised to read as follows:

No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in a state court of competent jurisdiction. In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts.

2.6.5. Submission to Court and Limitation of Damages

Section 11.6(b) (Submission to Court) and 11.6(c) (Limitation of Damages) of the Agreement are deleted.

2.6.6. Bankruptcy

A provision in the Franchise Agreement that terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

2.6.7. Governing Law

Section 14.1 of the Agreement (Governing Law) is revised to read as follows:

The United States Arbitration Act (9 U.S.C. 1 et seq.) will govern jurisdictional issues respecting arbitration of disputes under this Agreement. The Lanham Act (15 U.S.C. 1051 et seq.) will govern any issue involving the Marks. To the extent applicable, the laws of the state where Franchisee is domiciled will govern all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, and (iii) enforcement of post-termination non-competition provisions. Otherwise, except as to matters within the purview of the North Dakota franchise law, this Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of California.

2.7. Rhode Island

The following provisions apply to you if your State is Rhode Island:

2.7.1. Governing Law

Section 14.1 of the Agreement (Governing Law) is revised to read as follows:

The United States Arbitration Act (9 U.S.C. 1 et seq.) will govern jurisdictional issues respecting arbitration of disputes under this Agreement. The Lanham Act (15 U.S.C. 1051 et seq.) will govern any issue involving the Marks. To the extent applicable, the laws of the state where Franchisee is domiciled will govern all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, and (iii) enforcement of post-termination non-competition provisions. Otherwise, except as to matters within the purview of the Rhode Island Franchise Investment Act, this Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of California.

2.8. South Dakota

The following provisions apply to you if you live in South Dakota or your business will be located in South Dakota:

2.8.1 Franchise Fee

The first two sentences in Section 4.1 (Initial Fee) of the Agreement are amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee, Franchisee will pay to Franchisor an "Initial Franchise Fee" of $19,950. Franchisee will receive the CONCRETE CRAFT® Start-Up Package (listed in Schedule 3 to this Agreement) when the Initial Franchise Fee is paid in full. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America. The Initial Franchise Fee is not refundable.

2.8.2 Territory Fee

The first sentence of Section 4.2 (Territory Fee) is amended to read as follows:

Once Franchisor has fulfilled all of its pre-opening obligations to Franchisee, Franchisee will pay to Franchisor a Territory Fee of $50,000. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America. The Territory Fee is not refundable.

2.9. Virginia

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2.10. Washington

The following provisions apply to you if your State is Washington:

In the event of a conflict of laws, the provisions of the Washington Franchise InvestmentProtection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also becourt decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection withthe sale of franchises, or a violation of the Washington Franchise Investment Protection Act, inWashington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except whenexecuted pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonablyrestrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void

and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The Initial Franchise Fee and the Initial Territory Fee are held in escrow until we have completed our pre-opening obligations to you.

The undersigned does hereby acknowledge receipt of this addendum.

3. INCORPORATION OF FRANCHISE AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

[SIGNATURES FOLLOW]

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

FRANCHISOR
AMERICAN DECORATIVE COATINGS, LLC

Date: _____ By: _____
Jennie Amante, Secretary

Sign here if Franchisee is an individual:

FRANCHISEE

Date: _____ _____

Print Name: _____

Sign here if Franchisee is a company:

FRANCHISEE

_____
Print Company Name

Date: _____ By: _____

Print Name:_____

Print Title:_____

PERSONAL COVENANT AND GUARANTEE

(To be signed by franchisee's spouse, if any, and by all owners, if franchisee is a company.)

In return for the signing by Franchisor of this Franchise Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned covenant and agree as follows:

A. The undersigned represent to Franchisor that the undersigned are all of the people having direct or indirect "Control" (as defined in the Franchise Agreement) or a direct or indirect beneficial ownership interest in Franchisee.

B. The undersigned, individually and jointly, will (i) comply with and be bound by all provisions of the Franchise Agreement and any other agreement between Franchisor and Franchisee to the same extent as if each of them were the Franchisee, and (ii) not engage in any activities not permitted to the Franchisee under the Franchise Agreement (whether in their own behalf or in any capacity on behalf of any entity).

C. Any controversy or claim arising out of this Personal Covenant and Guarantee, or any breach of it, will be submitted to mediation and arbitration in accordance with Section 11 of the Franchise Agreement.

D. If any other people obtain direct or indirect Control of Franchisee or a direct or indirect beneficial interest in Franchisee, the undersigned will cause those people to sign and deliver to Franchisor a counterpart of this Personal Covenant and Guarantee.

E. This Personal Covenant and Guarantee will be governed in accordance with the laws of the same state whose laws govern the Franchise Agreement.

_____	_____
Signature	Signature
Name:_____	Name:_____
Address:_____	Address:_____
_____	_____

SCHEDULE 1

DESCRIPTION OF TERRITORY

The Territory franchised to Franchisee consists of the following ZIP Codes (as defined by the United States Postal Service):

The Territory is commonly identified as "Concrete Craft _____."

SCHEDULE 2

CONCRETE CRAFT® START-UP PACKAGE

The Start-Up Package consists of the following:

1. Travel Voucher for $750
2. iPad
3. Stationery (500 letterhead, envelopes, business cards)
4. 250 work order forms and estimate forms
5. Sample boards
6. 25 yard signs
7. Vehicle wrap (Franchisee to pay for installation)
8. Briefcase
9. Apparel (10 T-shirts, 3 short sleeve polo shirts)
10. 2,500 door hangers
11. 250 home show flyers
12. Marketing materials (100 folders, stamped concrete, concrete overlay, stained concrete, color restore system technique cards; Thank You cards)
13. Personalized web site

SCHEDULE OF NAMES AND ADDRESSES OF OWNERS AND PRINCIPAL OFFICERS

1. If the prospective franchisee is an individual (sole proprietor), list below the name and residence address of the Franchisee:

   _____

   _____

2. If the prospective franchisee is not an individual, list below the names, residence addresses, and respective percentage ownership interests of each person who owns a direct or indirect beneficial interest in the Franchisee (if more space is required, attached additional sheets):

a._____		c._____	
_____		_____	
_____		_____	
_____	____%	_____	_____%
b._____		d._____	
_____		_____	
_____		_____	
_____	____%	_____	_____%

3. If the prospective franchisee is not an individual, list the names, residence addresses, and respective titles of each individual who has or will have management authority with respect to Franchisee, including officers, directors, managers, and partners (if necessary, list other individuals on additional sheets attached):

a. Title:_____	c. Title:_____
_____	_____
_____	_____
_____	_____
b. Title:_____	d. Title:_____
_____	_____
_____	_____
_____	_____

FRANCHISEE AFFIRMATIONS AND ACKNOWLEDGEMENTS

As you know, American Decorative Coatings, LLC ("we", "us" or "Concrete Craft"), and you are preparing to enter into a Franchise Agreement for the operation of a CONCRETE CRAFT® franchise (a "Franchised Business"). The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your initial franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to each agreement you intend to enter into with us?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Franchised Business with these professional advisor(s)?

Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as political or social disruption, including COVID-19 or any other pandemic, weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No ____ 7. Do you understand we have only granted you certain protected territorial rights under the Franchise Agreement and that we have reserved certain rights under the Franchise Agreement?

Yes____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the CONCRETE CRAFT® mark or other marks, at any location outside your Territory, without regard to the proximity of these activities to your Territory?

Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Orange County, California?

Yes____ No ____ 10. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and you are not entitled to any punitive, consequential or other special damages?

Yes____ No ____ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is American Decorative Coatings, LLC?

Yes____ No ____ 12. Do you understand you or your Manager or your purchaser or its Manager must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

Yes____ No ____ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes____ No ____ 14. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes____ No ____ 15. Do you understand that we will send written notices, as required by your Franchise Agreement, to your Franchised Business until you designate a different address by sending written notice to us?

Yes____ No ____ 16. Do you understand that we will not approve your purchase of a Franchised Business, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes____ No ____ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

Yes____ No ____ 21. Did you receive the Franchise Disclosure Document at least fourteen (14) days before you completed and signed this Questionnaire?

Yes____ No ____ 22. Did you receive the Franchise Agreement at least seven (7) days before you completed and signed this Questionnaire?

Yes____ No ____ 23. Do you understand that the COVID-19 outbreak or any other pandemic or other outbreak and any preventative or protective actions that federal, state and local governments may take in response to this pandemic or outbreak may result in a period of business disruption, reduced customer demand, and reduced operations for the Franchised Business, and that the extent to which the COVID-19 outbreak impacts the Franchised Business will depend on future developments, which are uncertain and which we cannot predict?

[REMAINDER OF PAGE INTENTIONALLY BLANK]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated: _____, 20_____	Dated: _____, 20_____

EXHIBIT B

FINANCIAL STATEMENTS

American Decorative Coatings, LLC dba Concrete Craft

Financial Statements

As of and for the Years Ended
December 31, 2021 and 2020

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

American Decorative Coatings, LLC
dba Concrete Craft

Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

American Decorative Coatings, LLC
dba Concrete Craft

Contents

	Page
Independent Auditor's Report	3 - 4
Financial Statements	
Balance Sheets	6
Statements of Earnings	7
Statements of Equity	8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 19

Tel: 714-957-3200
Fax: 714-957-1080
www.bdo.com

600 Anton Blvd., Suite 500
Costa Mesa, CA 92626

Independent Auditor's Report

To the Member of
American Decorative Coatings, LLC dba Concrete Craft
Irvine, California

Opinion

We have audited the financial statements of American Decorative Coatings, LLC dba Concrete Craft (a wholly owned subsidiary of Home Franchise Concepts, LLC) (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of earnings, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter Regarding Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has elected to change its method of accounting for revenue recognition for pre-opening services provided to franchisees in 2021 and 2020 due to the retrospective adoption of the practical expedient under Accounting Standards Update 2021-02, *Franchisors – Revenue from Contracts with Customers – Practical Expedient* which updates Accounting Standards Codification *Topic 606: Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, LLP

March 22, 2022

Financial Statements

American Decorative Coatings, LLC
dba Concrete Craft

Balance Sheets

December 31,	2021	2020 (As Adjusted)
Assets		
Current assets		
Cash ($61,150 and $10,061 restricted in 2021 and 2020, respectively)	**$ 556,423**	$ 495,327
Accounts receivable, net of allowance for doubtful accounts of $75,861and $123,055 for 2021 and 2020, respectively	**499,373**	977,035
Rebate receivable	**26,570**	23,364
Notes receivable, net of allowance for doubtful accounts of $26,072 and $26,398 for 2021 and 2020, respectively	**133,578**	108,770
Prepaid expenses	**69,648**	235,538
Inventory	**877**	-
Total current assets	**1,286,469**	1,840,034
Notes receivable, net of current maturities and allowance for doubtful accounts of $51,090 and $31,827 for 2021 and 2020, respectively	**506,275**	407,058
Straight-line royalty asset	**1,185,733**	748,075
Property and equipment, net	**78,133**	-
Goodwill, net	**36,332**	45,608
Total assets	**$ 3,092,942**	$ 3,040,775
Liabilities and Equity		
Current liabilities		
Accounts payable	**$ 72,917**	$ 48,212
Advertising advances and deposits	**74,795**	-
Accrued liabilities	**263,379**	241,580
Deferred revenue	**111,373**	1,023,612
Total current liabilities	**522,464**	1,313,404
Total liabilities	**522,464**	1,313,404
Commitments and Contingencies (Note 8)		
Equity		
Member's equity	**1,922,443**	772,777
Due to parent	**648,035**	954,594
Total equity	**2,570,478**	1,727,371
Total liabilities and equity	**$ 3,092,942**	$ 3,040,775

The accompanying notes are an integral part of these financial statements.

American Decorative Coatings, LLC
dba Concrete Craft

Statements of Earnings

For the years ended December 31,	**2021**	2020 (As Adjusted)
Revenue		
Initial franchise fees	**$ 2,477,465**	$ 1,894,320
Royalty income	**1,459,791**	655,862
Product sales	**718,474**	340,497
Gross sales rebates	**312,260**	214,518
Other sales	**613,095**	307,968
Total revenue	**5,581,085**	3,413,165
Operating expenses		
Selling and advertising	**2,146,562**	1,952,713
Operating and administrative	**2,332,886**	1,248,655
Total operating expenses	**4,479,448**	3,201,368
Earnings from operations	**1,101,637**	211,797
Other income		
Interest income, net	**47,088**	15,454
Foreign exchange gain	**941**	-
Total other income	**48,029**	15,454
Net earnings	**$ 1,149,666**	$ 227,251

The accompanying notes are an integral part of these financial statements.

American Decorative Coatings, LLC
dba Concrete Craft

Statements of Equity

	Member's Equity	Due to Parent	Total Equity
Balance at January 1, 2020, as previously reported	$ (587,953)	$ 369,075	$ (218,878)
Cumulative effect of change in accounting principle	1,133,479	-	1,133,479
Balance at January 1, 2020 (As adjusted)	545,526	369,075	914,601
Advances from Parent	-	585,519	585,519
Net earnings	227,251	-	227,251
Balance at December 31, 2020	772,777	954,594	1,727,371
Advances to Parent	-	(306,559)	(306,559)
Net earnings	1,149,666	-	1,149,666
Balance at December 31, 2021	$ 1,922,443	$ 648,035	$ 2,570,478

The accompanying notes are an integral part of these financial statements.

American Decorative Coatings, LLC
dba Concrete Craft

Statements of Cash Flows

For the years ended December 31,	**2021**	2020 (As Adjusted)
Cash flows from operating activities		
Net earnings	**$ 1,149,666**	$ 227,251
Adjustments to reconcile net earnings to net cash and restricted cash provided by (used in) operating activities:		
Amortization	**9,276**	9,277
Depreciation	**3,255**	-
Provision for bad debts	**66,436**	160,628
Decrease (increase) in:		
Accounts receivable	**447,793**	(987,333)
Notes receivable	**(160,591)**	(416,812)
Rebate receivable	**(3,206)**	85
Prepaid expenses	**165,890**	(75,363)
Inventory	**(877)**	810
Straight-line royalty assets	**(437,658)**	90,888
Increase (decrease) in:		
Accounts payable	**24,705**	32,557
Advertising advances and deposit	**74,795**	(13,685)
Accrued liabilities	**21,799**	36,950
Deferred revenue	**(912,239)**	810,700
Net cash and restricted cash provided by (used in) operating activities	**449,044**	(124,047)
Cash flows from investing activities		
Purchase of property and equipment	**(81,388)**	-
Net cash and restricted cash used in investing activities	**(81,388)**	-
Cash flows from financing activities		
Advances (to) from Parent, net	**(306,559)**	585,519
Net cash and restricted cash (used in) provided by financing activities	**(306,559)**	585,519
Increase in cash and restricted cash	**61,097**	461,472
Cash and restricted cash - beginning of year	**495,326**	33,855
Cash and restricted cash - end of year	**$ 556,423**	$ 495,327

The accompanying notes are an integral part of these financial statements.

1. The Company

American Decorative Coatings, LLC ("ADC" or the "Company") dba Concrete Craft is a Delaware Limited Liability Company that was formed in October 2014 for the purpose of selling franchises for the operation of independently owned and operated businesses for the marketing, selling and installing decorative concrete surfaces. The Company is a a wholly-owned subsidiary of Home Franchise Concepts, LLC ("HFC, LLC" or "Parent"). HFC, LLC is a wholly-owned subsidiary of JM Franchise Holdings, Inc. which is a wholly owned subsidiary of JM Family Enterprises, Inc. ("Ultimate Parent").

As of December 31, 2021, ADC has 81 total franchises, which are located throughout the United States and Canada, including 2 total franchises in Canada.

The financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and cash flows for the years then ended may have differed had the Company not been affiliated with its Parent. Specifically, the allocation of the operating costs by the Parent to the Company may have differed had the Company not been affiliated with its Parent. See Note 10.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company maintains its records, and the accompanying financial statements have been prepared, on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Accounting Estimates

The preparation of a financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Company estimates considered significant include the estimate of allowance for doubtful accounts for accounts receivable and notes receivable, allocation of Parent's expenses to the Company (Note 10), and any impairment of goodwill.

The significant accounting policies and practices followed by the Company are set forth below:

Fair value measurements

The Company follows accounting guidance that defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. Management believes the carrying amounts of financial instruments approximates their fair value. The carrying amounts of cash, restricted cash, accounts and rebates receivable, and due to/from Parent approximates their estimated fair value due to the short-term nature of these instruments. The carrying value of the Company's notes receivable approximates their fair value as the interest is tied to or approximates market rates.

Cash

The Company considers cash on hand and deposits in banks as cash. The Company maintains some of its cash in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation up to a maximum of $250,000 per depositor. As of December 31, 2021, the Company's uninsured deposits in its deposit accounts with a U.S. bank totaled approximately $247,209.

The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Restricted Cash

Restricted cash includes advertising advances and deposits from franchisees for the purpose of national and regional advertising ("NAF"). The use of these funds is restricted for advertising costs to benefit the franchisees. The funds cannot be utilized for the Company's advertising expenses in connection with the sale of franchises.

