FRANCHISE DISCLOSURE DOCUMENT

CONDECOR SUPERSTORE, LLC

a Texas limited liability company
231 E. Nakoma Street, Suite 100
San Antonio, Texas 78216
(210) 541-4106
franchise@condecorsuperstore.com
www.condecorsuperstore.com

The franchise described in this disclosure document is for a retail store that sells a variety of high-quality products that color, seal, and/or overlay concrete and rents products which imprint patterns into concrete.

The total investment necessary to begin operation of a ConDecor Superstore franchise ranges from $269,100 to $383,700. This includes $60,000 that must be paid to us or our affiliates for your initial franchise fee. (See Item 5)

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Robert "Bob" Dill at 231 E. Nakoma Street, Suite 100, San Antonio, Texas 78216 or (210) 541-4106.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise,*" which 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 27, 2023

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 G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E 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 ConDecor Superstore 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 ConDecor Superstore franchisee?	Item 20 or Exhibits G and H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.
Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.
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 D.

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

<u>Out-of-State Dispute Resolution</u>. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. 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 Texas than in your own state.

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

NOTICE REQUIRED BY
THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

2. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this Act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any claims.

3. A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure this failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure this failure.

4. 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 franchised 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 of 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 license.

5. 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.

6. A provision requiring that mediation or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of mediation, to conduct mediation at a location outside this state.

7. 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 will include, but is not limited to:

a. The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.

b. The fact that the proposed transferee is a competitor of the Franchisor.

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

d. 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.

8. 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 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 the 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).

9. 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 service.

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 OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 WILLIAMS BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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EXHIBITS

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

The Franchisor is ConDecor Superstore, LLC, referred to in this Disclosure Document as “we,” “us” or “our.” We refer to the person interested in buying a franchise as “you” or “your”. If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These will be addressed in this Disclosure Document where appropriate.

The Franchisor, and Any Parents, Predecessors and Affiliates

We are a limited liability company formed in the State of Texas in March 2019. Our principal business address is 231 E. Nakoma Street, Suite 100, San Antonio, Texas 78216. We do business under our legal name and the name “ConDecor Superstore”. Our registered agents for service of process are listed in Exhibit D to this Disclosure Document.

We sell franchises for the establishment and operation of retail stores that sell a variety of high-quality products that color, seal, and/or overlay concrete and rent products which imprint patterns into concrete (each a “ConDecor Superstore”). The ConDecor Superstores do business under the trade name and trademark “ConDecor Superstore”. We do not own or operate any ConDecor Superstore businesses, but our affiliate, SA Design Center, LLC, a Texas limited liability company (“SADC”), has operated a ConDecor Superstore business (formerly operated under the trade name “Stampcrete”) in San Antonio, Texas since July 2006. SADC opened a second company-owned ConDecor Superstore business in Austin, Texas in February 2022. SADC maintains its principal business address at 231 E. Nakoma Street, Suite 100, San Antonio, Texas 78216.

We first began offering franchises for ConDecor Superstore businesses in July 2019. We do not engage in any other business activities, and we have never offered franchises in any other lines of business.

We have no predecessors or parent entities, and except as described above none of our affiliates provide products or services to our franchisees or offer franchises in any line of business.

ConDecor Superstore Franchise

We offer qualified applicants franchises for ConDecor Superstore businesses. The Franchise Agreement (Exhibit A to this Disclosure Document) gives you the right to establish and operate one ConDecor Superstore business at a specified location within a Protected Area. (See Item 12)

ConDecor Superstore businesses operate in compliance with the “ConDecor Superstore” concept and our business operating system to provide a variety of high quality products that color, seal, and/or overlay concrete and rent products which imprint patterns into concrete and related products (hereinafter referred to as “ConDecor Superstore Concept”). The ConDecor Superstore Concept uses our business operating system (the “Business System”) and uses the mark “ConDecor Superstore” and the other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we designate in writing for use by ConDecor Superstore businesses operating under the System (collectively, the “Marks”).

The Business System includes our methods and procedures for the establishment, management and operation of ConDecor Superstore businesses, including our confidential information, training videos, our manuals, and other business standards, specifications and policies. The distinguishing characteristics of the Business System include distinctive exterior and interior design, decor, and color scheme; furnishings; unique services and techniques; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

The Franchise Agreement requires you to designate a "Principal Owner." Your Principal Owner is the main individual responsible for your business. Your Principal Owner must meet our qualifications and must be approved by us. Your current and future owners, including your Principal Owner, must sign a Guaranty and Assumption Agreement ("Guaranty"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. (See Item 15)

Under our franchise agreement, we will grant you the right (and you will accept the obligation) to operate one ConDecor Superstore business. We may periodically make changes to the systems, service menu, standards, facility, signage, equipment and fixture requirements for your franchised business. All ConDecor Superstore businesses must be developed and operated in accordance with our specifications, standards, policies and procedures, which will be communicated to you via our confidential Operations Manual or otherwise in writing. ConDecor Superstore businesses can range anywhere from 3,000 to 6,000 square feet, but we anticipate that most ConDecor Superstore businesses will contain between 3,500 and 5,000 square feet.