Accounts, Notes and Rebates Receivable

Accounts and rebates receivable consist of a) amounts due from franchise owners for continuing fees that are collected monthly, b) receivables for vendor rebates, c) receivables for advertising reimbursements from franchise owners and miscellaneous receivables and are stated at the amount management expects to collect from outstanding balances. Notes receivable consist of company loans made to franchise owners for a purchase of initial or additional franchises (Note 3). Management provides for probable uncollectible amounts through a charge to earnings and an increase in the allowance for doubtful account based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through the allowance account.

The Company has recognized 77% and 30% of gross sales rebates revenue from two product suppliers for the years ended December 31, 2021 and 2020, respectively. The Company has approximately 45% and 35% of rebates receivable from one supplier as of December 31, 2021 and 2020, respectively.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over their estimated useful lives. Certain costs incurred in connection with developing or obtaining internal-use software are recorded at cost and are included in property and equipment on the accompanying balance sheets. Depreciation begins once the software is available for its intended use over its estimated useful life. Expenditures that materially increase the asset life are capitalized, while ordinary maintenance and repairs are charged to operations as incurred.

Depreciation and amortization is based on the estimated useful life and is calculated as follows:

Computer Software:	3-5 years
Furniture and Equipment:	3-5 years

Goodwill, Net

The Company records as goodwill the excess of the fair value of consideration given over the fair value of the tangible assets and liabilities and identifiable intangible assets of business acquired. The Company applies the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-02, *Accounting for Goodwill, A Consensus of the Private Company Council*, under which the Company has elected to amortize goodwill over a period of 10 years on a straight-line basis and to test goodwill for impairment only when a triggering event occurs that indicates that the fair value of the Company may be below its carrying amount. When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the Company's fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value. During the years ended December 31, 2021 and 2020, no indications of possible impairment were identified.

Equity

The Company engages in various intercompany transactions with its Parent. Accordingly, management has elected to present net advances to/from Parent as a component of Equity in the accompanying balance sheets.

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place. At December 31, 2021 and 2020, there were no advertising costs reported as a prepaid asset. The Company incurs both consumer and franchise advertising costs, which totaled $408,780 and $702,498, respectively, for the years ended December 31, 2021 and 2020, and are included in selling and advertising expenses on the accompanying statements of earnings.

Income Taxes

The Company is considered a disregarded entity for federal income tax purposes and is included in the federal income tax return and certain state income tax returns filed by the Ultimate Parent. The Company does not record a provision for federal or state income taxes for financial reporting purposes.

Revenue Recognition

The Company follows Accounting Standards Codification ("ASC") 606, *Revenue from Contract with Customers*, ("ASC 606") for revenue recognition. The core principle of ASC 606 is built on the contract between a vendor and a customer for the provision of goods and services, and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. (See Note 11)

Adoption of New Accounting Pronouncement – Franchise Fees

The Company adopted ASU 2021-02, *Franchisors – Revenue from Contracts with Customers - Private Company Accounting Alternative* (the "Accounting Alternative") effective January 1, 2021 and elected the Accounting Alternative practical expedient offered thereunder. The Accounting Alternative permits the Company to account for pre-opening services provided to a franchisee as distinct from the franchise license and to recognize the pre-opening services as a single performance obligation. Upon the adoption of this Accounting Alternative, revenue and related expenses for pre-opening services provided to a franchisee are deferred until the franchisee and franchisee personnel complete their initial training, typically within six months of entering into the franchise agreement.

The Company adopted this new accounting standard retrospectively to all periods presented. The effect of adopting this new accounting standard on the Balance Sheet, the Statement of Earnings, and Statement of Cash Flows as of December 31, 2020 and for the year then ended is summarized as follows:

	As previously reported	Effect of adoption	As Adjusted
Statement of earnings:			
Initial franchise fees	$ 772,806	$ 1,121,514	$ 1,894,320
Other Sales	288,916	19,052	307,968
Total revenues	2,272,599	1,140,566	3,413,165
Selling and advertising expenses	1,559,667	393,046	1,952,713
Total operating expenses	2,808,322	393,046	3,201,368
Net (loss) earnings	(520,269)	747,520	227,251
Balance sheet:			
Assets			
Prepaid expenses	684,318	(448,780)	235,538
Deferred expenses	956,202	(956,202)	-
Total assets	4,445,757	(1,404,982)	3,040,775
Liabilities and equity			
Accrued liabilities	178,115	63,465	241,580
Deferred revenue	4,373,058	(3,349,446)	1,023,612
Total liabilities	4,599,385	(3,285,981)	1,313,404
Member's equity (deficit)	(1,108,222)	1,880,999	772,777
Total (deficit) equity	(153,628)	1,880,999	1,727,371
Total liabilities and equity	4,445,757	(1,404,982)	3,040,775
Statement of Cash Flows:			
Net (loss) earnings	(520,269)	747,520	227,251
Decrease in deferred assets	77,798	(77,798)	-
Increase in prepaid expenses and inventory	(481,933)	407,380	(74,553)
Decrease in accrued liabilities	(12,830)	49,780	36,950
Increase in accounts payable	18,872	13,685	32,557
Increase in deferred revenue	1,951,267	(1,140,567)	810,700

Additionally, the effect of adoption on member's equity includes the cumulative effect of $1,133,479 as of December 31, 2019.

Initial Franchise Fees

Initial franchise fee revenue is recognized upon substantial performance of material contractual obligations as set forth in the franchise agreement, typically the completion of training. Deferred revenue consists of deposits for franchise fees in which substantial performance of material obligations has not been achieved.

Royalty Income

Franchise royalty income consists of fixed fees paid by franchisees, as determined by the signed franchise agreement which are billed and due monthly. Additionally, the franchise agreements contain fixed royalty escalation clauses whereby the royalty amounts are increased during the first several years of the franchise agreement, which is included in straight-line royalty assets on the accompanying balance sheets. Royalty income is made up of performance obligations for the continuing right to use the Company's intellectual property, access to vendors and Company specific pricing, and area exclusivity.

In addition, Franchise royalty income consists of sales-based variable fees paid by franchisees and are billed and due monthly. The sales-based royalty fee is considered variable consideration and will continue to be recognized as revenue as such sales are earned by the franchisees. Sales-based fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price.

Continuing Franchise Fees

Continuing franchise fees consist of fixed fees paid by franchisees, as determined by the signed franchise agreement which are billed and due monthly. The performance obligations for these fees are for monthly access to services related to IT, help desk, and telephone. These fees are fixed in nature, do not have pre-determined escalation amounts and are billed and due monthly. In accordance with ASC 606, these fees are recognized over time on a monthly basis as the franchise utilizes the right to access the aforementioned services. Continuing franchise fees are included in other sales on the statements of earnings.

The Company also receives advertising funds from the franchisees to provide national and regional advertisements for the benefit of the franchisees (NAF). These advances and deposits are either sales-based or based on a fixed amount for each franchisee as dictated by their franchise agreement and are restricted and segregated. The sales-based advertising fee is considered variable consideration and will continue to be recognized as revenue as such sales are earned by the franchisees. Sales-based fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. The Company presents advertising contributions received from franchisees as franchise advertising fee revenue and records all expenses of the advertising fund within franchise expenses, resulting in an increase in revenues and expenses on the statements of earnings, with no change to the balance sheets unless the advertising was underspent. When underspent (revenue exceeds expenses), the advertising fund will accrue the difference from collections received and amount owed. In addition, the franchise agreements allow the Company to retain a percentage of the advertising deposits as compensation for its administration over the accounts.

Gross Sales Rebates

The Company receives vendor rebates primarily from outdoor improvements and concrete related products. These rebates are generally covered by binding agreements, which are signed agreements between various vendors and the Company. Under ASC 606, the Company's performance obligation for vendor rebates is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of franchisee sales information from the vendor.

Product Sales

Franchisees purchase inventory from certain vendors by placing the order through the Company which is fulfilled by the vendor. The inventory is shipped directly from the supplier to the franchisees and the Company does not bear the inventory risk and is not responsible for fulfilling the orders. Under ASC 606, the Company's performance obligation for product sales is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of the franchisee sales information from the vendor. The criteria for the Company acting as a principal in these transactions are not met. Therefore, the Company determined that it acts as an agent in these transactions recording revenue net of costs as the Company is the agent facilitating the transaction between the franchisee and the vendor. In addition, the Company has a small percentage where inventory is received and then are sold to franchisees. For these transactions the Company is determined to be the principal and product sales are not netted with cost.

Other Sales

Other sales consist primarily of fees to attend the Company's annual convention. These fees are from both vendors and franchisees and are paid in advance of the annual convention. The performance obligation for the convention fees is to plan and hold the Company's annual convention. Convention fees are therefore recognized in the month the convention is held.

Cost to Obtain Contracts

The Company incurs costs that are directly attributable to obtaining a contract, for example broker fees, referral fees, and training fees. Cost to obtain contracts is recognized upon substantial performance of material contractual obligations as set forth in the franchise agreement, typically the completion of training. Costs are included in selling and advertising expenses on the accompanying statements of earnings.

3. Notes Receivable

Notes receivable relates to the Company financing a portion of the initial franchise fees from the sale of franchises. The notes are collateralized by the franchise territory. The notes generally bear interest at rates ranging from 4% to 10% with maturities generally ranging from eighteen months to ten years. Interest income is included in interest income, net on the accompanying statements of earnings. A summary of notes receivable principal maturities follows:

Years ending December 31, 2021	
2022	$ 159,650
2023	132,935
2024	128,173
2025	126,457
2026	114,100
Thereafter	55,700
Notes receivable	717,015
Less: allowance for doubtful accounts	(77,162)
Notes receivable, net of allowances for doubtful accounts	639,853
Less: current maturities, net of allowances for doubtful accounts	(133,578)
Notes receivable, net of current maturities and allowances for doubtful accounts	$ 506,275

4. Prepaid Expenses

Prepaid expenses consist of the following as of December 31:

	2021	2020
Prepaid training costs	**$ 4,074**	$ 5,297
Prepaid expenses	**65,574**	85,856
Prepaid convention	**-**	2,043
Prepaid commissions	**-**	141,700
Prepaid marketing supplies	**-**	642
Prepaid expenses	**$ 69,648**	$ 235,538

Prepaid convention represents costs incurred in advance of the annual convention held during the following year. The 2022 convention was canceled resulting in a balance of $0 in prepaid convention for 2021.

Marketing supplies consist of brochures, door hangers and other marketing supplies.

5. Goodwill

Goodwill consists of the following as of December 31:

	2021	2020
Goodwill	**$ 92,763**	$ 92,763
Less: accumulated amortization	**(56,431)**	(47,155)
Goodwill, net	**$ 36,332**	$ 45,608

Amortization expense charged to operations for the year ended December 31, 2021 and 2020 is $9,276 and $9,277, respectively, and is included in operating and administrative expenses on the accompanying statements of earnings.

Estimated amortization expense for each year of goodwill is as follows:

Years ending December 31,	
2022	$ 9,276
2023	9,276
2024	9,276
2025	8,504
Total future amortization expense	$ 36,332

The weighted-average remaining useful life for the goodwill was approximately 3.9 years as of December 31, 2021.

6. Property and Equipment

Property and equipment, net consists of the following as of December 31:

	2021	2020
Furniture and equipment	**$ 6,388**	$ -
Computer software	**75,000**	-
Property and equipment	**81,388**	-
Less: accumulated depreciation	**(3,255)**	-
Property and equipment, net	**$ 78,133**	$ -

Depreciation expense charged to operations for the year ended December 31, 2021 is $3,255 and is included in operating and administrative expenses on the accompanying statement of earnings.

7. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2021	2020
Accrued compensation	**$ 140,457**	$ 145,979
Accrued training costs	**27,173**	14,449
Accrued other	**95,749**	81,152
Accrued liabilities	**$ 263,379**	$ 241,580

8. Commitments and Contingencies

Operating Lease

The Parent leases the Company's headquarters and allocates a portion of its rent expense to the Company. The total rent expense incurred by the Parent for this property was $1,349,021 and $1,173,803 for the years ended December 31, 2021 and 2020, respectively, of which $62,271 and $23,476 for the years ended December 31, 2021 and 2020, respectively, was allocated to the Company and is included in operating and administrative expenses on the accompanying statements of earnings. The Parent also signed a lease for a warehouse in Anaheim, CA commencing July 15, 2018. This space is used for training and shared with a related party. The total rent expense to the Company was $7,980 and $9,960 for 2021 and 2020, respectively. In addition, the Company signed a 2018 sublease in Atlanta, Georgia as an office space. The total rent expense to the Company was $9,000 for 2020.

Legal Proceedings

The Company currently has no lawsuits, actions, or other legal proceedings pending claims that would have a material impact on the financial statements. However, the Company could, from time to time, be involved in litigation proceedings arising outside of its normal course of business.

9. Retirement Plan

The Company is a participant in its Parent's defined contribution 401(k) plan as part of a controlled group that covers eligible management and office employees. Contributions to the Plan by the Company are based on employees' contributions subject to certain limitations. The Company contributed $35,708 and $20,613 during the years ended December 31, 2021 and 2020, respectively, which is included in operating and administrative expenses on the accompanying statements of earnings.

10. Related Party Transactions

At December 31, 2021 and 2020, the Company has a net balance due to Parent totaling $648,035 and $954,594, respectively.

Certain operating expenses are incurred by the Parent and are allocated to the Company. During the years ended December 31, 2021 and 2020, the Company's Parent allocated $1,126,874 and $373,484, respectively, in expenses to the Company which was charged to the Company's operations, with most of the expenses included in operating and administrative expenses on the accompanying statements of earnings.

The remainder of this page intentionally left blank.

11. Revenue from Contracts with Customers

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the year ended December 31:

	2021	2020 (As Adjusted)
Revenue recognized over time	**$ 2,071,112**	$ 959,509
Revenue recognized at a point in time	**3,509,973**	2,453,656
Total Revenue	**$ 5,581,085**	$ 3,413,165

Information regarding revenues disaggregated by geographic region consist of the following:

For the year ended December 31,	2021	2020 (As Adjusted)
Revenue recognized from customers in the United States	**$ 5,542,794**	$ 3,343,215
Revenue recognized from customers in Canada	**38,291**	69,950
Total Revenue	**$ 5,581,085**	$ 3,413,165

12. Subsequent Events

Subsequent events have been evaluated by management through March 22, 2022, the date these financial statements were available to be issued.

American Decorative Coatings, LLC dba Concrete Craft

Financial Statements

As of and for the Years Ended
December 31, 2020 and 2019

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

American Decorative Coatings, LLC
dba Concrete Craft

Financial Statements

As of and for the Years Ended December 31, 2020 and 2019

American Decorative Coatings, LLC
dba Concrete Craft

Contents

	Page
Independent Auditor's Report	3 - 4
Financial Statements	
Balance Sheets	6
Statements of Operations	7
Changes in Member's Deficit	8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 19

Tel: 714-957-3200
Fax: 714-957-1080
www.bdo.com

600 Anton Blvd., Suite 500
Costa Mesa, CA 92626

Independent Auditor's Report

To the Member of
American Decorative Coatings, LLC dba Concrete Craft
Irvine, California

Opinion

We have audited the financial statements of American Decorative Coatings, LLC dba Concrete Craft (a wholly owned subsidiary of Home Franchise Concepts, LLC) (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – COVID-19

As more fully described in Note 1 to the financial statements, the Company has been impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Also, on March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide certain relief as a result of the COVID-19 outbreak. The Company is currently evaluating how the CARES Act and COVID-19 will impact its financial position, results of operations, and cash flows. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, LLP

March 2, 2021

Financial Statements

American Decorative Coatings, LLC
dba Concrete Craft

Balance Sheets

December 31,	**2020**	2019
Assets		
Current assets		
Cash ($10,061 and $5,510 restricted in 2020 and 2019, respectively)	**$ 495,327**	$ 33,855
Accounts receivable, net of allowance for doubtful accounts of $123,055 and $73,124 for 2020 and 2019, respectively	**977,035**	117,733
Rebate receivable	**23,364**	23,450
Notes receivable, net of allowance for doubtful accounts of $26,398 and $10,849 for 2020 and 2019, respectively	**108,770**	22,599
Prepaid expenses	**684,318**	202,385
Deferred expenses	**52,331**	59,134
Total current assets	**2,341,145**	459,156
Notes receivable, net of current maturities and allowance for doubtful accounts of $31,827 and $28,082 for 2020 and 2019, respectively	**407,058**	109,013
Straight-line royalty asset, net of current maturities	**748,075**	838,963
Deferred expenses, net of current maturities	**903,871**	974,866
Goodwill, net	**45,608**	54,885
Total assets	**$ 4,445,757**	$ 2,436,883
Liabilities and Member's Deficit		
Current liabilities		
Accounts payable	**$ 48,212**	$ 15,655
Advertising advances and deposits	**-**	13,685
Accrued liabilities	**178,115**	204,630
Deferred revenue	**121,424**	398,103
Total current liabilities	**347,751**	632,073
Deferred revenue, net of current maturities	**4,251,634**	2,023,688
Total liabilities	**4,599,385**	2,655,761
Commitments and Contingencies (Note 7)		
Member's deficit	**(153,628)**	(218,878)
Total liabilities and member's deficit	**$ 4,445,757**	$ 2,436,883

The accompanying notes are an integral part of these financial statements.