General Market and Competition

ConDecor Superstore businesses cater primarily to concrete contractors and do-it-yourself homeowners. The market for concrete services offered by ConDecor Superstores businesses is expanding and becoming more competitive as popularity and knowledge of the products and services expands. Businesses in this industry generally compete on the basis of factors such as price, quality and variety of services and products, and location. You must expect to compete for customers with other businesses specializing in concrete and construction services, and some of the products we offer are also offered at large big box competitors, on-line retailers and paint supply companies. Additionally, you may find that there is competition for employees and management personnel. Sales may be seasonal in some markets, especially where cold temperatures prevent the pouring of fresh concrete during some months.

Industry-Specific Regulations

You must comply with all local, state, and federal laws that apply to your operations, including health, sanitation, smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 ("ADA") requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits, licenses, and operational licenses for your business.

A number of states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your ConDecor Superstore business, including those which (1) establish licensing and certification requirements for businesses in general and specifically for the use and installation of the products offered by ConDecor Superstores, (2) establish general standards, specifications and requirements for the construction, design and maintenance of the ConDecor Superstore location; (3) set standards pertaining to employee health and safety, (4) set standards and requirements for fire safety and general emergency preparedness, (5) regulate the proper use, storage and disposal of flammable materials, waste products and other hazardous materials.

You are solely responsible for investigating, and complying with, the license/permit requirements and other laws in your state and making sure that you comply with such laws.

You must comply with all payment card infrastructure ("PCI") industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data.

We recommend that you consult with legal counsel or other professional advisors to help you investigate and understand these laws before you purchase a franchise. It is your sole responsibility to thoroughly investigate which regulations and/or licensing requirements are imposed by your state and local government authorities.

ITEM 2: BUSINESS EXPERIENCE

President: Karen Cavazos

Karen Cavazos has served as our President since our inception. She also serves as the Chief Executive Officer of our affiliate, SADC, a position she has held since April 2011. Ms. Cavazos currently offices in San Antonio, Texas.

Vice President of Franchising: Robert "Bob" Dill

Robert "Bob" Dill has served as our Vice President of Franchising since our inception. Before joining us, Mr. Dill served as Vice President of Next Day Access Texas Inc. from December 2013 to December 2018. Mr. Dill currently offices in San Antonio, Texas.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

Initial Franchise Fee

Upon signing the Franchise Agreement, you must pay us an Initial Franchise Fee in the amount of Sixty Thousand Dollars ($60,000); provided that if you purchase a franchise in connection with converting your existing business into a ConDecor Superstore business, you will be entitled to a $10,000 discount off of our standard Initial Franchise Fee. We also offer a $10,000 discount to U.S. military veterans who served in the U.S. Armed Forces and were honorably discharged from their service to our country.

The Initial Franchise Fee is payable in one lump sum payment, is considered fully earned and nonrefundable upon receipt, and is imposed uniformly on all franchisees except as stated above.

ITEM 6: OTHER FEES

Fees[1]	Amount	Due Date	Remarks
Royalty Fee	6% of the ConDecor Superstore's Gross Sales	Payable monthly (on the 10th day of each month)	See Note 2 for the definition of Gross Sales. Your royalty obligations begin on the first day you begin operations. We require you to pay the royalty fees by electronic funds transfer. Royalties accrued each week are debited from your account via electronic funds transfer.

Fees[1]	Amount	Due Date	Remarks
Local Advertising and Cooperatives	0.5% of the ConDecor Superstore's Gross Sales	Payments for local advertising are due when billed by the local advertiser.	We may increase the required local advertising amount on not less than 30 days' written notice to you (up to a maximum of 2% of your Gross Sales). We have the right to designate any geographic area in which two or more company-owned or franchised ConDecor Superstores are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). If we establish a Cooperative that includes your ConDecor Superstore, you will be required to contribute at least 0.25% of the ConDecor Superstore's Gross Sales per month to the Cooperative, but any amounts you contribute to your Cooperative will be applied to satisfy a portion of your local advertising requirements. Your required contributions to a Cooperative will not exceed your individual local advertising requirements. If we have any company-owned ConDecor Superstores that are located in your Cooperative territory, those company-owned centers will not have the power to increase your required Cooperative contributions without a majority vote of all Cooperative members.
Marketing Fund	0.5% of the ConDecor Superstore's Gross Sales	Payable monthly (on the 10th day of each month)	See Note 2 for the definition of Gross Sales. The Marketing Fund contribution is in addition to the local advertising requirement. We require you to pay the Marketing Fund contribution by electronic funds transfer. Marketing Fund amounts for each month are debited from your account via electronic funds transfer. We may increase the required contribution amount on not less than 30 days' written notice to you (up to a maximum of 2% of your Gross Sales).

Fees[1]	Amount	Due Date	Remarks
Interest	The lesser of 18% per year or the maximum lawful rate	On demand	We will charge interest on all overdue amounts.
Late Fees	$100 for each failure to timely pay an amount owed under the Franchise Agreement	On demand	We may charge a late fee for any delinquent amounts due under the Franchise Agreement.
Additional Training at our offices	At our option, a per diem rate of $400 for each trainer.	Before additional training	See Item 11. In addition to our fees, you must also pay all of the costs and expenses of your personnel attending training.
On-site Remedial Training	The then-current per diem fee for remedial training, plus all of our costs and expenses related to providing such training. Our current per diem rate is $400 per trainer.	When billed.	If you ask or if we believe it is appropriate, we will (subject to our trainers' availability) provide trained representatives to conduct on-site remedial training at your ConDecor Superstore.
Transfer Fee	$10,000	With transfer application.	You must pay us a transfer fee upon any transfer; provided, however, that if you are an individual transferring your rights and obligations to an entity owned by you in accordance with Section XV.C. of the franchise agreement, the transfer fee shall be reduced to $1,500.

Fees[1]	Amount	Due Date	Remarks
Renewal Fee	$14,000	Upon renewal of the Franchise Agreement	In order to renew your franchise agreement you must, among other things, pay us the renewal fee in a lump sum payment.
Inspection and Testing	Cost of inspection, if applicable, and cost of testing (but in no event less than $300 per inspection and $300 per test). The costs for testing/inspection of a product will vary based on the testing required for the particular product, and we will provide an estimate of the costs to you before testing a product or inspecting any facilities.	When billed	Before approving a supplier, we may require you to pay the cost of testing the supplier's products and inspecting its facilities (including our administrative expenses).
Indemnification	Varies according to loss	On demand	You must indemnify us when certain of your actions result in loss to us.

Fees[1]	Amount	Due Date	Remarks
Audit Fee	Cost of audit	When billed	You must reimburse us for our auditing costs if we deem it necessary to audit you because you fail to provide us with any required reports on a timely basis or otherwise give us reason to believe you have not been fully transparent with your financial records. In addition, if we conduct an examination or audit of your records for other reasons and our examination or audit shows you have understated any amount owed to us by 2% or more then you must reimburse our auditing costs and pay any amounts due as revealed by the audit.
Insurance Fee	An amount equal to our actual expenses for the required coverages	On demand	If you fail to maintain the required insurance, we may (but need not) obtain it for you. If we do, we will charge you a fee equal to our actual expenses for obtaining and maintaining the required coverages.
Enforcement Costs	Will vary	As incurred	You must pay our costs of enforcement (including attorney's fees and costs) if you do not comply with the Franchise Agreement.
Inventory	Will vary	Due within 30 days after invoice is sent	You must purchase certain inventory items from us for the operation of your franchised business.
Taxes	An amount levied by applicable tax authorities	As incurred	This includes all sales taxes, personal property taxes, excise taxes, value added taxes and other taxes on account of services or goods provided by us. Among other things, you must pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us on any initial franchise fees, periodic fees and other payments paid to us under your Franchise Agreement, including any income tax (other than our federal income tax), franchise or other tax levied or assessed against us for the privilege of doing business in your state or on account of services or goods provided by us.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees.