American Decorative Coatings, LLC
dba Concrete Craft

Statements of Operations

For the years ended December 31,	**2020**	2019
Revenue		
Product sales	**$ 340,497**	$ 211,849
Royalty income	**655,862**	1,026,610
Initial franchise fees	**772,806**	567,525
Gross sales rebates	**214,518**	236,461
Other sales	**288,916**	282,693
Total revenue	**2,272,599**	2,325,138
Operating expenses		
Selling and advertising	**1,559,667**	780,961
Operating and administrative	**1,248,655**	1,240,147
Total operating expenses	**2,808,322**	2,021,108
(Loss) Earnings from operations	**(535,723)**	304,030
Other income		
Interest income, net	**15,454**	8,317
Net (loss) earnings	**$ (520,269)**	$ 312,347

The accompanying notes are an integral part of these financial statements.

American Decorative Coatings, LLC
dba Concrete Craft

Statements of Member's Deficit

	Member's Equity (Deficit)	Due (from) to Parent	Total Deficit
Balance at January 1, 2019	$ 13,415	$ (130,338)	$ (116,923)
Cumulative effect of change in accounting principle	(747,462)	-	(747,462)
Distributions	(166,253)	-	(166,253)
Advances from Parent	-	499,413	499,413
Net earnings	312,347	-	312,347
Balance at December 31, 2019	(587,953)	369,075	(218,878)
Advances from Parent	-	585,519	585,519
Net loss	(520,269)	-	(520,269)
Balance at December 31, 2020	$ (1,108,222)	$ 954,594	$ (153,628)

The accompanying notes are an integral part of these financial statements.

American Decorative Coatings, LLC
dba Concrete Craft

Statements of Cash Flows

For the years ended December 31,	**2020**	2019
Cash flows from operating activities		
Net (loss) earnings	**$ (520,269)**	$ 312,347
Adjustments to reconcile net earnings to net cash and restricted cash (used in) provided by operating activities:		
Amortization	**9,277**	9,276
Depreciation	**-**	5,100
Provision for bad debts	**160,628**	71,338
Decrease (increase) in:		
Accounts receivable	**(987,248)**	547
Notes receivable	**(416,812)**	4,605
Prepaid expenses	**(481,933)**	(130,381)
Straight-line royalty assets	**90,888**	(247,098)
Deferred assets	**77,798**	191,599
Increase (decrease) in:		
Advertising advances and deposit	**(13,685)**	(23,666)
Accrued liabilities	**(12,830)**	3,779
Accounts payable	**18,872**	(20,323)
Deferred revenue	**1,951,267**	(218,665)
Net cash and restricted cash used in operating activities	**(124,047)**	(41,542)
Cash flows from financing activities		
Due to related party	**-**	(101,391)
Advances from Parent	**585,519**	499,413
Payment on revolving credit facility due to parent	**-**	(211,000)
Principal payments on long-term debt	**-**	(3,889)
Distributions	**-**	(166,253)
Net cash and restricted cash provided by financing activities	**585,519**	16,880
Increase (decrease) in cash and restricted cash	**461,472**	(24,662)
Cash and restricted cash - beginning of year	**33,855**	58,517
Cash and restricted cash - end of year	**$ 495,327**	$ 33,855

The accompanying notes are an integral part of these financial statements.

1. The Company

American Decorative Coatings, LLC ("ADC" or the "Company") dba Concrete Craft is a Delaware Limited Liability Company that was formed in October 2014 for the purpose of selling franchises for the operation of independently owned and operated businesses for the marketing, selling and installing decorative concrete surfaces. The Company is a wholly-owned subsidiary of Home Franchise Concepts, LLC ("HFC, LLC" or "Parent"). Effective July 8, 2019 all of the Parent's equity interests were acquired by JM Franchise Holdings, Inc., a wholly owned subsidiary of JM Family Enterprises, Inc. ("Ultimate Parent").

As of December 31, 2020, ADC has 48 total franchises, which are located throughout the United States and Canada, including 1 total franchise in Canada

The financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and cash flows for the year then ended may have differed had the Company not been affiliated with its Parent (Note 9).

In January 2020, the Secretary of the U.S. Department of Health and Human Services ("HHS") declared a national public health emergency due to a novel strain of coronavirus. In March 2020, the World Health Organization declared the outbreak of COVID-19, a disease caused by this coronavirus strain, a pandemic. In the following weeks, many U.S. states and localities issued shelter-in-place orders impacting the operations of the Company and consumer demand. The Company followed mandates from public health officials and government agencies, including implementation of enhanced cleaning measures and social distancing guidelines. The Company has adjusted its work environments and retooled its processes around these new and evolving protocols including work-from-home arrangements. Over time, as shelter-in-place restrictions eased and consumers re-engaged in the market, the Company's operations experienced a recovery with increased vendor rebate sales revenue and continued interest from a franchise development perspective.

The resulting measures to contain the spread and impact of COVID-19 have adversely affected the Company's results of operations. Where applicable, the impact resulting from the COVID-19 pandemic during the year ended December 31, 2020, has been considered, including updated assessments of the recoverability of assets and evaluation of potential credit losses. In an effort to help Franchisees weather this period of economic downturn, for royalties due during the period April 1, 2020 through January 31, 2021, the Company offered to revise the royalty provisions of the Franchise Agreement such that Franchisee shall only pay a percentage of gross revenue actually generated from the Franchised Business instead of the flat amount set forth in the Franchise Agreement but in no event more than such flat amount. Due to the royalty revision the Company had a reduction of approximately $95,000 in royalty income in 2020. In addition, the Company offered to defer up to three months of royalties from March, April, and May 2020 to help franchisees with cash flow. If the deferral was accepted, a COVID-19 promissory note was executed and would commence on June 1, 2020. The notes bear interest at 4% and mature eighteen months from commencement with an option to prepay. The program resulted in approximately $148,000 in COVID-19 promissory notes being issued with approximately $66,000 remaining as of December 31, 2020, which is included in current maturities of notes receivable in the accompanying balance sheets.

The Company has managed the activities and economic impacts through December 31, 2020. Management is actively monitoring the global situation on its financial condition, operations, suppliers, industry, and franchisees. The extent to which the COVID-19 pandemic will impact the Company's future business operations and financial results remains uncertain and will continue to depend on numerous evolving factors outside the Company's control.

In addition, on March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The Company has not utilized any of the voluntary provisions of the CARES Act and the CARES Act did not have a material impact on the December 31, 2020 financial statements. The Company continues to examine the elements of the CARES Act and the impact that may have on our future business.

2. Summary of Significant Accounting Policies

Accounting Estimates

The preparation of a financial statement in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Company estimates considered significant include the estimate of allowance for doubtful accounts for accounts receivable and notes receivable, allocation of Parent's expenses to the Company (Note 9), and any impairment of goodwill.

The significant accounting policies and practices followed by the Company are set forth below:

Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. These reclassifications had no effect on the consolidated financial position or results of operations of the Company.

Fair value measurements

The Company follows accounting guidance that defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. Management believes the carrying amounts of financial instruments approximates their fair value. The carrying amounts of cash, restricted cash, due to/from related party, accounts receivable, accounts payable, accrued liabilities, advertising advances and deposits, and due to/from Parent approximates their estimated fair value due to the short-term nature of these instruments. The carrying value of the Company's debt instruments approximates their fair value as the interest is tied to or approximates market rates.

Cash

The Company considers cash on hand and deposits in banks as cash. The Company maintains some of its cash in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation up to a maximum of $250,000 per depositor. As of December 31, 2020, the Company's uninsured deposits in its deposit accounts with a U.S. bank totaled approximately $235,266.

Restricted Cash

Restricted cash includes advertising advances and deposits from franchisees for the purpose of national and regional advertising ("NAF"). The use of these funds is restricted for advertising costs to benefit the franchisees. The funds cannot be utilized for the Company's advertising expenses in connection with the sale of franchises.

Accounts, Notes and Rebates Receivable

Accounts and rebates receivable consist of a) amounts due from franchise owners for continuing fees that are collected monthly b) receivables for vendor rebates c) receivables for advertising reimbursements from franchise owners and miscellaneous receivables and are stated at the amount management expects to collect from outstanding balances. Notes receivable consist of company loans made to franchise owners for a purchase of initial or additional franchises (Note 3). Additionally, as described in Note 1, the Company issued COVID-19 promissory notes for royalty deferrals in 2020. Management provides for probable uncollectible amounts through a charge to earnings and an increase in the allowance for doubtful account based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through the allowance account.

The Company has recognized 81% and 86% of gross sales rebates revenue from two product suppliers for the years ended December 31, 2020 and 2019, respectively. The Company has approximately 35% and 49% of rebates receivable from one supplier as of December 31, 2020 and 2019, respectively.

In addition, the Company has 51% of rebates receivable from 4 additional suppliers as of December 31, 2020.

Goodwill

The Company records as goodwill the excess of the fair value of consideration transferred in a business combination over the identifiable net assets acquired and liabilities assumed. The Company applies the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-02, *Accounting for Goodwill, A Consensus of the Private Company Council*, under which the Company has elected to amortize goodwill over a period of 10 years and to test goodwill for impairment only when a triggering event occurs that indicates that the fair value of the Company may be below its carrying amount. During the years ended December 31, 2020 and 2019, no indications of possible impairment were identified.

Equity

The Company engages in various intercompany transactions with its Parent. Accordingly, management has elected to present net advances to/from Parent as a component of equity in the accompanying balance sheets and statement of member's deficit.

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place. At December 31, 2020 and 2019, there were no advertising costs reported as a prepaid asset. The Company incurs both consumer and franchise advertising costs, which totaled $702,498 and $153,588, respectively, for the years ended December 31, 2020 and 2019, and are included in selling and advertising expenses on the accompanying statements of operations.

Income Taxes

The Company is considered a disregarded entity for federal income tax purposes and is included in the federal income tax return and certain state income tax returns filed prior to the acquisition by the Parent and after the acquisition by the Ultimate Parent. The Company does not record a provision for federal or state income taxes for financial reporting purposes.

Revenue Recognition

The Company follows Accounting Standards Codification ("ASC") 606, Revenue from Contract with Customers, ("ASC 606") for revenue recognition. The core principle of ASC 606 is built on the contract between a vendor and a customer for the provision of goods and services, and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation. (See Note 10)

Initial Franchise Fees

Initial franchise fees consist of initial fees paid by franchisees at the start of the agreement, area development fees, and renewal fees. The fixed non-refundable fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and generally does not include a finance component. Initial franchise fees are made up of performance obligations for training, access to plans, access to vendors and Company specific pricing, area exclusivity, and the right to use the Company's intellectual property over the term of the agreement. In accordance with ASC 606, the initial franchise services or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are therefore treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the term of the franchise agreement or renewal, which is typically ten years. The Company offers a discounted renewal to incentivize future renewals after the end of the initial franchise term. As this is considered a separate performance obligation, the Company allocates a portion of the initial franchise fee to this discounted renewal, on a pro-rata basis, assuming a 10-year renewal. This performance obligation is satisfied over the renewal term, which is typically 10 years, while payment is fixed and due at the time the renewal is signed.

Royalty Income

Franchise royalty income consists of fixed fees paid by franchisees, as determined by the signed franchise agreement which are billed and due monthly. Additionally, the franchise agreements contain fixed royalty escalation clauses whereby the royalty amounts are increased during the first several years of the franchise agreement. Royalty income is made up of performance obligations for the continuing right to use the Company's intellectual property, access to vendors and Company specific pricing, and area exclusivity. In accordance with ASC 606, the franchise royalties are not distinct from the continuing rights or services offered during the term of the franchise agreement and are therefore treated as a single performance obligation. As such, franchise royalty income is recognized over-time using a time-based method which is a straight-line basis over the franchise and renewal term, which is typically twenty years, as this best depicts the transfer of control of the

performance obligation. The difference between the actual royalty income amounts paid and royalty income recognized on a straight-line basis results in a contract asset. If a customer is terminated, the contract asset will be depleted and will result in a reduction of royalty revenue. For any outstanding receivables that are deemed uncollectible, they will be recorded to bad debt expense.

Continuing Franchise Fees

Continuing franchise fees consist of fixed fees paid by franchisees, as determined by the signed franchise agreement which are billed and due monthly. The performance obligations for these fees are for monthly access to services related to IT, help desk, and telephone. These fees are fixed in nature, do not have pre-determined escalation amounts and are billed and due monthly. In accordance with ASC 606, these fees are recognized over time on a monthly basis as the franchise utilizes the right to access the aforementioned services.

The Company also receives advertising funds from the franchisees to provide national and regional advertisements for the benefit of the franchisees (NAF). These advances and deposits are based on a fixed amount for each franchisee and are restricted and segregated. The Company presents advertising contributions received from franchisees as franchise advertising fee revenue and records all expenses of the advertising fund within franchise expenses, resulting in an increase in revenues and expenses on the statements of operations, with no change to the balance sheets unless the advertising was underspent. When underspent (revenue exceeds expenses), the advertising fund will accrue the difference from collections received and amount owed. In addition, the franchise agreements allow the Company to retain a percentage of the advertising deposits as compensation for its administration over the accounts.

Gross Sales Rebates

The Company receives vendor rebates primarily from outdoor improvements and concrete related products. These rebates are generally covered by binding agreements, which are signed agreements between various vendors and the Company. Under ASC 606, the Company's performance obligation for vendor rebates is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of franchisee sales information from the vendor.

Product Sales

Franchisees purchase inventory from certain vendors by placing the order through the Company which is fulfilled by the vendor. The inventory is shipped directly from the supplier to the franchisees and the Company does not bear the inventory risk and is not responsible for fulfilling the orders. Under ASC 606, the Company's performance obligation for product sales is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of the franchisee sales information from the vendor. The criteria for the Company acting as a principal in these transactions are not met. Therefore, the Company determined that it acts as an agent in these transactions recording revenue net of costs as the Company is the agent facilitating the transaction between the franchisee and the vendor.

Other Sales

Other sales consist primarily of fees to attend the Company's annual convention. These fees are from both vendors and franchisees and are paid in advance of the annual convention. The performance obligation for the convention fees is to plan and hold the Company's annual convention. Convention fees are therefore recognized in the month the convention is held.

Cost to Obtain Contracts

The Company incurs costs that are directly attributable to obtaining a contract, for example broker fees, referral fees, and training fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheets. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically twenty years. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Recent Accounting Pronouncements

In February 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-02, "Revenues from Contracts with Customers (Subtopic 952-606)". The core principle of ASU 2021-02 is to provide a practical expedient for revenue recognition for a franchisor that is not a public business entity. The amendment in this update are effective in interim and annual periods beginning after December 15, 2020. This practical expedient allows private company franchisors to account for certain pre-opening services, as defined in the ASU, as distinct from the franchise license and accounted for as a single performance obligation. The revenue from initial franchise fees would then be recognized upon the satisfaction of this single performance obligation. The Company is currently evaluating the standard and expect that the adoption of this standard will have a material impact on its financial statements and footnote disclosures.

The remainder of this page intentionally left blank.

3. Notes Receivable

Notes receivable relates to the Company financing a portion of the initial franchise fees from the sale of franchises. The notes are collateralized by the franchise territory. The notes generally bear interest at rates ranging from 4% to 10% with maturities generally ranging from eighteen months to ten years. Additionally, as described in Note 1, the Company issued COVID-19 promissory notes which are included in the current maturities of notes receivable. Interest income is included in interest income, net on the accompanying statements of operations. A summary of notes receivable principal maturities follows:

Years ending December 31,	
2021	$ 135,168
2022	83,047
2023	79,844
2024	73,372
2025	66,132
Thereafter	136,490
Notes receivable	574,053
Less: allowance for doubtful accounts	(58,225)
Notes receivable, net of allowances for doubtful accounts	515,828
Less: current maturities, net of allowances for doubtful accounts	(108,770)
Notes receivable, net of current maturities and allowances for doubtful accounts	$ 407,058

4. Prepaid Expenses

Prepaid expenses consist of the following as of December 31:

	2020	2019
Prepaid training costs	**$ 101,327**	$ 7,851
Prepaid expenses	**85,856**	75,428
Prepaid convention	**2,043**	18,647
Prepaid commissions	**494,450**	99,650
Prepaid marketing supplies	**642**	809
Prepaid expenses	**$ 684,318**	$ 202,385

5. Goodwill

Goodwill consists of the following as of December 31:

	2020	2019
Goodwill	$ 92,763	$ 92,763
Less: accumulated amortization	(47,155)	(37,878)
Goodwill, net	$ 45,608	$ 54,885

Amortization expense charged to operations for the year ended December 31, 2020 and 2019 is $9,277 and $9,276, respectively.

6. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2020	2019
Accrued compensation	$ 88,978	$ 147,571
Accrued training costs	7,985	-
Accrued other	81,152	57,059
Accrued liabilities	$ 178,115	$ 204,630

7. Commitments and Contingencies

Operating Lease

The Parent leases the Company's headquarters and allocates a portion of its rent expense to the Company. The total rent expense incurred by the Parent for this property was $1,173,803 and $940,507 for the years ended December 31, 2020 and 2019, respectively, of which $23,476 and $18,810 for the years ended December 31, 2020 and 2019, respectively, was allocated to the Company and is included in operating and administrative expenses on the accompanying statements of operations. The Parent also signed a lease for a warehouse in Anaheim, CA commencing July 15, 2018. This space is used for training and shared with a related party. The total rent expense to the Company was $9,960 and $9,888 for 2020 and 2019. In addition, the Company signed a 2018 sublease in Atlanta, Georgia as an office space. The total rent expense to the Company was $9,000 for 2020.

The annual minimum lease payments under all noncancelable leases are as follows:

Years Ending December 31,	
2021	$ 8,730
Lease payments	$ 8,730

Legal Proceedings

The Company currently has no lawsuits, actions, or other legal proceedings pending claims that would have a material impact on the financial statements. However, the Company could, from time to time, be involved in litigation proceedings arising out of its normal course of business.

8. Retirement Plan

The Company is a participate in its Parent's defined contribution 401(k) plan as part of a Controlled Group that covers eligible management and office employees. Contributions to the Plan by the Company are based on employees' contributions subject to certain limitations. The Company contributed $20,613 and $28,755 during the years ended December 31, 2020 and 2019, which is included in operating and administrative expenses on the accompanying statements of operations.

9. Related Party Transactions

At December 31, 2020 and 2019, the Company has a net balance due to Parent totaling $954,594 and $369,075, respectively.

Certain operating expenses are incurred by the Parent company and are allocated to the Company. During the years ended December 31, 2020 and 2019, the Company's Parent allocated $373,484 and $321,658, respectively, in expenses to the Company which was charged to the Company's operations, with most of the expenses included in operating and administrative expenses on the accompanying statements of operations.

10. Revenue from Contracts with Customers

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the year ended December 31:

	2020	2019
Revenue recognized over time	**$ 1,713,262**	$ 1,709,305
Revenue recognized at a point in time	**559,337**	615,833
Total Revenue	**$ 2,272,599**	$ 2,325,138

Contract Balances

The difference between the actual royalty income amounts paid and royalty income recognized on a straight-line basis results in a straight-line royalty asset. As of December 31, 2020 and 2019, the balance of straight-line royalty asset was $748,075 and $838,963, respectively.

The following table provides information about the change in the franchise deferred expenses balances during the year ended December 31:

	2020	2019
Beginning balance	**$ 1,034,000**	$ 1,225,599
Expenses recognized – beginning balance	**(386,907)**	(443,224)
Additional deferred expenses	**316,240**	284,808
Expense recognized – additional deferred expenses	**(7,131)**	(33,183)
Deferred expenses	**956,202**	1,034,000
Less: current maturities	**(52,331)**	(59,134)
Deferred expenses, net of current maturities	**$ 903,871**	$ 974,866

The following table provides information about the change in the franchise contract liability balances during the year ended December 31, 2020. Franchise contract liability is included in deferred revenue on the balance sheets.

	2020	2019
Beginning balance	**$ 2,421,791**	$ 2,564,926
Revenue recognized – beginning balance	**(730,851)**	(542,261)
Additional deferred revenue	**2,724,970**	424,390
Revenue recognized – additional deferred revenue	**(42,852)**	(25,264)
Deferred revenue	**4,373,058**	2,421,791
Less: current maturities	**(121,424)**	(398,103)
Deferred revenue, net of current maturities	**$ 4,251,634**	$ 2,023,688

11. Subsequent Events (Unaudited)

Subsequent events have been evaluated by management through March 2, 2020, the date these financial statements were available to be issued.

EXHIBIT C

LIST OF CURRENT FRANCHISEES

Current Franchises

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	Alabama							
1	Concrete Craft of Huntsville	1/1/2021	CC20200705 / Lyon Strong LLC	1491 Signal Point Rd	Guntersville	AL	35976	(256) 279-7444
	Arizona							
	Concrete Craft 753AZ314	1/1/2020	CC20181003 / JBSCC, LLC	61580 Range Place	Bend	AZ	97702	(480) 419-1010
2	Concrete Craft 753AZ334	1/1/2019	CC20181002 / M and D Stewart LLC	1667 E. Linda Lane	Gilbert	AZ	85234	(480) 419-1010
	California							
	Concrete Craft of Los Gatos	3/1/2021	CC20210109 / Centrum Builders, LLC	741 Pollard Road #6	Los Gatos	CA	95032	(408) 877-6675
2	Concrete Craft 825CA302	12/1/2020	CC20200706 / Uzun Investments Inc.	7933 Silverton Ave. Suite 701	San Diego	CA	92126	(619) 719-5615
	Colorado							
	Concrete Craft of Littleton	3/1/2021	CC20201102 / Pal Concrete LLC	14942 E. Belleview Ave	Aurora	CO	80015	(303) 243-5123
	Concrete Craft 752CO302	5/1/2017	CC20170303 / Sisco's Customized Creations, Inc.	2771 Rigel Drive	Colorado Springs	CO	80906	(719) 722-2423
	Concrete Craft of Durango and Pagosa Springs	1/1/2021	CC20200907 / Ty & Jordan Lovato	4656 County Road 302	Durango	CO	81303	(970) 759-6164
4	Concrete Craft of Castle Rock	5/1/2017	CC20170203 / Graylynn, Inc.	859 E. 20th Street Drive	Greeley	CO	80631	(720) 778-0880
	Florida							
	Concrete Craft of Southwest Jacksonville	1/1/2021	CC20201105 / Craftworx Metal & Fabrication LLC	6039 Hyde Park Circle	Jacksonville	FL	32210	(904) 431-0073
	Concrete Craft 528FL311	12/1/2018	CC20180803 / Mosaic FFH LLC	1121 Crandon Boulevard, Apartment E1104	Key Biscayne	FL	33149	(305) 762-9114
	Concrete Craft of Venice	12/1/2021	CC20211002 / ODAN LLC	105 Bay Avenue	Osprey	FL	34229	(941) 259-1730
	Concrete Craft of North Orlando	6/1/2020	CC20200101 / Concrete Sculpting LLC	1873 Hidden Creek Place	Sanford	FL	32773	(407) 707-9778
	Concrete Craft of Sarasota	12/1/2020	CC20201106 / Gregory Marlett	2900 S. Tuttle Ave	Sarasota	FL	34239	(941) 217-7474
	Concrete Craft 561FL301	9/1/2019	CC20190701 / David Weithman	8629 Ranchwood Ln	St Augustine	FL	32092	(904) 344-3436
7	Concrete Craft 539FL307	3/1/2018	CC20180106 / Concrete Smiths, LLC	1717 Busch Blvd. Unit 110	Tampa	FL	33612	(813) 563-6966
	Georgia							
	Concrete Craft 520GA301	3/1/2019	CC20181103 / RLHinzman, LLC	2103 Boulder Springs Dr.	Bishop	GA	30621	(706) 534-2434
	Concrete Craft of Brunswick	4/1/2021	CC20210112 / Jose Juarbe & Brian Hagains	212 Beachside Drive	Brunswick	GA	31523	(912) 559-5076
	Concrete Craft 524GA315	7/1/2017	CC20170504 / Georgia Exterior Design, Inc.	2860 Gainesway Ct.	Cumming	GA	30041	(770) 906-0960
4	Concrete Craft 524GA308	1/1/2018	CC20170504 / Georgia Exterior Design, Inc.	2860 Gainesway Ct.	Cumming	GA	30041	(770) 906-0960

	Idaho							
	Concrete Craft of East Idaho	5/1/2021	CC20210305 / Lon & Stephanie Kreger	733 West 25 South	Blackfoot	ID	83221	(208) 606-0030
2	Concrete Craft of Treasure Valley	3/1/2021	CC20210102 / Southwest Idaho Solutions Inc	783 W. Colbert Street	Meridian	ID	83646	(208) 358-9369
	Illinois							
	Concrete Craft of Belleville	3/1/2021	CC20210104 / Scott & Lisa Fournie	9604 Ruger Ct	Mascoutah	IL	62258	(618) 551-0809
	Concrete Craft of Edwardsville	9/1/2021	CC20210104 / Scott & Lisa Fournie	9604 Ruger Court	Mascoutah	IL	62258	(618) 304-6032
3	Concrete Craft 602IL303	1/1/2014	CC20150102 / T.R. Concrete	2943 Crabtree Avenue	Woodridge	IL	60517	(331) 472-2062
	Indiana							
	Concrete Craft of Indy West	11/1/2021	CC20210801 / David G. Conrad & Diane M. Conrad	8024 Highland Springs Circle	Brownsburg	IN	46112	(317) 456-7286
	Concrete Craft 527IN309	3/1/2019	CC20181102 / CC of Indy, LLC	12380 Creekwood Lane	Carmel	IN	46032	(317) 207-4427
3	Concrete Craft 527IN301	9/1/2019	CC20181102 / CC of Indy, LLC	12380 Creekwood Lane	Carmel	IN	46032	(317) 207-4427
	Kansas							
1	Concrete Craft of Overland Park	5/1/2021	CC20210308 / David Rawitch and Myrl Tydings	201 Southwest Madison Street	Lee's Summit	KS	64063	(816) 799-6498
	Kentucky							
	Concrete Craft of Elizabethtown	1/1/2021	CC20201101 / Jacqueline & Larry Simmons	17 Holly Hill Drive	Elizabethown	KY	42701	(207) 600-0223
	Concrete Craft 541KY302	10/1/2015	CC20150701 / Charles & Diane Combs	280 Gentry Road	Lexington	KY	40509	(859) 554-2527
	Concrete Craft 529KY302	10/1/2018	CC20180801 / Christopher (Byron) & Heidi Johnston	9803 Flowering Grove Place	Louisville	KY	40241	(502) 632-9694
4	Concrete Craft of Eastern Kentucky	4/1/2021	CC20210111 / Slone Surfacing LLC	497 Northmonte Woods	Pikeville	KY	41501	(606) 434-1110
	Michigan							
	Concrete Craft of Ann Arbor	6/1/2021	CC20210309 / Daniel O'Connell and Maria O'Connell	2936 Bateson Court	Ann Arbor	MI	48105	(734) 234-3068
2	Concrete Craft of Grand Rapids	6/1/2021	CC20210401 / Brad & Brooke McCurdy	9747 Stellar Court Northeast	Rockford	MI	49341	(616) 224-0062
	Minnesota							
1	Concrete Craft of Plymouth	1/1/2021	CC20200703 / Liagic LLC	7740 Winnetka Heights Dr	Golden Valley	MN	55427	(763) 515-9515
	Missouri							
	Concrete Craft of Kansas City North	10/1/2021	CC20210802 /H&V Family Enterprises LLC	210 Dykes Lane	Holt	MO	64048	(816) 890-9494
2	Concrete Craft of Springfield	8/1/2020	CC20200303 / Missouri Construction Design LLC	402 B W. MT Vernon St. #237	Nixa	MO	65714	(417) 233-8588
	North Carolina							
	Concrete Craft 560NC301	11/1/2017	CC20170901 / Pimar Enterprises, LLC	163 Rossell Park Circle	Garner	NC	27529	(919) 377-9433

	Concrete Craft 518NC303	12/31/2016	CC20161201 / Jason W. & Lori A. Berry	1309 Forsyth Rd	Kernersville	NC	27284	(336) 310-1615
	Concrete Craft of Wilmington	11/1/2020	CC20200708 / I&I Detective Agency LLC	5905 Carolina Beach Road Unit 9	New Hanover	NC	28412	(910) 515-1581
4	Concrete Craft 517NC304	1/1/2016	CC20160101 / Badger Holding Corporation	1715 Rock Rest Road	Wingate	NC	28174	(704) 941-1417
	Nebraska							
1	Concrete Craft of Lincoln	3/1/2021	CC20210101 / Matthew & Christy Firestone	7201 Rutha Lane	Lincoln	NE	68516	(531) 333-5225
	New Jersey							
1	Concrete Craft of West Essex	4/1/2021	CC20210108 / Tab Home Improvements, Inc	170 Grove Street	Montclair	NJ	07042	(973) 705-7194
	New York							
	Concrete Craft of Bay Shore	10/1/2021	CC20210404 / Great South Bay Cement Inc.	50 S. Bay Avenue	Brightwaters	NY	11718	(631) 629-7971
	Concrete Craft of Central Nassau County	10/1/2021	CC20210402 / Stain, Stamp & Seal, Inc.	9 Ryder Court	Dix Hills	NY	11746	(516) 986-2110
3	Concrete Craft of South Nassau County	10/1/2021	CC20210402 / Stain, Stamp & Seal, Inc.	9 Ryder Court	Dix Hills	NY	11746	(516) 986-2110
	Ohio							
	Concrete Craft of Cleveland West	4/1/2021	CC20210113 / Magis Solutions LLC	19057 Station Road	Columbia Station	OH	44028	(440) 420-2045
	Concrete Craft of Cleveland South	10/1/2021	CC20210113 / Magis Solutions LLC	19057 Station Road	Columbia Station	OH	44028	(440) 420-2045
	Concrete Craft 515OH304	6/1/2018	CC20180303 / The Erikel Group, LLC	7359 Coachford Drive	West Chester	OH	45069	(513) 453-4762
4	Concrete Craft of Northeast Columbus	1/1/2021	CC20200701 / Tom Garske	7364 Worthington Road	Westerville	OH	43082	(614) 698-8893
	Pennsylvania							
	Concrete Craft of Mechanicsburg	5/1/2021	CC20210303 / Theresa Bockes and Mark Bockes	2 East Main Street	Newburg	PA	17240	(717) 379-4479
2	Concrete Craft of Greensburg	1/1/2021	CC20201103 / WiDal Enterprises LLC	526 Harvester Dr.	Windber	PA	15963	(724) 858-1337
	South Carolina							
	Concrete Craft of Bluffton	1/1/2021	CC20200905 / CCMC Holdings LLC	212 Mulberry Grove Lane	Bluffton	SC	29910	(843) 837-3615
	Concrete Craft of Charleston	11/1/2020	CC20200707 / StorkCraft, LLC	1130 Donahue Dr	Charleston	SC	29405	(843) 206-0698
	Concrete Craft of Mount Pleasant	11/1/2021	CC20200707 / StorkCraft, LLC	1130 Donahue Dr	Charleston	SC	29405	(843) 206-0698
	Concrete Craft 567SC301	4/1/2018	CC20180102 / Sohel & Lindsey Gilani	3012 Semmes Lane	Indian Trail	SC	28079	(864) 466-9921
	Concrete Craft 546SC303	3/1/2018	CC20180101 / Farore Holdings LLC	14 Riesling Court	Lugoff	SC	29078	(803) 832-0499
6	Concrete Craft of Myrtle Beach	5/1/2021	CC20210302 / Costal Coatings of Myrtle Beach LLC	114 Fountain Pointe Lane, Unit 102	Myrtle Beach	SC	29579	(843) 823-6856
	Tennessee							
	Concrete Craft of North Nashville	11/1/2020	CC20200702 / Peninsula Ventures LLC	113 Woodvale Drive	Hendersonville	TN	37075	(615) 625-5214