(2) "Gross Sales" is the total selling price of all services and products and all income of every other kind and nature related to the ConDecor Superstore, whether for cash or credit and regardless of collection in the case of credit. "Gross Sales" includes: (a) All proceeds from the sale of coupons, gift cards/certificates or vouchers; but when the coupons, gift cards/certificates or vouchers are redeemed, you are not required to count the retail value of the services provided upon redemption in determining Gross Sales for royalty purposes or for other fees calculated in respect of Gross Sales (provided that if you do not record and report sales proceeds for royalty purposes when the coupon, gift card/certificate or voucher is sold, or if coupons, gift cards/certificates or vouchers are distributed free of charge, you will be required to pay royalties based on the retail value of the services provided in exchange for the coupon, gift card/certificate or voucher.); and (b) Your share of revenues from any vending machines or other equipment, machines or devices installed in the ConDecor Superstore. "Gross Sales" does not include (i) sales taxes you collect from customers of the ConDecor Superstore, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the ConDecor Superstore or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the ConDecor Superstore or having any material effect upon the ongoing operation of the ConDecor Superstore.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	**AMOUNT (HIGH AND LOW) (*note 1*)**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee *(note 1 and 2)*	$60,000	Lump sum	When you sign the Franchise Agreement	Us
Real Estate and Leasehold Improvements and construction *(note 3)*	$5,000 - $10,000	As Incurred	As incurred	Landlord
Initial Lease Deposits/rent *(note 3)*	$4,200 - $10,000			
Signs *(note 4)*	$3,200 - $3,500	As Incurred	As incurred	Approved suppliers or per specifications
Initial Inventory *(note 5)*	$150,000 - $220,000	Lump sum	As incurred	Us, our affiliate, or our approved suppliers
Tools *(note 6)*	$500 - $1,200	As Incurred	Before commencing operations	Approved suppliers or per specifications
Computer Hardware and Software *(note 8)*	$2,500 - $3,000	As Incurred	Before commencing operations	Approved suppliers or per specifications
Furniture, Fixtures, Office Equipment, and Supplies *(note 8)*	$5,000 - $10,000	As Incurred	Before commencing operations	Approved suppliers or per specifications

TYPE OF EXPENDITURE	AMOUNT (HIGH AND LOW) (*note 1*)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Grand Opening/Start-up Marketing *(note 9)*	$3,000	As arranged	Shortly before and around the time you commence operations	Suppliers
Insurance Premiums for first year *(note 7)*	$1,200 - $5,000	Lump sum or Periodic	Before commencing operations and as arranged	An insurance broker
Professional Fees *(note 10)*	$1,000 - $2,000	As arranged	As incurred	Suppliers
Licenses and Permits *(note 11)*	$500 - $1,000	As arranged	As incurred	Governmental agencies
Training Expenses *(note 12)*	$3,000 - $5,000	As arranged	As incurred	Suppliers
Additional Funds (3 months) *(note 13)*	$30,000 - $50,000	As arranged	As incurred	Suppliers, employees, utilities, etc.
TOTAL	$269,100 - $383,700			

Notes:

1. All costs listed in the table above are estimates only, and these estimates are based on our affiliate's experience in establishing a ConDecor Superstore business in Texas. Unless noted otherwise in the table above, all fees and payments described in this Item 7 are non-refundable.
2. The Initial Franchise Fee is not refundable under any circumstances.
3. This estimate includes the cost of leasing and improving a space for your ConDecor Superstore business, including purchasing shelving and other items for the storage of inventory, samples and marketing materials. We anticipate that all ConDecor Superstore businesses will be located in commercially zoned areas. Due to the cost of land acquisition and new construction, we anticipate that the premises for ConDecor Superstore businesses will be leased. These amounts assume that you will lease the premises for the ConDecor Superstore business and do not include costs of land acquisition and construction of a building. The lease expense estimate and the leasehold improvements estimate are based on the cost of leasing and adapting a facility containing approximately 3,500 to 5,000 square feet. ConDecor Superstore businesses can range anywhere from 3,000 to 6,000 square feet. The leasehold improvement ranges will be affected by various

factors like the location of the ConDecor Superstore business and local market conditions. The estimates assume that the landlord will provide connections to adequate electrical, gas, water and sewage service. Your actual costs may or may not include site preparation and finish-out costs, depending on the arrangements you negotiate with your landlord. If your landlord significantly contributes to the cost of finish-out, then total leasehold improvement costs will be reduced accordingly. These costs are our best estimate of initial rental payments (including rental deposits) and leasehold improvement costs based on commercial leasing and remodeling/finish-out rates that our affiliate has experienced with the company-owned ConDecor Superstore business in San Antonio, Texas. These estimates may vary substantially based on your ability to negotiate with your landlord and your financial strength, as well as on local commercial leasing and labor rates and other local conditions. You are not permitted to operate your business from your home, and your leased location must be approved by us in writing. Construction, renovation and remodeling costs may vary widely, depending upon numerous factors, including but not limited to, weather conditions, labor costs, costs of materials, location, condition of the building, premises and condition of any related facilities, such as HVAC, electrical/wiring and plumbing infrastructure.