	Concrete Craft 557TN301	11/1/2016	CC20160901 / Chuck & Vanessa Yates	4431 Oakhurst Drive	Louisville	TN	37777	(865) 240-2929
	Concrete Craft of Southeast Nashville	1/1/2021	CC20200906 / T&E Miyares Incorporated	1827 Fairhaven Lane	Murfreesboro	TN	37128	(615) 396-8586
4	Concrete Craft 659TN303	5/1/2018	CC20180302 / Mecham Decorative Coatings LLC	632 Durrett Drive	Nashville	TN	37211	(205) 745-5902
	Texas							
	Concrete Craft of Rowlett	1/1/2021	CC20200904 / Crawford Family Businesses, Inc.	7033 Star Trail	Crandall	TX	75114	(972) 472-5061
	AADC of Dallas	2/1/2012	CC20150103 / Home West Concepts, Inc.	236 Bayne Road	Haslet	TX	76052	(817) 233-0082
	Concrete Craft 618TX305	11/1/2017	CC20170903 / VEX Enterprises, LLC	13711 Westheimer Rd. - Suite B-2	Houston	TX	77077	(832) 777-7569
	Concrete Craft of Hill Country	12/1/2021	CC20211001 / B3 Companies, LLC	3904 County Road 284	Liberty Hill	TX	78642	(737) 252-9234
	Concrete Craft of Austin North	12/1/2021	CC20211001 / B3 Companies, LLC	3904 County Road 284	Liberty Hill	TX	78642	(737) 252-9234
6	Concrete Craft of North Dallas	11/1/2020	CC20200704 / Figure 3 Enterprises LLC	2830 West Grande Blvd. #6307	Tyler	TX	75703	(972) 800-7498
	Utah							
	Concrete Craft of Sandy	4/1/2021	CC20210103 / Posey Partners LLC	5627 W High Spirit Ct.	Herriman	UT	84096	(801) 441-2661
	Concrete Craft of Northern Utah	6/1/2020	CC20200302 / J. Nessen Investments LLC	5616 W 2425 N	Hooper	UT	84315	(801) 675-4573
3	Concrete Craft of Ogden/Logan	11/1/2020	CC20200302 / J. Nessen Investments LLC	5616 W 2425 N	Hooper	UT	84315	(801) 675-4573
	Virginia							
	Concrete Craft 511VA307	7/1/2017	CC20170501 / DMV Designs, LLC	2711 Dorr Ave, Suite Q	Fairfax	VA	22031	(571) 388-3341
2	Concrete Craft of Greater Richmond	5/1/2021	CC20210306 / Visger Family Enterprises LLC	3408 Seven Oaks Road	Midlothian	VA	23112	(804) 223-3166
	Washington							
	Concrete Craft of Bothell	1/1/2021	CC20200709 / A-Team Family LLC	7108 228th St. SW	Mountlake Terrace	WA	98043	(425) 243-9777
	Concrete Craft 819WA310	11/1/2017	CC20170902 / Robert & Lisa Cordier	3508 234th Ave SE	Sammamish	WA	98075	(425) 615-6512
3	Concrete Craft of Spokane & Coeur D'Alen	4/1/2021	CC20210110 / KLWC Management LLC	16811 E 20th Court	Spokane Valley	WA	99037	(509) 608-3211
	Wisconsin							
	Concrete Craft 669WI304	5/1/2018	CC20180301 / Timothy Woollen	4437 Robertson Road	Madison	WI	53714	(608) 416-2230
2	Concrete Craft of Hudson	4/1/2021	CC20210107 / MTJ Holdings LLC	1650 Water Edge Drive	New Richmond	WI	54017	(715) 721-2303

79 **Total**

Not Yet Operational on 12/31/2021

Total	Company	State	Start Date	Owner	Address	City	Zip	Phone
	Florida							
	Concrete Craft of Boca Raton	FL	1/1/2022	CC20210405 / BAU Contractors LLC	1262 Grant Court	Hollywood	33019	(561) 757-8877
	Concrete Craft of North Broward	FL	1/1/2022	CC20210405 / BAU Contractors LLC	1262 Grant Court	Hollywood	33019	(561) 757-8877
3	Concrete Craft of Panama City	FL	7/1/2022	CC20200906 / T&E Miyares Incorporated	1827 Fairhaven Lane	Murfreesboro	37128	(615) 396-8586
	Georgia							
	Concrete Craft of Duluth	GA	6/1/2022	CC20210602 / Brian W. Dawson and Kimberly D. Love	7647 Avalon Blvd.	Alpharetta	30009	(202) 577-4877
2	Concrete Craft of Gainesville	GA	6/1/2022	CC20210602 / Brian W. Dawson and Kimberly D. Love	7647 Avalon Blvd	Alpharetta	30009	(202) 577-4877
	Iowa							
1	Concrete Craft of Des Moines	IA	4/1/2022	CC20220201 / Viridi Mons, LLC	1361 South 50th Place	West Des Moines	50265	(515) 822-6933
	Minnesota							
	Concrete Craft of Edina	MN	1/1/2022	CC20200703 / Liagic LLC	7740 Winnetka Heights Dr	Golden Valley	55427	(763) 515-9515
2	Concrete Craft of Minneapolis	MN	1/1/2022	CC20200703 / Liagic LLC	7740 Winnetka Heights Drive	Minneapolis	55427	(763) 515-9515
	Nebraska							
1	Concrete Craft of Omaha	NE	4/1/2022	CC20220202 / Carroll William Schempp	2809 Inglewood Drive	Papillion	68133	(402) 305-4251
	Ohio							
1	Concrete Craft of Northwest Columbus	OH	3/1/2022	CC20200701 / Tom Garske	7364 Worthington Road	Westerville	43082	(614) 698-8893
	Pennsylvania							

1	Concrete Craft of Scranton/WilkesBarre	PA	2/1/2022	CC20210403 / Andrew Charles Marsteller	311 summit Woods Road	Roaring Brook Twp	18444	(570) 203-1606
	Washington							
1	Concrete Craft of North Everett and North Snohomish County	WA	2/1/2022	CC20211201 / Michael Rucker	15521 Sturtevant Avenue	Stanwood	98292	(425) 344-3843

12 Total

EXHIBIT D

LIST OF TERMINATED OR TRANSFERRED FRANCHISES

If we grant you this franchise, your contact information may be disclosed to other prospective franchisees when you leave the franchise system.

Terminated Franchises

Total	Status	Company	State	End Date	Owner	City	Zip	Phone
		Arkansas						
1	I - Termination	Concrete Craft of North Central Arkansas	AR	12/29/2021	CC20210603 / Jericho Chase Phillips and Melissa Ambria Phillips	Shirley	72153	(870) 335-2075
		California						
	I - Termination	Concrete Craft 803CA302-01	CA	6/22/2021	CC20181001 / Ali Sharbaf Shoar & Shokufeh Shoar	Irvine	92618	(949) 502-0629
2	I - Termination	Concrete Craft 803CA301-01	CA	6/22/2021	CC20181001 / Ali Sharbaf Shoar & Shokufeh Shoar	Irvine	92618	(949) 502-0629
		Florida						
	H - Mutual Release	Concrete Craft of Crestview	FL	12/30/2021	CC20200903 / Cabri Brown LLC	Crestview	32536	(850) 368-4204
	I - Termination	Concrete Craft 548FL305-01	FL	7/9/2021	CC20181101 / Sandbar Consulting Group L.L.C.	North Palm Beach	33408	(561) 229-0489
	I - Termination	Concrete Craft 548FL304-01	FL	7/9/2021	CC20181101 / Sandbar Consulting Group L.L.C.	North Palm Beach	33408	(561) 229-0489
4	I - Termination	Concrete Craft 548FL303-01	FL	7/9/2021	CC20181101 / Sandbar Consulting Group L.L.C.	North Palm Beach	33408	(561) 229-0489
		Missouri						
	H - Mutual Release	Concrete Craft of West St. Louis County	MO	10/31/2021	CC20210106 / Make it Pretty, LLC	Wildwood	63011	(636) 265-6160
2	H - Mutual Release	Concrete Craft of St. Charles	MO	10/31/2021	CC20210106 / Make it Pretty, LLC	Wildwood	63011	(636) 265-6160
		North Carolina						
1	H - Mutual Release	Concrete Craft of Chapel Hill	NC	8/16/2021	CC20210304 / Red Thread Connections LLC	Winston Salem	27104	(919) 377-9449
		Texas						
	H - Mutual Release	Concrete Craft 618TX307-01	TX	2/5/2021	CC20170903 / VEX Enterprises, LLC	Houston	77077	(832) 777-7569
	H - Mutual Release	Concrete Craft of North Houston	TX	7/1/2021	CC20200902 / BAS Home Services LLC	Houston	77018	(713) 331-5306
3	H - Mutual Release	Concrete Craft 618TX311-01	TX	7/15/2021	CC20190702 / CDJC Consulting LLC	Tomball	77375	(832) 791-1009
		Virginia						
1	I - Termination	Concrete Craft 556VA305-01	VA	10/12/2021	CC20190901 / Bagby Holdings, Inc.	Midlothian	23113	(804) 601-3111

14 Total

EXHIBIT E

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760

State	State Agency	Agent for Service of Process
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT F

TABLE OF CONTENTS OF CONFIDENTIAL OPERATING MANUAL

CONCRETE CRAFT®

TRANSFORMATIONAL, INSIDE AND OUT.

Operations Manual – Table of Contents

Section	Training Topic	Pgs.
1	Who We Are	1 – 4
2	Concrete Industry and Techniques	1 – 7
	2.2 Concrete Craft Product Catalog 2019 2.3 Interior Concrete Applications Mini Guide 2.4 Vendor Alliance Booklet	1 – 22 1 – 9 1 – 21
3	Business Education	1 – 15
	3.2 Financial Management & Profitability	1 – 14
4	Concrete Installation and Application*	1 – 62
	4.2 Estimating the Job	1 – 11
5	The 5 Steps of Consultative Sales	1 – 25
	5.2 Advanced Sales	1 – 11
6	Local Area Marketing	1 – 32
	6.2 Concrete Craft Style Guide 6.3 Canvassing 6.4 Networking	1 – 8 1 – 13 1 – 9
7	Business Administration	1 – 16
8	Storage Unit, Office, Warehouse Setup	1 – 8
	8.2 Sample Board & Home Show Setup 8.3 Startup Package: Products, Equipment, Tools, Supplies	1 – 10 1 – 2
9	Technology Overview	1 –11
	9.2 Touchpoint Introduction 9.3 Digital Asset Management (DAM)	1 – 5 1 – 4
10	Policies and Procedures	1 – 20
	10.2 Customer Service Standards 10.3 Validation & Referrals	1 – 7 1- 3
11	Post Classroom Launch Program	1 –11

EXHIBIT G

CONSENT TO TRANSFER AND ASSUMPTION OF FRANCHISE AGREEMENT

CONSENT TO TRANSFER AND ASSUMPTION OF FRANCHISE AGREEMENT

This Consent to Transfer and Assumption of Franchise Agreement (Consent and Assumption) is entered into by and among American Decorative Coatings, LLC, a Delaware limited liability company, the franchisor (Franchisor), _____ (Existing Franchisee), and _____ (New Franchisee).

WHEREAS, Franchisor and Existing Franchisee presently are parties to that certain Franchise Agreement, dated _____ (Franchise Agreement), pursuant to which Franchisor franchised Existing Franchisee the right to operate a business (Franchised Business) including the service marks of Franchisor (Franchise) in the territory known as _____ (Territory).

WHEREAS, with Franchisor's consent, Existing Franchisee is transferring the Franchise to New Franchisee and New Franchisee is accepting the Franchise in accordance with the obligations set forth in the Franchise Agreement, including, but not limited to, the obligations regarding assignment set forth in paragraph 9.2 of the Franchise Agreement, which are hereby expressly incorporated and made a part of this Consent and Assumption.

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

1. Existing Franchisee shall transfer the Franchise to New Franchisee on or about _____ (Transfer Date) subject to the provisions of paragraph 3, below, and paragraph 9.2 of the Franchise Agreement.

2. Existing Franchisee will transfer physical possession of the Confidential Operating Manual (Manual) to Franchisor and to New Franchisee of all items required by the Franchise Agreement, including, without limitation, (i) all books, manuals, financial records, receipts, invoices, and documents relating to the Franchised Business; and (ii) all other documents, property and other objects containing Franchisor's service marks. New Franchisee has reviewed the Manual and agrees that the Confidential Operating Manual shall apply fully to its operation of the Franchised Business. New Franchisee agrees to abide by all other manuals and guidelines, present and future, of Franchisor, including, but not limited to, those pertaining to advertising.

3. If the state where the Franchised Business will be conducted requires New Franchisee to have a contractor's license to conduct the Franchised Business, New Franchisee shall obtain such contractor's license (or at all times have an employee who has a contractor's license) prior to the Transfer Date.

4. If New Franchisee has not already done so to the satisfaction of Franchisor, New Franchisee shall comply with the training requirements set forth in the Franchise Agreement by attending the next available training program offered by Franchisor for new franchisees.

5. Concurrently upon the Transfer Date New Franchisee shall become a franchisee of Franchisor under the Franchise Agreement and Existing Franchisee shall immediately cease operating under the Franchise Agreement. Existing Franchisee shall thereupon comply with all provisions in the Franchise Agreement concerning termination set forth in Article 12 thereof, including, but not limited to, ceasing all use of the service marks of Franchisor.

6. As between Existing Franchisee and Franchisor, and with the exception of the rights and obligations set forth in Article 12 of the Franchise Agreement (which is incorporated herein by reference), the franchise relationship created by the Franchise Agreement is hereby terminated and superseded by this Consent and Assumption and in all respects having been assumed by New Franchisee as of the Transfer Date. Existing Franchisee hereby waives all rights to relief from forfeiture under §1179 of the California Code of Civil Procedure and acknowledges that there is no subsisting franchise agreement between Franchisor and existing Franchisee.

7. Existing Franchisee shall sign all documentation deemed necessary by Franchisor to transfer the Franchise to New Franchisee.

8. New Franchisee shall sign Franchisor's current form of franchise agreement for a new ten (10) year term. Upon signing of the current form of franchise agreement by New Franchisee, the Franchise Agreement shall be terminated and superseded by the franchise agreement signed pursuant to this Section 7.

9. (a) As consideration for Franchisor and New Franchisee to enter into this Consent and Assumption, Existing Franchisee shall refrain from, either directly or indirectly, for [itself or himself or herself or themselves] or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other entity, within the Territory, and from the date of this Agreement through _____:

(i) Diverting or attempting to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or doing or performing, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's service marks and the System (as that term is defined in the Franchise Agreement);

(ii) Employing or seeking to employ any person who is at that time employed by Franchisor, affiliates of Franchisor, or by any other franchisee or licensee of Franchisor, including but not limited to New Franchisee, or otherwise directly or indirectly inducing or seeking to induce such person to leave his or her employment thereat; or

(iii) Within the Territory and within a twenty five (25) mile radius of any business licensed or operated by Franchisor in existence or under development as at the Transfer Date owning, maintaining, engaging in, or having any interest in any business (including any business operated by Existing Franchisee prior to entry into this Agreement) specializing, in whole or in part, in the retail and/ or installation of decorative concrete,

or providing the same or similar goods or services provided, sold, or offered through the System.

(b) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Consent and Assumption. If all or any portion of a covenant in Paragraph 9(a) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Existing Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph.

(c) The parties understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraph 9(a) or any portion thereof effective immediately upon receipt by Existing Franchisee of written notice thereof from Franchisor, and Existing Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

(d) Paragraph 9(a) shall not apply to ownership by Existing Franchisee of less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

10. New Franchisee shall resolve any problems or complaints raised by customers of Existing Franchisee with the same high standards of customer service, and in the same fashion, as New Franchisee responds to problems or complaints raised by customers of New Franchisee and shall not resolve such problems or complaints in a manner that is less advantageous to the customers of Existing Franchisee than the manner in which New Franchisee resolves problems or complaints from New Franchisee's own customers.

11. New Franchisee acknowledges that it has received the Confidential Operating Manual and other books and records of Existing Franchisee and has undertaken an independent investigation of the Franchised Business.

12. Existing Franchisee releases, indemnifies and agrees to hold harmless Franchisor in respect of any liabilities which may arise as a result of this transfer.

13. Failure to comply with any of the provisions of this Consent and Assumption shall constitute a material breach hereof and shall entitle Franchisor to any of the remedies provided in this Consent and Assumption or the Franchise Agreement, or as may be available at law or in equity.

14. Except as previously provided herein, as among the undersigned parties, each shall bear their respective costs and attorneys' fees incurred in connection with this Consent and Assumption, and events preceding its negotiation and signing.

15. In granting its consent to this Consent and Assumption, Franchisor has elected not to exercise its right of first refusal as provided in paragraph 9.2 of the Franchise Agreement.

Notwithstanding the foregoing, however, the Existing Franchisee shall have a period of 90 days after the date of signing of this Consent and Assumption to complete the transfer of the Franchise and the Existing Franchisee shall again be required to comply with Article 9 of the Franchise Agreement before the transfer can be effected.

16. Subject to applicable state law and with the express exception of any liability under the Maryland Franchise Registration and Disclosure Law, in consideration for this Consent and Assumption, Existing Franchisee, for itself, its successors, assigns, and anyone claiming through or under it, hereby remises, releases, acquits and forever discharges Franchisor, and its predecessors, successors, assigns, heirs, executors and administrators (as the case may be), and its past, present and future associates, owners, stockholders, agents, directors, officers, partners, employees, attorneys, accountants and representatives of and from any and all manner of action or actions, cause or causes of action, in law or in equity, arbitrations, suits, debts, agreements, promises, liabilities, claims, demands, damages, loss, cost or expense, known or unknown, fixed or contingent, which Existing Franchisee has or may hereafter have against Franchisor by reason of any matter, cause or thing whatsoever, from the beginning of time to the date hereof, including all matters, causes or things whatsoever, that were or have been or could have in any way been alleged in any pleading filed in any arbitration proceeding or suit, which are related to the Franchise Agreement, except for those matters expressly excepted herein.

17. Existing Franchisee and New Franchisee have had adequate opportunity to obtain the advice of legal counsel prior to signing this Consent and Assumption. Existing Franchisee executes this Consent and Assumption voluntarily, with full knowledge of its significance, and with the express intention of effecting the legal consequences provided by Section1541 of the California Civil Code, i.e., the extinguishment of all obligations, except as expressly excepted herein.

18. Except as expressly stated to the contrary herein, any dispute arising out of this Consent and Assumption shall be resolved pursuant to the provisions contained in Article 11 of the Franchise Agreement.

19. Although the Franchise Agreement provides that no interest in the Franchise Agreement can be transferred without the prior written consent of Franchisor, New Franchisee acknowledges that Franchisor does not represent or warrant that Existing Franchisee has not made any unauthorized prior transfers or otherwise has any interest free and clear to anything being transferred now. Franchisor advises New Franchisee to conduct its own investigation to confirm that Existing Franchisee has the right to transfer the Franchise, and that Existing Franchisee has not made any transfer without consent from Franchisor.

20. Franchisor will be provided with a copy of the written sales agreement made by and between the Existing Franchisee and New Franchisee.

21. This Consent and Assumption may be signed in counterparts, each of which shall be deemed an original and all of which shall constitute a single document. Each of the signatories below expressly covenants that he, she or it has the authority to enter into this Consent and Assumption.

IN WITNESS WHEREOF, the parties hereto have duly signed this Consent and Assumption on the dates set forth below, it being effective upon the latest of those dates.

CAUTION. THIS CONSENT AND ASSUMPTION CONTAINS IMPORTANT TERMS. READ BEFORE SIGNING.

Dated:_____

AMERICAN DECORATIVE COATINGS, LLC

By:_____
Jennie Amante, Secretary

Dated:_____

EXISTING FRANCHISEE

By: _____
Name:_____
Title: _____

By: _____
Name:_____
Title: _____

Dated:_____

NEW FRANCHISEE(S)

By: _____
Name:_____
Title: _____

By: _____
Name:_____
Title: _____

EXHIBIT H

VETERANS ADDENDUM

VETERANS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement (this "***Addendum***") is entered into as of _____, 202__ ("***Effective Date***"), between American Decorative Coatings, LLC, a Delaware limited liability company ("***Franchisor***"), and _____, a(n) _____ ("***Franchisee***"), to amend a Franchise Agreement intended to bear the same date as this Addendum (the "***Franchise Agreement***"), for a Territory in the state of _____ known as Concrete Craft _____ ("***Territory***").

This Addendum amends some of the provisions of the Franchise Agreement to reflect the agreement between the parties as to fees payable under the Franchise Agreement. Any capitalized terms that are defined in the Franchise Agreement are used in this Addendum as defined in the Franchise Agreements.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

1. **Initial Franchise Fee**. Section 4.1 of the Franchise Agreement is amended as follows:

   "Concurrently with Franchisee's signing of this Agreement, Franchisee will pay to Franchisor an "Initial Franchise Fee" of $16,958. Franchisee will receive the CONCRETE CRAFT® Start-Up Package (listed in Schedule 3 to this Agreement) when the Initial Franchise Fee is paid in full. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America upon signing of this Agreement by Franchisee. The Initial Franchise Fee is not refundable."

2. **Territory Fee**. Section 4.2 of the Franchise Agreement is amended as follows:

   "Concurrently with Franchisee's signing of this Agreement, Franchisee also will pay Franchisor a Territory Fee of $42,500. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America, upon signing of this Agreement by Franchisee. The Territory Fee is not refundable."

3. **Reaffirmation**. Except as specifically modified by this Addendum, all terms and provisions of the Franchise Agreements are reaffirmed in their entirety.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed on or as of the dates indicated below:

THE REST OF THIS PAGE LEFT INTENTIONALLY BLANK

Dated: _____, 202__

Sign here is Franchisee is an individual:

FRANCHISEE:

_____

Print Name: _____

Print Address: _____

_____

Sign here if Franchisee is a company:

FRANCHISEE:
Print company name:

_____

BY:_____

ITS:_____

ACCEPTED as of the Effective Date first above written.

FRANCHISOR:
AMERICAN DECORATIVE COATINGS, LLC

BY:_____

ITS:_____

EXHIBIT I

SECURED PROMISSORY NOTE

SECURED PROMISSORY NOTE

Date:_____
US$_____

Irvine, California

FOR VALUE RECEIVED, the undersigned (hereinafter "Obligor"), hereby promises to pay to the order of AMERICAN DECORATIVE COATINGS, LLC., a limited liability company organized under the laws of Delaware (hereinafter "Secured Party"), in such coin or currency of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, the principal sum of U.S. $_____, together with interest from and after the date hereof on the unpaid principal balance outstanding at the rate of _____% per annum.

This Secured Promissory Note (the "Note") is the Secured Promissory Note referred to in, and is issued pursuant to, that certain Security Agreement entered into by Obligor in favor of Secured Party, dated as of even date with the date hereof (hereinafter, as amended from time to time, the "Security Agreement"), and is entitled to all of the benefits and security of the Security Agreement. All of the terms, covenants and conditions of the Security Agreement are hereby made a part of this Note and are deemed incorporated herein in full. All capitalized terms used herein, unless otherwise specifically defined in this Note, shall have the meanings ascribed to them in the Security Agreement.

In no event whatsoever shall the aggregate of all amounts deemed interest under this Note and charged or collected hereunder exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. If any provisions of this Note are in contravention of any such law, such provisions shall be deemed amended to conform thereto. Interest hereunder shall be calculated daily and shall be computed on the actual number of days elapsed over a year of 360 days.

For so long as no Event of Default shall have occurred the principal amount and accrued interest of this Note shall be due and payable on the dates and in the manner hereinafter set forth:

(a) Principal and interest shall be due and payable monthly commencing on _____, 20____, and continuing on the first day of each month thereafter to and including the first day of _____ 20___, in installments of $_____ each, and

(b) Notwithstanding the foregoing, the entire unpaid principal balance and accrued interest on this Note shall be due and payable immediately upon any acceleration of the Obligations pursuant to Section 6.2 of the Security Agreement or upon the purchase by Obligor of another HOME FRANCHISE CONCEPTS® brand franchise from any source.

Obligor may prepay this Note in whole or in part from time to time without penalty, but any principal payment must be accompanied by all interest then accrued, if any. Any partial payments will be applied to discharge the principal sum payments in the inverse order in which any payments would otherwise become due. Additionally, Obligor may terminate the Security Agreement by paying in full all the Obligations due to Secured Party under this Note and as otherwise due to Secured Party under the Security Agreement, in cash.

Upon the occurrence of an Event of Default, Secured Party shall have all of the rights and remedies set forth in Section 6.2 of the Security Agreement.

Time is of the essence of this Note. To the fullest extent permitted by applicable law, Obligor, for itself and its legal representatives, successors and assigns, expressly waives presentment, demand, protest, notice of dishonor, notice of non-payment, notice of maturity, notice of protest, presentment for the purpose of accelerating maturity, diligence in collection, and the benefit of any exemption or insolvency laws.

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions of this Note. No delay or failure on the part of Secured Party in the exercise of any right or remedy hereunder shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise by Secured Party of any right or remedy preclude any other right or remedy. Secured Party, at its option, may enforce its rights against any collateral securing this Note without enforcing its rights against Obligor, any guarantor of the indebtedness evidenced hereby or any other property or indebtedness due or to become due to Obligor. Obligor agrees that, without releasing or impairing Obligor's liability hereunder, Secured Party may at any time release, surrender, substitute or exchange any collateral securing this Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Note.

This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, except that for purposes of the usury laws (and determining the maximum rate of interest allowable), this Note shall be governed by and construed and enforced in accordance with the laws of the state of Obligor's residence.

IN WITNESS WHEREOF, Obligor has caused this Note to be duly executed and delivered in Irvine, California, on the date first above written.

Signature: _____

Print Name: _____

EXHIBIT J

GENERAL SECURITY AGREEMENT

GENERAL SECURITY AGREEMENT

This General Security Agreement dated as of _____, is entered into by _____ and _____ (collectively, "Pledgor") in favor of AMERICAN DECORATIVE COATINGS, LLC, a limited liability company organized under the laws of Delaware ("Secured Party").

W I T N E S S E T H

WHEREAS, Pledgor has issued that certain Secured Promissory Note (the "Note") in favor of Secured Party, dated as of _____, pursuant to which Secured Party has or is about to make certain financial accommodations to Pledgor; and

WHEREAS, Secured Party has conditioned its providing said financial accommodations to Pledgor on Pledgor's granting a security interest in substantially all of its assets in favor of Secured Party to secure Pledgor's obligations to Secured Party under the Note;

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

SECTION 1 . DEFINITIONS

All terms used herein which are defined in Article 1 or Article 9 of the Code (as hereinafter defined) shall have the meanings ascribed thereto in the Code unless otherwise defined in this Agreement. All references to Pledgor and Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 7.3. Any accounting term used herein unless otherwise defined in this Agreement shall have the meanings customarily given to such term in accordance with GAAP. For purposes of this Agreement, the following terms shall have the respective meanings given to them below:

1. 1. Accounts

"Accounts" shall mean all present and future rights of Pledgor to payment for goods sold or leased or for services rendered, which are not evidenced by instruments or chattel paper, and whether or not earned by performance.

1.2. Code

"Code" means the California Uniform Commercial Code.

1.3. Equipment

"Equipment" shall mean all of Pledgor's now owned and hereafter acquired equipment, machinery, computers and computer hardware and software (whether owned or licensed), vehicles, tools, furniture, fixtures, all attachments, accessions and property now or hereafter affixed thereto or used in connection therewith, and substitutions and replacements thereof, wherever located.

1.4. Event of Default

"Event of Default" shall have the meaning set forth in Section 6.1 hereof.

1.5. Financing Agreements

"Financing Agreements" shall mean, collectively, this Agreement and all notes, guarantees, security agreements and other agreements, documents and instruments now or at any time hereafter executed or delivered by Pledgor in connection with this Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.6. GAAP

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Boards which are applicable to the circumstances as of the date of determination consistently applied.

1.7. Inventory

"Inventory" shall mean all of Pledgor's now owned and hereafter existing or acquired raw materials, work in process, finished goods and all other inventory of whatsoever kind or nature, wherever located.

1.8. Note

"Note" shall have the meaning set forth in the recitals hereto, as the same now exists and may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.9. Obligations

"Obligations" shall mean any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Pledgor to Secured Party or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under the Note, this Agreement or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Note, this Agreement or after the commencement of any case with respect to Pledgor under the United States Bankruptcy Code or any similar statute (including the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party.

1.10. Person or person

"Person" or "person" shall mean any individual, sole proprietorship, limited liability company or partnership, partnership, corporation (including any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.11. Records

"Records" shall mean all of Pledgor's present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the Collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of Pledgor with respect to the foregoing maintained with or by any other person).

SECTION 2. GRANT OF SECURITY INTEREST

To secure payment and performance of all Obligations, Pledgor hereby grants to Secured Party a continuing security interest in, a lien upon, and a right of set off against, and hereby assigns to Secured Party as security, the following property and interests in property, whether now owned or hereafter acquired or existing, and wherever located (collectively, the "Collateral"):

(a) all Accounts,

(b) all present and future contract rights, general intangibles (including tax and duty refunds, registered and unregistered patents, franchises, licenses, trademarks, service marks, copyrights, trade names, applications for the foregoing, trade secrets, goodwill, processes, drawings, blueprints, customer lists, licenses, whether as franchisor or franchisee, choses in action and other claims and existing and future leasehold interests in equipment, real estate and fixtures), chattel paper, documents, instruments, letters of credit, bankers' acceptances and guaranties,

(c) all present and future monies, securities, credit balances, deposits, deposit accounts and other property of Pledgor now or hereafter held or received by or in transit to any depository or other institution from or for the account of Pledgor whether for safekeeping, pledge, custody, transmission, collection or otherwise, and all present and future liens, security interests, rights, remedies, title and interest in, to and in respect of Accounts and other Collateral, including:

(i) rights and remedies under or relating to guaranties, contracts of suretyship, letters of credit and credit and other insurance related to the Collateral,

(ii) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lienor or secured party,

(iii) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, Accounts or other Collateral, including returned, repossessed and reclaimed goods, and

(iv) deposits by and property of account debtors or other persons securing the obligations of account debtors.

(d) all Inventory,

(e) all Equipment,

(f) all Records, and

(g) all products and proceeds of the foregoing, in any form, including insurance proceeds and any claims against third parties for loss or damage to or destruction of any or all of the foregoing.

SECTION 3. COLLATERAL COVENANTS

3.1. Accounts Covenants

(a) Secured Party shall have the right at any time or times, in Secured Party's name or in the name of a nominee of Secured Party, to verify the validity, amount or any other matter relating to any Account or other Collateral, by mail, telephone, facsimile transmission or otherwise.

(b) Pledgor shall deliver or cause to be delivered to Secured Party, with appropriate endorsement and assignment, with full recourse to Pledgor, all chattel paper and instruments which Pledgor now owns or may at any time acquire immediately upon Pledgor's receipt thereof, except as Secured Party may otherwise agree.

(c) Secured Party may, at any time or times that an Event of Default exists or has occurred and is continuing,

(i) notify any or all account debtors that the Accounts have been assigned to Secured Party and that Secured Party has a security interest therein and Secured Party may direct any or all accounts debtors to make payment of Accounts directly to Secured Party,

(ii) extend the time of payment of, compromise, settle or adjust for cash, credit, return of merchandise or otherwise, and upon any terms or conditions, any and all Accounts or other obligations included in the Collateral and thereby discharge or release the account debtor or any other party or parties in any way liable for payment thereof without affecting any of the Obligations,

(iii) demand, collect or enforce payment of any Accounts or such other obligations, but without any duty to do so, and Secured Party shall not be liable for its failure to collect or enforce the payment thereof nor for the negligence of its agents or attorneys with respect thereto and

(iv) take whatever other action Secured Party may deem necessary or desirable for the protection of its interests. At any time that an Event of Default exists or has occurred and is continuing, at Secured Party's request, all invoices and statements sent to any account debtor shall state that the Accounts and such other obligations have been assigned to Secured Party and are payable directly and only to Secured Party and

Pledgor shall deliver to Secured Party such originals of documents evidencing the sale and delivery of goods or the performance of services giving rise to any Accounts as Secured Party may require.

3.2. Inventory Covenants

With respect to the Inventory:

(a) Pledgor shall at all times maintain inventory records reasonably satisfactory to Secured Party, keeping correct and accurate records itemizing and describing the kind, type, quality and quantity of Inventory, Pledgor's cost therefor and daily withdrawals therefrom and additions thereto,

(b) Pledgor shall conduct a physical count of the Inventory at least once each year, but at any time or times as Secured Party may request on or after an Event of Default, and promptly following such physical inventory shall supply Secured Party with a report in the form and with such specificity as may be reasonably satisfactory to Secured Party concerning such physical count,

(c) Pledgor shall not remove any Inventory from the locations set forth or permitted herein, without the prior written consent of Secured Party, except for sales of Inventory in the ordinary course of Pledgor's business and except to move Inventory directly from one location set forth or permitted herein to another such location,

(d) upon Secured Party's request, Pledgor shall, at its expense, no more than once in any twelve (12) month period, but at any time or times as Secured Party may request on or after an Event of Default, deliver or cause to be delivered to Secured Party written reports or appraisals as to the Inventory in form, scope and methodology acceptable to Secured Party and by an appraiser acceptable to Secured Party, addressed to Secured Party or upon which Secured Party is expressly permitted to rely,

(e) Pledgor shall produce, use, store and maintain the Inventory, with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with applicable laws (including, but not limited to, the requirements of the Federal Fair Labor Standards Act of 1938, as amended and all rules, regulations and orders related thereto),

(f) Pledgor assumes all responsibility and liability arising from or relating to the production, use, sale or other disposition of the Inventory,

(g) Pledgor shall not sell Inventory to any customer on approval, or any other basis which entitles the customer to return or may obligate Pledgor to repurchase such Inventory,

(h) Pledgor shall keep the Inventory in good and marketable condition, and

(i) Pledgor shall not, without prior written notice to Secured Party, acquire or accept any Inventory on consignment or approval.

3.3. Equipment Covenants

With respect to the Inventory:

(a) Upon Secured Party's request, Pledgor shall, at its expense, at any time or times as Secured Party may request on or after an Event of Default, deliver or cause to be delivered to Secured Party written reports or appraisals as to the Equipment in form, scope and methodology acceptable to Secured Party and by appraiser acceptable to Secured Party,

(b) Pledgor shall keep the Equipment in good order, repair, running and marketable condition (ordinary wear and tear excepted),

(c) Pledgor shall use the Equipment with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with all applicable laws,

(d) the Equipment is and shall be used in Pledgor's business and not for personal, family, household or farming use,

(e) Pledgor shall not remove any Equipment from the locations set forth or permitted herein, except to the extent necessary to have any Equipment repaired or maintained in the ordinary course of the business of Pledgor or to move Equipment directly from one location set forth or permitted herein to another such location and except for the movement of motor vehicles used by or for the benefit of Pledgor in the ordinary course of business,

(f) the Equipment is now and shall remain personal property and Pledgor shall not permit any of the Equipment to be or become a part of or affixed to real property, and

(g) Pledgor assumes all responsibility and liability arising from the use of the Equipment.