4. This is the estimated cost for signage to be installed at your ConDecor Superstore business. All signs must meet our standards and specifications and must be approved in advance and in writing by us.
5. This estimate includes an initial supply of inventory for sale and rental needed for initial operations at your ConDecor Superstore business.
6. This estimated cost covers a list of miscellaneous hand tools designated by use which you will need to purchase for use at your ConDecor Superstore business.
7. Before opening, you must purchase the following insurance coverages for your ConDecor Superstore Business: $1,000,000 per occurrence of General Liability; $1,000,000 or Products/Completed Operations; $2,000,000 of aggregate limit; workers' compensation as the law requires; 100% replacement value on leasehold improvements and inventory and electronic data processing; $1,000,000 of vehicle liability for owned, hired, and non-owned automobiles and business interruption covering loss of income, extra expensed, crime and fraud. The Commercial General Liability policy shall name us as an additional insured and shall specifically include additional insured rights for the "products/completed coverage grant." Your insurer must commit not to cancel or amend the policy or policies without at least 30 days prior written notice to us. You must provide us with certificates of insurance evidencing the required coverage.
8. We require you to purchase and use computer hardware and software that meets or exceeds our standards and specifications. The estimated cost for furniture, fixtures and equipment includes items such as cell phones, printer/scan/fax machine, file cabinets, desks, chairs, and your initial supply of various office supplies, all of which must meet our standards and specifications.
9. You must carry out a grand opening promotion for your ConDecor Superstore in accordance with our standards. You will pay third party advertising vendors directly, but all grand opening advertising must be agreed upon by you and us in advance, and all advertising must conform to our standards and specifications. You must spend a minimum of $3,000 on grand opening/start-up marketing within the first ninety (90) days of operation of your ConDecor Superstore business.
10. The estimate includes costs for an initial consultation with legal and accounting professionals regarding this franchise offering. We strongly recommend that you retain an attorney to advise you on this franchise offering. You may also wish to retain an accountant to help you evaluate this franchise offering. If you choose to form an entity to own the franchise, you may incur additional fees.
11. Most states require you to obtain a standard business, a license to become a sales tax vendor, and in some states a special license to handle flammable products and materials.

12. We provide initial franchise training in San Antonio, Texas to your initial Principal Owner(s) and General Manager (if different) at no additional charge. Therefore, these amounts include only your out-of-pocket costs for the training of these people. You must pay all expenses you or your employees incur in connection with attending the initial training program, like travel, lodging, meals and wages. These costs will vary depending upon your selection of salary levels, lodging and dining facilities, mode and distance of transportation.
13. You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. For purposes of this Item 7, the start-up phase is defined as 3 months from the date you open for business. We do not imply or guarantee that you will "break even" at any particular time, if at all. These amounts do not include any estimates for debt service or any salary or draw for you. You must also pay the royalty and other related fees described in Item 6 of this Disclosure Document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. We relied on the experience of our affiliate's company-owned ConDecor Superstore businesses to compile these estimates. You should review these figures carefully with your business advisor.

Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control.

We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of services and products at the ConDecor Superstores and in conjunction with the System, you must maintain and comply with our quality standards and specifications. You must equip and decorate your ConDecor Superstore in accordance with our then-current approved specifications and standards pertaining to equipment, furniture, inventory, signs and trade dress, and you must purchase certain products and services from suppliers that we approve or designate. In addition to meeting our specifications and standards, it is solely your responsibility to ensure that your ConDecor Superstore complies with all local, state and federal laws, building code requirements, the Occupational Safety and Health Act and the Americans with Disabilities Act (ADA).

Required Purchases

We impose several sourcing/supplier requirements for certain items, including, among other things, retail products that you must offer for sale at your ConDecor Superstore. We currently require you to purchase certain products only from us, our affiliates or other third-party designated suppliers. The products that you must purchase only from us or other designated suppliers include the following:

Designated Suppliers

We reserve the right to designate specific suppliers for the products and services used and sold in the ConDecor Superstore businesses, and we or our affiliates are the sole designated source for some products or services. We reserve the right to change or add designated suppliers from time to time at our option upon written notice to you. As of the date of this Disclosure Document, we require you to purchase the following categories of items from the specific designated sources described below:

Inventory of Retail Products

You must purchase and offer for sale certain retail products designated by us, and we and our affiliate are currently the only approved source for certain products, including ConDecor Concrete Dye. We reserve the right to add or remove items from the list of required products from time to time in our discretion upon written notice to you.

POS Software System

You must use the Quickbooks On-line Plus POS software system in operating your ConDecor Superstore business, and you must lease or purchase this POS software system from Intuit, Inc., based in Mountain View, California**.**

Accounting Software

You must use the Quickbooks On-line Plus accounting software in operating your ConDecor Superstore business, and you must purchase this this software from Intuit, Inc., based in Mountain View, California.

New or Additional Designated Sources

Upon reasonable notice to you, we may require you to use new or additional designated sources for the purchase of these or other products or services used in the operation of your ConDecor Superstore business.