3.4. Power of Attorney

Pledgor hereby irrevocably designates and appoints Secured Party (and all persons designated by Secured Party) as Pledgor's true and lawful attorney-in-fact, and authorizes Secured Party, in Pledgor's or Secured Party's name, to:

(a) at any time an Event of Default or event which with notice or passage of time or both would constitute an Event of Default exists or has occurred and is continuing

(i) demand payment on Accounts or other proceeds of Inventory or other Collateral,

(ii) enforce payment of Accounts by legal proceedings or otherwise,

(iii) exercise all of Pledgor's rights and remedies to collect any Account or other Collateral,

(iv) sell or assign any Account upon such terms, for such amount and at such time or times as the Secured Party deems advisable,

(v) settle, adjust, compromise, extend or renew an Account,

(vi) discharge and release any Account,

(vii) prepare, file and sign Pledgor's name on any proof of claim in bankruptcy or other similar document against an account debtor,

(viii) notify the post office authorities to change the address for delivery of Pledgor's mail to an address designated by Secured Party, and open and dispose of all mail addressed to Pledgor, and

(ix) do all acts and things which are necessary, in Secured Party's determination, to fulfill Pledgor's obligations under this Agreement and the other Financing Agreements and

(b) at any time to

(i) take control in any manner of any item of payment or proceeds thereof,

(ii) have access to any lockbox or postal box into which Pledgor's mail is deposited,

(iii) endorse Pledgor's name upon any items of payment or proceeds thereof and deposit the same in the Secured Party's account for application to the Obligations,

(iv) endorse Pledgor's name upon any chattel paper, document, instrument, invoice, or similar document or agreement relating to any Account or any goods pertaining thereto or any other Collateral, and

(v) sign Pledgor's name on any verification of Accounts and notices thereof to account debtors and

(vi) execute in Pledgor's name and file any UCC financing statements or amendments thereto. Pledgor hereby releases Secured Party and its officers, employees and designees from any liabilities arising from any act or acts under this power of attorney and in furtherance thereof, whether of omission or commission, except as a result of Secured Party's own gross negligence or willful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction.

3.5. Right to Cure

Secured Party may, at its option,

(a) cure any default by Pledgor under any agreement with a third party or pay or bond on appeal any judgment entered against Pledgor,

(b) discharge taxes, liens, security interests or other encumbrances at any time levied on or existing with respect to the Collateral and

(c) pay any amount, incur any expense or perform any act which, in Secured Party's judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Secured Party with respect thereto. Secured Party may add any amounts so expended to the Obligations and charge Pledgor's account therefor, such amounts to be repayable by Pledgor on demand. Secured Party shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of Pledgor. Any payment made or other action taken by Secured Party under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly.

3.6. Access to Premises

From time to time as requested by Secured Party, at the cost and expense of Pledgor,

(a) Secured Party or its designee shall have complete access to all of Pledgor's premises during normal business hours and after notice to Pledgor, or at any time and without notice to Pledgor if an Event of Default exists or has occurred and is continuing, for the purposes of inspecting, verifying and auditing the Collateral and all of Pledgor's books and records, including the Records, and

(b) Pledgor shall promptly furnish to Secured Party such copies of such books and records or extracts therefrom as Secured Party may request, and

(c) Secured Party shall have the right to use during normal business hours such of Pledgor's personnel, equipment, supplies and premises as may be reasonably necessary for the foregoing and if an Event of Default exists or has occurred and is continuing for the collection of Accounts and realization of other Collateral.

SECTION 4. REPRESENTATIONS AND WARRANTIES

Pledgor hereby represents and warrants to Secured Party the following (which shall survive the execution and delivery of this Agreement):

4.1. Chief Executive Office; Collateral Locations

The chief executive office of Pledgor and Pledgor's Records concerning Accounts are located only at the address set forth below and its only other places of business and the only other locations of Collateral, if any, are the addresses provided by Pledgor to Secured Party in writing prior to the date hereof, subject to the right of Pledgor to establish new locations in accordance with Section 5.1 below.

4.2. Priority of Liens; Title to Properties

The security interests and liens granted to Secured Party under this Agreement and the other Financing Agreements constitute valid and perfected first priority liens and security interests in and upon the Collateral subject only to the liens indicated on Schedule 4.2 hereto. Pledgor has good and marketable title to all of its properties and assets subject to no liens, mortgages, pledges, security interests, encumbrances or charges of any kind, except those granted to Secured Party and such others as are specifically listed on Schedule 4.2 hereto.

4.3. Accuracy and Completeness of Information

All information furnished by or on behalf of Pledgor in writing to Secured Party in connection with this Agreement or any of the other Financing Agreements or any transaction contemplated hereby or thereby, is true and correct in all material respects on the date as of which such information is dated or certified and does not omit any material fact necessary in order to make such information not misleading. No event or circumstance has occurred which has had or could reasonably be expected to have a material adverse affect on the business, assets or prospects of Pledgor, which has not been fully and accurately disclosed to Secured Party in writing.

4.4. Survival of Warranties; Cumulative

All representations and warranties contained in this Agreement or any of the other Financing Agreements shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to Secured Party on the date of any additional borrowing or other credit accommodation under any amendment, restatement,

modification or substitution of the Note and shall be conclusively presumed to have been relied on by Secured Party regardless of any investigation made or information possessed by Secured Party. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which Pledgor shall now or hereafter give, or cause to be given, to Secured Party.

SECTION 5. AFFIRMATIVE AND NEGATIVE COVENANTS

5.1. New Collateral Locations

Pledgor may open any new location within the continental United States provided Pledgor:

(a) gives Secured Party ten (10) days prior written notice of the intended opening of any such new location and

(b) executes and delivers, or causes to be executed and delivered, to Secured Party such agreements, documents, and instruments as Secured Party may deem reasonably necessary or desirable to protect its interests in the Collateral at such location, including UCC financing

5.2. Insurance

Pledgor shall, at all times, maintain with financially sound and reputable insurers insurance with respect to the Collateral against loss or damage and all other insurance of the kinds and in the amounts customarily insured against or carried by corporations of established reputation engaged in the same or similar businesses and similarly situated. Said policies of insurance shall be satisfactory to Secured Party as to form, amount and insurer. Pledgor shall furnish certificates, policies or endorsements to Secured Party as Secured Party shall require as proof of such insurance, and, if Pledgor fails to do so, Secured Party is authorized, but not required, to obtain such insurance at the expense of Pledgor. All policies shall provide for at least thirty (30) days prior written notice to Secured Party of any cancellation or reduction of coverage and that Secured Party may act as attorney for Pledgor in obtaining, and at any time an Event of Default exists or has occurred and is continuing, adjusting, settling, amending and canceling such insurance. Pledgor shall cause Secured Party to be named as a loss payee and an additional insured (but without any liability for any premiums) under such insurance policies and Pledgor shall obtain non-contributory lender's loss payable endorsements to all insurance policies in form and substance satisfactory to Secured Party. Such lender's loss payable endorsements shall specify that the proceeds of such insurance shall be payable to Secured Party as its interests may appear and further specify that Secured Party shall be paid regardless of any act or omission by Pledgor or any of its affiliates. At its option, Secured Party may apply any insurance proceeds received by Secured Party at any time to the cost of repairs or replacement of Collateral or to payment of the Obligations, whether or not then due, in any order and in such manner as Secured Party may determine or hold such proceeds as cash collateral for the Obligations.

5.3. Costs and Expenses

Pledgor shall pay to Secured Party on demand all costs, expenses, filing fees and taxes paid or payable in connection with the preparation, negotiation, execution, delivery, recording, administration, collection, liquidation, enforcement and defense of the Obligations, Secured Party's rights in the Collateral, this Agreement, the other Financing Agreements and all other documents related hereto or thereto, including any amendments, supplements or consents which may hereafter be contemplated (whether or not executed) or entered into in respect hereof and thereof, including, but not limited to:

(a) all costs and expenses of filing or recording (including all filing taxes and fees, documentary taxes, intangibles taxes and mortgage recording taxes and fees, if applicable, payable in connection any and all financing statements or fixture filings necessary to perfect and continue perfected Secured Party's security interests in the Collateral),

(b) all title insurance and other insurance premiums, appraisal fees and search fees,

(c) costs and expenses of preserving and protecting the Collateral,

(d) costs and expenses paid or incurred in connection with obtaining payment of the Obligations, enforcing the security interests and liens of Secured Party, selling or otherwise realizing upon the Collateral, and otherwise enforcing the provisions of this Agreement and the other Financing Agreements or defending any claims made or threatened against Secured Party arising out of the transactions contemplated hereby and thereby (including preparations for and consultations concerning any such matters), and

(e) the fees and disbursements of counsel (including legal assistants) to Secured Party in connection with any of the foregoing.

5.4. Further Assurances

At the request of Secured Party at any time and from time to time, Pledgor shall, at its expense, at any time or times duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be necessary or proper to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Financing Agreements. Where permitted by law, Pledgor hereby authorizes Secured Party to execute and file one or more UCC financing statements signed only by Secured Party.

SECTION 6. EVENTS OF DEFAULT AND REMEDIES

6.1. Events of Default

The occurrence or existence of any of the following events (each an "Event of Default") shall occur and be continuing:

(a) The Pledgor shall fail to pay any installment of principal or interest or any other amount payable under the Note when due; or

(b) Any representation or warranty made by the Pledgor herein or by the Pledgor (or any of its officers) in connection with the Financing Agreements shall prove to have been incorrect in any material respect when made; or

(c) The Pledgor shall fail to perform or observe any term, covenant or agreement contained in this Agreement on its part to be performed or observed; or

(d) The Pledgor shall default in the performance of or compliance with any term contained in any Financing Agreement other than this Agreement and such default shall not have been remedied or waived within any applicable grace period; or

(e) The Pledgor shall

(i) fail to pay any principal of, or premium or interest on, any indebtedness, the aggregate outstanding principal amount of which is at least $10,000 (excluding indebtedness evidenced by the Note), when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness, or

(ii) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such indebtedness or material to the performance, business, property, assets, condition (financing or otherwise) or prospects of the Pledgor when required to be performed or observed, and such failure shall continue after the applicable grace period, if any, specified in such agreement or instrument; or

(f) (i) The Pledgor shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation,

dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Pledgor shall make a general assignment for the benefit of its creditors; or

(ii) there shall be commenced against the Pledgor any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unhanded for a period of thirty (30) days; or

(iii) there shall be commenced against the Pledgor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distrait or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within thirty (30) days from the entry thereof; or

(iv) the Pledgor shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) and (iii) above; or (v) the Pledgor shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) One or more judgments or decrees shall be entered against the Pledgor involving in the aggregate a liability (not paid or fully covered by insurance or reserves) equal to or greater than $5,000 and all such judgments or decrees shall not have been vacated, discharged, or stayed or bonded pending appeal within thirty (30) days from the entry thereof; or

(h) There shall be instituted against the Pledgor any proceeding for which forfeiture of any property is a potential penalty and such proceeding remains undismissed, undischarged or unbonded for a period of thirty (30) days from the date the Pledgor knows of such proceeding.

6.2. Remedies

(a) At any time an Event of Default exists or has occurred and is continuing, Secured Party shall have all rights and remedies provided in this Agreement, the other Financing Agreements, the Code and other applicable law, all of which rights and remedies may be exercised without notice to or consent by Pledgor, except as such notice or consent is expressly provided for hereunder or required by applicable law. All rights, remedies and powers granted to Secured Party hereunder, under any of the other Financing Agreements, the Code or other applicable law, are cumulative, not exclusive and enforceable, in Secured Party's

discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by Pledgor of this Agreement or any of the other Financing Agreements. Secured Party may, at any time or times, proceed directly against Pledgor to collect the Obligations without prior recourse to the Collateral.

(b) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, Secured Party may, in its discretion and without limitation,

(i) accelerate the payment of all Obligations and demand immediate payment thereof to Secured Party (provided that, upon the occurrence of any Event of Default described in Section 6.1(f), all Obligations shall automatically become immediately due and payable),

(ii) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral,

(iii) require Pledgor, at Pledgor's expense, to assemble and make available to Secured Party any part or all of the Collateral at any place and time designated by Secured Party,

(iv) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral,

(v) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose,

(vi) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Secured Party or elsewhere) at such prices or terms as Secured Party may deem reasonable, for cash, upon credit or for future delivery, with the Secured Party having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Pledgor, which right or equity of redemption is hereby expressly waived and released by Pledgor. If any of the Collateral is sold or leased by Secured Party upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Secured Party. If notice of disposition of Collateral is required by law, ten (10) days prior notice by Secured

Party to Pledgor designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Pledgor waives any other notice. In the event Secured Party institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Pledgor waives the posting of any bond which might otherwise be required.

(c) Secured Party may apply the cash proceeds of Collateral actually received by Secured Party from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in such order as Secured Party may elect, whether or not then due. Pledgor shall remain liable to Secured Party for the payment of any deficiency with interest at the highest rate provided for in the Note and all costs and expenses of collection or enforcement, including attorneys' fees and legal expenses.

SECTION 7. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW

7.1. Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of California (without giving effect to principles of conflicts of law), except, that the laws of Pledgor's state of residence will apply to any determination of the maximum interest rate payable or the existence of usury.

(b) Pledgor irrevocably consents and submits to the non-exclusive jurisdiction of the Superior Court of the State of California, County of Los Angeles and the United States District Court for the Central District of California and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected or related or incidental to the dealings of Pledgor and Secured Party in respect of this Agreement or the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agrees that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party shall have the right to bring any action or proceeding against Pledgor or its property in the courts of any other jurisdiction which Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Pledgor or its property).

(c) Pledgor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth on the signature pages hereof and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Secured Party's option, by service upon Pledgor in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Pledgor shall appear in answer to such process, failing which Pledgor shall be deemed in default and judgment may be entered by Secured Party against Pledgor for the amount of the claim and other relief requested.

(d) PLEDGOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF PLEDGOR AND SECURED PARTY IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. PLEDGOR HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT PLEDGOR OR SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF PLEDGOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Secured Party shall not have any liability to Pledgor (whether in tort, contract, equity or otherwise) for losses suffered by Pledgor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Secured Party shall be entitled to the benefit of the reputable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements.

7.2. Waiver of Notices

Pledgor hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonor with respect to any and all instruments and commercial paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations,

the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on Pledgor which Secured Party may elect to give shall entitle Pledgor to any other or further notice or demand in the same, similar or other circumstances.

7.3. Amendments and Waivers

Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party. Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

7.4. Indemnification

Pledgor shall indemnify and hold Secured Party, and its directors, agents, employees and counsel, harmless from and against any and all losses, claims, damages, liabilities, costs or expenses imposed on, incurred by or asserted against any of them in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Financing Agreements, or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and the fees and expenses of counsel. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, Pledgor shall pay the maximum portion which it is permitted to pay under applicable law to Secured Party in satisfaction of indemnified matters under this Section. The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the other Financing Agreements. All of the foregoing costs and expenses shall be part of the Obligations and secured by the Collateral.

SECTION 8. MISCELLANEOUS

8.1. Notices

(a) All notices, requests and demands hereunder shall be in writing and made to Secured Party at American Decorative Coatings, LLC, 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, and to Pledgor at the address set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and

(b) deemed to have been given or made: if delivered in person, immediately upon delivery; if by facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by certified mail, return receipt requested, five (5) days after mailing.

8.2. Partial Invalidity

If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

8.3. Successors

This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Pledgor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and its successors and assigns, except that Pledgor may not assign its rights under this Agreement, the other Financing Agreements and any other document referred to herein or therein without the prior written consent of Secured Party.

8.4. Entire Agreement

This Agreement, the other Financing Agreements, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

*** REMAINDER OF PAGE INTENTIONALLY LEFT BLANK ***

IN WITNESS WHEREOF, Pledgor and Secured Party have caused these presents to be duly executed as of the day and year first above written.

Secured Party:
AMERICAN DECORATIVE COATINGS, LLC

By:_____
Jennie Amante
Secretary

Pledgor:

Sign here: _____

Print Name: _____

Sign here: _____

Print Name: _____

Address of Pledgor's Offices:

_____

_____

_____

EXHIBIT K

MASTER SERVICES AGREEMENT

BB COMMERCIAL SOLUTIONS, LLC
MASTER SERVICES AGREEMENT

This Master Services Agreement (this "**Agreement**") dated as of [date] (the "**Effective Date**"), is by and between BB Commercial Solutions, LLC, a California limited liability company, with offices at 19000 MacArthur Blvd, Suite 100, Irvine, CA 92612("**BBCS**") and [name of Franchisee], a [state] [type of entity], with offices located at [address of Franchisee] ("**Franchisee**").

WHEREAS:

A. American Decorative Coatings, LLC (**"Franchisor"**) and Franchisee are parties to a franchise agreement dated [date] ("**Franchise Agreement**") pursuant to which Franchisor granted Franchisee the right, title and interest to operate a CONCRETE CRAFT® Franchised Business, utilizing Franchisor's trademarks, service marks and system in connection therewith.

B. BBCS has entered into or will enter into contracts ("**Contracts**") with national accounts ("**National Accounts**"). The Contracts provide that BBCS will provide certain products and/or services to National Accounts (collectively, the "**Contract Services**") to: (a) properties owned, controlled or managed by the National Account; or (b) properties for which the National Account is obligated to provide the Contract Services (in addition, perhaps, to other services).

C. BBCS subcontracts with Franchisor's participating franchisees to provide some or all of the Contract Services for a National Account property on behalf of BBCS (a "**Subcontract**").

D. Franchisee shall have the discretion to accept or reject a Subcontract from BBCS on a case by case basis.

E. If Franchisee accepts a Subcontract from BBCS to service a National Account, such Subcontract will incorporate by reference this MSA and the applicable work order or purchase order ("**Work Order**" or "**Purchase Order**"), which will include specific terms and conditions ("**Terms and Conditions**") stating the scope of work, location of the property, fee arrangements and other matters specific to the work.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be mutually bound, agree as follows:

1. **Payments.**

1.1. Payments. The amount and timing of the payments due to Franchisee from BBCS pursuant to a Work Order or Purchase Order are conditioned upon prior payment to BBCS by the National Account for such work. Franchisee will be paid no later than thirty (30) days after payment has been received by BBCS. If BBCS is paid less than the full amount owed to it from the National Account for the work, Franchisee will receive a pro-rata partial payment based upon an equitable allocation of the payment received by BBCS. Franchisee will likewise equitably share pro-rata in any additional partial or final payment received by BBCS for the work. If there is a dispute between Franchisee and BBCS regarding the amounts of the partial or final payments, BBCS will make the final decision, exercised in good faith.

1.2. Right of Setoff. At the direction of Franchisor, BBCS shall pay to Franchisor from the funds payable to Franchisee pursuant to a Work Order or Purchase Order for a National Account:

(a) all or any portion of the monies owing to Franchisor from Franchisee which are currently due and payable. Franchisor will deliver to Franchisee a written statement showing the amount of funds paid to it by BBCS and the application of those funds to Franchisee's indebtedness to Franchisor;

(b) monies to pay any of Franchisee's obligations for items required under this Agreement, a Work Order, or a Purchase Order; and

(c) refunds or other payment due from Franchisee to a customer or other third party which Franchisor deems necessary or prudent to maintain the good will and reputation of the Franchised Business (as defined in the Franchise Agreement).

1.3. No Liability of Franchisor. Franchisee will look solely to BBCS for any payment due to Franchisee pursuant to a Work Order or Purchase Order. Franchisor shall have no obligation to Franchisee for any payment due from BBCS.

1.4. Liens. Franchisee agrees that Franchisee will not file or claim any lien against any property or other asset of a National Account as a result of work performed by Franchisee for a National Account pursuant to a Work Order or Purchase Order from BBCS. Franchisee further agrees to waive and/or release any lien or lien right resulting from work performed by Franchisee for a National Account pursuant to a Work Order or Purchase Order from BBCS. Franchisee further agrees that Franchisee will indemnify, defend and hold harmless, BBCS, Franchisor, National Accounts,

and property owners serviced by National Accounts from any claims or actions by Franchisee's employees, suppliers or material men, or any third party contractors engaged by Franchisee to provide products and perform services.

2. **Performance.**

2.1. Quality. Franchisee agrees to perform all work in a good and workmanlike manner and in accordance with the description and specifications set out in the Terms and Conditions and the Work Order or Purchase Order.

2.2. Identification as Franchisee. At the time of Franchisee's first contact with the representative of the National Account Franchisee will identify itself as an independently owned and operated franchise of Franchisor.

2.3. Service Standards. Franchisee agrees to perform the work in accordance with the service standards set out in: (a) the Franchise Agreement; (b) this Agreement; and (c) the Work Order or Purchase Order, including the Terms and Conditions. In the event of a conflict among these standards, Franchisee shall abide by the strictest standard.

2.4. Termination. Franchisee agrees that Franchisee will terminate immediately all work being performed by Franchisee pursuant to any Work Order or Purchase Order upon receipt of notification to terminate from Franchisor or BBCS, whether or not the notification to terminate was given for cause. Upon receipt of a notification to terminate, Franchisee will remove all personnel, equipment, materials and apparatus from the work site immediately. Any payment for partial performance of the work shall be determined by BBCS in good faith. If there is a dispute between Franchisee and BBCS regarding the amount of the payment for partial performance, BBCS will make the final decision in good faith.

2.5. Assignment and Subcontract. Franchisee will not assign or subcontract any work to be performed by Franchisee pursuant to a Work Order or a Purchase Order unless Franchisee receives prior written approval and consent to the subcontract from BBCS, which approval or consent may be withheld, delayed or conditioned in BBCS's sole discretion.

3. **Regulatory Compliance.** Franchisee agrees to perform all of the work in strict compliance with all local, state and federal governmental rules, regulations, ordinances, statutes and other requirements ("Regulations") applicable to the work, including but not limited to OSHA. Franchisee agrees to obtain and maintain throughout the performance of the work,

such licenses, certifications, permits and training requirements set out in the Regulations.

4. **Safety.** Franchisee agrees to take all necessary precautions for the safety of Franchisee's employees and visitors on the property and Franchisee shall comply with all applicable provisions of federal, state and municipal safety laws and building codes to prevent accidents or injuries to person or damage to property. From time to time, certain Work Orders or Purchase Orders may contain specific safety and training requirements. Franchisee agrees to abide by any such specific safety and training requirements.

5. **Insurance.** Franchisee will maintain insurance coverage including, but not limited to, Comprehensive General Liability, statutory Worker's Compensation which, if applicable, must include every person performing services pursuant to the Work Order or the Purchase Order, Automobile Liability and contractual liability, all in amounts specified in the Work Order or the Purchase Order, including the Terms and Conditions, and shall cause certificates of insurance in forms satisfactory to BBCS and the National Account to be issued prior to commencement of the work. The Terms and Conditions of the Work Order or Purchase Order may require additional insurance coverage and may set minimum limits on the insurance coverage. The certificates shall provide that the insurance policies may not be changed or cancelled until 30 days after written notice thereof has been delivered to BBCS and the National Account. Policy renewals shall be provided no later than 30 days prior to the expiration of the existing insurance coverage. **All liability policies will list BBCS and Franchisor as additional insureds. If the National Account requires that Franchisee maintain Employment Practices Liability insurance, Franchisor and BBCS will be named as Co-Defendants. The Commercial General Liability policy shall contain a waiver of subrogation in BBCS's favor and will be primary and non-contributory to any insurance BBCS might carry.**

6. **Indemnification.** Franchisee agrees to defend, indemnify and hold harmless BBCS, Franchisor and the National Account, and all of their respective officers, directors, shareholders, employees, agents, successors and assigns ("Indemnified Parties") from and against any and all claims, suits, losses, causes of action, damages, liabilities, and expenses of any kind whatsoever, including without limitation, all expenses of litigation and arbitration, court costs, and reasonable attorney's fees arising on account of or in connection with injuries to or the death of any person whomsoever, claims for damages from any third party, or any and all damages to property (including the loss of use thereof), regardless of possession or ownership, from which injuries, death, or damages arise, or which are in any manner connected with, the work performed by or for Franchisee under this Agreement, a Work Order, or a Purchase Order, including the Terms and Conditions, or caused in whole or in part by the acts or omissions or presence of Franchisee or any of Franchisee's employees, agents, representatives, subcontractors or suppliers. The indemnification obligations contained herein shall not be limited by any limitation on the amount or type of damages, compensation, or benefits payable by or for Franchisee under worker's compensation acts, disability benefit acts or employee benefit acts and shall extend to and include any actions bought by or in the name of any of Franchisee's

employees or any third party with whom Franchisee may have contracted.

Franchisee further agrees to defend, indemnify and hold harmless the Indemnified Parties from any and all claims, losses, demands, causes of action, damages or liabilities, including but not limited to reasonable attorney's fees and court costs which may be asserted against the Indemnified Parties, or any one or more of them, resulting from, arising out of, or occurring in connection with Franchisee's failure, or the failure of any subcontractor or supplier with whom Franchisee has contracted to perform any of the work, to perform all work required by the Work Order or Purchase Order, the Terms and Conditions, or this Agreement.

7. **National Accounts.**

7.1. Identification. BBCS may notify Franchisee whenever a Contract with a National Account and BBCS is in effect. The method for delivering the notice shall be selected by BBCS and shall be reasonably calculated to provide actual notice to Franchisee.

7.2. No Solicitation or Work. When a National Account is so identified, Franchisee agrees that it will not solicit work from such National Account, its customers, or any local operation (including a franchise) of such National Account without the prior written consent of BBCS. In addition, Franchisee agrees that it will not perform any work for a National Account or any local operation (including franchisee) of such National Account except pursuant to a Work Order or Purchase Order from BBCS or with the written consent of BBCS.

8. **Documentation, Books and Records.** Timely, accurate, and complete supporting documentation is an integral part of the Contract Services provided for any National Account. All supporting documentation must be submitted within 48 hours of completion of the job for a National Account. Any delay in submitting documentation will delay payment. In addition to strictly adhering to documentation and reporting standards as required, Franchisee agrees to keep and maintain for at least three (3) years after completion of the work accurate records ("**National Account Records**") of all sales and services provided to or for a National Account. At BBCS's request Franchisee will provide to BBCS and/or Franchisor copies of the National Account Records identified by BBCS. Franchisee will maintain its records in a manner that will allow Franchisee to search and copy its records in the name of either the National Account or BBCS.

9. **Publicity**. Franchisee agrees to submit to BBCS and Franchisor all advertising, sales promotion and other publicity matters relating to any work for a National Account if BBCS's, Franchisor's or the National Account's (or an affiliate, parent company or subsidiary thereof) names are mentioned or language is used from which the connection to BBCS, Franchisor or the National Account may be reasonably inferred or implied.

Franchisee further agrees not to publish or use such advertising, sales promotion or publicity matter without the prior written consent of BBCS, Franchisor or the National Account named or identified therein. Franchisee further agrees that it and/or its employees may be identified in any publicity matters relating to any work for a National Account.

10. **Mediation and Arbitration.** Any controversy or claim arising out of or relating to this Agreement or breach thereof, which cannot be settled by the contesting parties hereto, shall be first submitted to an impartial mediator of a professional mediation firm. The costs of the mediator shall be shared by each of the parties. If settlement of the matter is unsuccessful at mediation, the parties agree that the dispute shall be determined by binding arbitration pursuant to the rules of the American Arbitration Association or as otherwise mutually agreed by parties.

    Arbitration shall be the sole method of adjudicating the dispute and arbitration shall be governed by the laws of the State of California. The location of any mediation or arbitration proceeding shall be Orange County, California.

11. **Term of Agreement; Amendment.** The terms and provisions of this Agreement shall run coterminously with the Franchise Agreement. In the event of a termination of the Franchise Agreement for any reason, this Agreement shall automatically terminate as of the same date.

12. **Legal Fees.** If BBCS or Franchisor shall prevail in an arbitration against Franchisee to enforce any rights or obligations under this Agreement, BBCS or Franchisor, as the case may be, shall be entitled to recover from Franchisee all costs and expenses (including reasonable attorneys' fees) incurred by BBCS or Franchisor in connection with such arbitration.

13. **Severability.** Should any provision of this Agreement be declared invalid or illegal by any federal, state, county, or municipal government, such invalidity or illegality shall not affect the other provisions hereof, and the remainder of the provisions hereof shall remain in full force and effect and shall be construed in all respects as if such invalid or illegal provisions were omitted.

14. **Confidentiality of Information.** Franchisee agrees to sign and deliver to BBCS or National Account any confidentiality and/or non-disclosure agreement requested by either of them. Franchisee further agrees to abide by the terms and provisions of such confidentiality and/or non- disclosure agreement.

15. **Miscellaneous Provisions.** Franchisee agrees that it will inform BBCS and Franchisor promptly but not later than three (3) business days after receipt or becoming aware of any claims, demands, disputes, disagreements or suits filed against Franchisee by a National Account with respect to a Work Order or a Purchase Order.

16. **Third Party Beneficiary**. Franchisor is a third party beneficiary of this Agreement. Other than Franchisor, this Agreement is not intended to confer any benefits upon any third party

and is not intended to confer any third-party beneficiary rights to enforce the Contract or any rights or remedies under the Contract.

17. **Entirety of Agreement; Modification**. This Agreement: (a) supersedes all prior agreements with respect to the subject matter hereof and fully sets forth the understanding of the parties with respect thereto; (b) shall not be modified except by the mutual agreement of the parties as evidenced by a writing signed by both parties; and (c) shall be interpreted in accordance with the laws of the State of California.

18. **Relationship of the Parties**. The relationship between the parties is that of independent contractors. The details of the method and manner for performance of the Contract Services by Franchisee shall be under its own control, BBCS being interested only in the results thereof. Franchisee shall be solely responsible for supervising, controlling and directing the details and manner of the completion of the Contract Services. Nothing in this Agreement shall give the BBCS the right to instruct, supervise, control, or direct the details and manner of the completion of the Contract Services. The Contract Services must meet BBCS's and the National Account's final approval and shall be subject to the BBCS's and the National Account's general right of inspection throughout the performance of the Contract Services and to secure satisfactory final completion. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

19. **Counterparts.** This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same instrument. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective date by their respective duly authorized officers.

FRANCHISEE:

By: _____

Name:

Its:

BB COMMERCIAL SOLUTIONS, LLC

By: _____

Jennie Amante, Secretary

EXHIBIT L

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT M

RECEIPTS

RECEIPT (YOUR COPY)

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

The franchisor is American Decorative Coatings, LLC, located at 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, Telephone (949) 404 1100.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Iowa requires that we give you this disclosure document at the 1st personal meeting. Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this disclosure document at the earlier of the 1st personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit E. We authorize the agents listed in Exhibit E to this disclosure document to receive service of process for us.

The name, principal business address and telephone number of each franchise seller offering the franchise: Dayn Benson, Shawna Bergstrom, Aaron Cady, Bryan Cranfill, Lisa McGill, Troy Molen, Ralph Rooney and Jonathan Thiessen, 19000 MacArthur Blvd., Suite 100, Irvine, CA 92612, (866) 813-9211; and _____.

Issuance Date: April 1, 2022

On _____, I received a disclosure document dated April 1, 2022, that included the following exhibits:

A: Franchise Agreement, State Addendum and Schedules
B: Financial Statements
C: List of Franchisees
D: List of Terminated or Transferred Franchises
E: State Franchise Administrators and Agents for Service of Process
F: Confidential Operating Manual Table of Contents
G: Consent to Transfer and Assumption of Franchise Agreement
H: Veterans Addendum to Franchise Agreement
I: Secured Promissory Note
J: General Security Agreement
K: Master Services Agreement
L: State Effective Dates
M: Receipts

_____ _____
Signature of Prospective Franchisee Print Name of Prospective Franchisee

Date: _____

You should retain this dated and signed Receipt for your records.

RECEIPT (OUR COPY)

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

The franchisor is American Decorative Coatings, LLC, located at 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, Telephone (949) 404 1100.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that we give you this disclosure document 10 days before the execution of any binding franchise or other agreement or the payment of consideration, whichever occurs first. 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. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit E. We authorize the agents listed in Exhibit E to this disclosure document to receive service of process for us.

The name, principal business address and telephone number of each franchise seller offering the franchise: Dayn Benson, Shawna Bergstrom, Aaron Cady, Bryan Cranfill, Lisa McGill, Troy Molen, Ralph Rooney and Jonathan Thiessen, 19000 MacArthur Blvd., Suite 100, Irvine, CA 92612, (866) 813-9211; and _____.

Issuance Date: April 1, 2022

On _____, I received a disclosure document dated April 1, 2022, that included the following exhibits:

A: Franchise Agreement, State Addendum and Schedules
B: Financial Statements
C: List of Franchisees
D: List of Terminated or Transferred Franchises
E: State Franchise Administrators and Agents for Service of Process
F: Confidential Operating Manual Table of Contents
G: Consent to Transfer and Assumption of Franchise Agreement
H: Veterans Addendum to Franchise Agreement
I: Secured Promissory Note
J: General Security Agreement
K: Master Services Agreement
L: State Effective Dates
M: Receipts

_____ _____
Signature of Prospective Franchisee Print Name of Prospective Franchisee

Date: _____

You should return this dated and signed Receipt to Jonathan Thiessen at 19000 MacArthur Blvd, Suite 100, Irvine, CA 92612, (949) 404 1100, Jonathan.Thiessen@gohfc.com.