Approved Suppliers

If we have approved suppliers (including manufacturers, distributors and other sources) for any items, supplies, materials, fixtures, furnishings, equipment, sight plans and designs, computer systems and other products used or offered for sale at the ConDecor Superstore business, you must obtain these items from one of those approved suppliers. Approved suppliers are those who demonstrate on a continuing basis the ability to meet our then-current standards and specifications, who have adequate quality controls and the capacity to supply the needs of the ConDecor Superstore franchise network promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We have designated ourselves or our affiliates as approved or designated suppliers for certain items as described above in this Item 8. Before opening your ConDecor Superstore business (and from time to time as needed during operation of your ConDecor Superstore business), you must purchase from approved suppliers certain items required for the operation of a ConDecor Superstore business, including, among other things, retail products, certain equipment/tools, approved signage and the Quickbooks On-line Plus POS system.

We have the right to make available to you for resale in the ConDecor Superstore business merchandise identifying the ConDecor Superstore Concept. This may include ConDecor Superstore memorabilia, like T-shirts, cups and other promotional products. If we make this type of merchandise available, we will require you to purchase it from us, our affiliate or a supplier we designate in amounts necessary to meet your customer demand.

If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval. You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the supplier approval process. The costs for testing/inspection of a product will vary based on the testing required for the particular product, and we will provide an estimate of the costs to you before testing a product or inspecting any facilities. Nothing requires us to approve any particular supplier and we will notify you of our approval or disapproval within 60 days after receiving all requested information. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of all supplies, materials, fixtures, furnishings, equipment, computer systems and other products used or offered for sale at the ConDecor Superstore business. Among other things, the following must comply with our specifications:

Site Selection and Construction

You must locate a site for the ConDecor Superstore business that satisfies our site selection requirements. You must adapt our prototypical floor plans, layouts and specifications as needed for the construction or remodeling of your ConDecor Superstore business and provide them to us within 15 days after you acquire the site for the ConDecor Superstore business. We have the right to review your plans and must notify you of our objections within 15 days after we receive your plans. If we do not notify you of any objections within that time, you may use the plans. If we do object within the 15-day period, you may not use the plans. Any objections we make will also include a reasonably detailed list of changes that you must make for the plans to be acceptable. We will notify you within 15 days after we receive your revised plans if they are acceptable. If we do not object to your revised plans within the 15-day period, you may use the revised plans.

Advertising and Promotional Materials

You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe periodically. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time. If we notify you that certain advertising materials are no longer approved then you will be required to cease using such materials as soon as possible after receiving such notice.

Insurance

Insurance to be Maintained by Franchisee

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the ConDecor Superstore business. All required insurance policies must be purchased from an insurance company with an A.M. Best rating of A or better. In addition, each of your insurance policies must include a one-year tail following the termination, expiration or transfer of your franchise agreement, and each policy must name us as a co-insured. At a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), you must carry:

(1) Comprehensive general liability insurance written on an occurrence form, including coverage for professional liability, broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, $2,000,000 products/completed operations aggregate, $1,000,000 personal and advertising injury, $50,000 damage to premises rented to you, and $5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage;

(2) Employment related practices liability insurance, including third party coverage, in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate. Such insurance must include a deductible of less than $10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the effective date of your ConDecor Superstore franchise agreement;

(3) If applicable, commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than $1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(4) Property insurance coverage to include coverage for replacement costs of all Franchisee-owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than $10,000 per occurrence;

(5) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than $1,000,000 per accident, $1,000,000 disease policy limit, and $1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us;

(6) Professional liability (errors and omissions) insurance that includes coverage for the actions of you and your employees, with limits not less than $1,000,000 per occurrence and $3,000,000 aggregate; and

(7) Such other insurance as may be required by us from time to time or by the landlord of the ConDecor Superstore business premises at, and by the state or locality in, which the ConDecor Superstore business is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

Purchasing Arrangements

We and our affiliates received no revenues, rebates or other consideration from the sale of products or services to franchisees in the last fiscal year, but we reserve the right to do so in the future.

We may, at our option, negotiate certain purchase arrangements (including price terms) for the purchase of certain items, such as equipment, retail products, uniforms, logoed paper products, supplies or other items, with suppliers for the benefit of franchisees. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. We or our affiliates may receive rebates or other material consideration from approved or designated sources. We do not currently receive rebates or other material consideration from approved or designated sources, but we reserve the right to do so. We will not provide material benefits to franchisees based upon their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the ConDecor Superstore franchise system.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered “required purchases.” We describe your purchase obligations in detail in the preceding sections of this Item 8 (under the headings “Designated Suppliers”, “Approved Suppliers” and “Purchases According to Specifications”). The magnitude of required purchases in relation to all purchases you make to establish and operate the ConDecor Superstore business is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the ConDecor Superstore business as described in Item 7. We estimate that your total initial required purchases will range between 55% and 65% of the cost of your initial purchases or leases. We estimate your required purchases for the operation of the ConDecor Superstore business will range between 60% and 70% of your annual purchases or leases.

Except for ownership in our affiliate, SADC, our officers do not hold any ownership interest in any privately-held suppliers or any material interest in any publicly-held suppliers of the ConDecor Superstore franchise system. From time to time our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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	Item in Disclosure Document
a. Site selection and acquisition/lease	Franchise Agreement Section III.A.	Items 8 and 11
b. Pre-opening purchases/leases	Franchise Agreement Sections III., VIII., IX. and XIII.	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Franchise Agreement Sections III., VII. and VIII.	Items 1, 7, 8 and 11
d. Initial and ongoing training	Franchise Agreement Sections VI.B. and VIII.A.	Items 6, 7 and 11
e. Opening	Franchise Agreement Sections III., IX.F. and Exhibit C	Items 7 and 11
f. Fees	Franchise Agreement Sections V. and IX.	Items 5, 6 and 11
g. Compliance with standards and policies/Manuals	Franchise Agreement Sections III., IV., VII., VIII., IX., X., XI., XII., XIII.	Items 8, 11, 14 and 16

Obligation	Section in Franchise Agreement	Item in Disclosure Document
h. Trademarks and proprietary information	Franchise Agreement Sections X. and XI. and Exhibit B	Items 11, 13 and 14
i. Restrictions on products/services offered	Franchise Agreement Section VIII.	Items 8 and 16
j. Warranty and customer service requirements	Franchise Agreement Section VIII.H.	Item 16
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Franchise Agreement Sections VIII. and IX.	Items 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	Franchise Agreement Sections IV. and VIII.	Item 8
n. Insurance	Franchise Agreement Section XIII.	Items 7 and 8
o. Advertising	Franchise Agreement Section IX.	Items 6, 8 and 11
p. Indemnification	Franchise Agreement Section XVI.	Item 6

Obligation	Section in Franchise Agreement	Item in Disclosure Document
q. Owner's participation/ management/staffing	Franchise Agreement Sections VII. and VIII.	Items 1, 11 and 15
r. Records and reports	Franchise Agreement Sections III., V., IX. and XII.	Item 11
s. Inspections and audits	Franchise Agreement Sections III., VI., VIII. and XII.	Items 6, 8 and 11
t. Transfer	Franchise Agreement Section XV.	Items 6, 12 and 17
u. Renewal	Franchise Agreement Section IV.	Items 6, 12 and 17
v. Post-termination obligations	Franchise Agreement Section XIX.	Item 17
w. Noncompetition covenants	Franchise Agreement Section XI. and Exhibit B	Item 17
x. Dispute resolution	Franchise Agreement Section XX.F.	Item 17

ITEM 10: FINANCING

We do not offer direct or indirect financing, and we do not guarantee your notes, leases or other 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: Before you open your ConDecor Superstore business, we or our designee will:

1. Provide you a copy of our written site selection guidelines and give you the site selection assistance we believe to be necessary. (Section III.A. of Franchise Agreement);

2. Review your proposed site for compliance with our site selection guidelines and accept or not accept the site and your proposed lease or contract of sale within 15 days after receiving your complete site information. (Section III.A. of Franchise Agreement);

3. Provide access to one set of our Manuals (in electronic format only). (Franchise Agreement, Section VI.A.);

4. Provide you a list of any approved suppliers and vendors. (Franchise Agreement, Section VI.I.);

5. Conduct an initial training program. (Franchise Agreement, Sections VI.B. and VIII.A.); and

6. Provide you on-site opening assistance (for up to a maximum of 4 days). (Franchise Agreement, Section VI.C.).

Post-Opening Obligations: During the operation of your ConDecor Superstore business, we will:

1. Conduct periodic evaluations of your operations. (Franchise Agreement, Section VI.E.)

2. Administer the marketing fund and provide any advertising and promotional materials we may develop for local advertising. (Franchise Agreement, Sections VI.F. and IX.)

3. Give you any advice and written materials we may develop on the techniques of managing and operating ConDecor Superstore businesses. (Franchise Agreement, Section VI.G.)

4. Give you updated lists of approved suppliers and vendors. (Franchise Agreement, Section VI.I.)

5. Provide pricing methods/guidance from time to time for products and services to be sold at ConDecor Superstores. We will establish maximum, minimum or other pricing requirements for the products to be sold at your ConDecor Superstore to the fullest extent allowed by law. (Franchise Agreement, Section VIII.K)

6. Provide to you, on loan, proprietary software programs, if any, as may be developed by us or on our behalf for use in the Business System. We reserve the right to charge reasonable license/technology fees. (Franchise Agreement, Section VI.D.)

Site Selection and Construction

You must identify and secure a site for your ConDecor Superstore business within a non-exclusive Designated Search Area. In reviewing your proposed site, we consider various factors, including but not limited to, the condition of the site, the location of the site, traffic flow, parking, visibility, accessibility by semi-trucks, loading docks, warehouse capacity, display, office space, competition, and ADA accessibility. We must accept the site as meeting our standards before you may begin any construction or renovations or use such site for your ConDecor Superstore business. You cannot place a ConDecor Superstore business at a site we have not first accepted in writing. We loan you our written site selection guidelines to assist you in selecting a site that meets our guidelines, but we do not generally own premises and lease them to our franchisees. (Section III.A. of Franchise Agreement)

When you identify a proposed site, you must submit to us in writing a description of the site, evidence that the site satisfies our site selection guidelines, a copy of the proposed lease or contract of sale for the site, and any other information we may require. We have 15 days after we receive all required information to review and accept or not accept your proposed site and notify you of such acceptance or rejection. You must also obtain our written approval of the final, complete lease or contract for sale for your site prior to your signing, and such document must include a rider in substantially the form of Exhibit G to the Franchise Agreement. If we accept multiple sites, you must notify us within 5 days of our acceptance of the sites of the site that you intend to acquire for the ConDecor Superstore business. Our acceptance of a site does not guarantee that a ConDecor Superstore business will be profitable or successful at that site. (Section III.A. of Franchise Agreement)

You are solely responsible for locating and obtaining a site for your ConDecor Superstore business that is acceptable to us, and you must do so within 90 days after signing the Franchise Agreement. We have 15 days after we receive all required site information from you to review and approve or reject your proposed site and notify you of such approval or rejection. If you are not able to locate a site that is approved by us within 90 days after signing the Franchise Agreement then you will be in default under the Franchise Agreement, and we may, at our option, terminate such agreement.

Promptly following our acceptance of the site, you must enter into a lease or contract of sale for the site. You must provide us with a copy of the signed lease or contract of sale within 10 days of signing it. (Section III.A. of Franchise Agreement)

You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the ConDecor Superstore business, and you must conform the ConDecor Superstore premises as needed to comply with any local ordinances and building codes at your expense. (Franchise Agreement, Section III.C.) Before beginning any remodeling or construction of the ConDecor Superstore business, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the ConDecor Superstore business, and (ii) certify in writing to us that they have been obtained and that the insurance coverage required under the Franchise Agreement is in full force and effect. (Franchise Agreement, Section III.C.)

You must obtain, at your expense, any architectural, engineering, design, construction and other services you deem necessary for the construction of the ConDecor Superstore business. The architect(s) and engineer(s) selected to plan and oversee construction of your ConDecor Superstore business must be approved by us before beginning their work on the ConDecor Superstore business. We may, but are not obligated to, provide you a list of approved architect(s) and engineer(s). (Franchise Agreement, Section III.D.)

You must adapt our prototypical floor plans, layouts and specifications for a ConDecor Superstore business as necessary for the construction of the ConDecor Superstore business and must submit the adapted plans to us for review within 15 days after you acquire the site. We will notify you of any objections to the plans within 15 days of receiving them. If we fail to notify you of an objection to the plans within the 15-day period, you may use the plans. If we object to the plans, we will provide you with a reasonably detailed list of the changes needed to make the plans consistent with Business System standards. We will notify you within 15 days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If we fail to notify you of any objection within such 15-day period, you may use the revised plans. Our review of the plans is only for the purpose of determining compliance with Business System standards, and our acceptance of the plans does not constitute a representation, warranty, or guarantee, express or implied, that the plans are accurate or free of error concerning their structural application. We are not responsible for any errors, omissions or discrepancies of any nature in the plans or for the plans' compliance with any applicable local, state or federal laws, ordinances or regulations (Franchise Agreement, Section III.D.)

Time Between Signing the Franchise Agreement and Locating and Opening an Approved Site

We estimate that it will be approximately 60 to 90 days from the time you sign the Franchise Agreement to the time you begin operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your ConDecor Superstore business and other factors, such as delays or difficulties in obtaining financing, building permits, zoning and local ordinances, weather conditions, shortages of materials or delayed installation of equipment, fixtures or signs.

You must begin operating your ConDecor Superstore business within 180 days after signing the Franchise Agreement. If you fail to do so you will be in default under the Franchise Agreement, and we may terminate such agreement at our option. (Franchise Agreement, Section III.E.)

Advertising

You must participate in a grand opening promotion and all advertising and sales promotion programs that we may authorize or develop for ConDecor Superstore businesses. You must spend at least $3,000 on grand opening marketing during the period beginning 10 days before the opening of your ConDecor Superstore and ending 60 days after such opening date (the "Grand Opening Period"). Your grand opening promotion costs are in addition to the required local advertising expenditures described below (Franchise Agreement, Section IX.D., F.)

Local Advertising

Each month you must spend at least 0.5% of the ConDecor Superstore's Gross Sales on advertising and promotion in the Protected Area (See Item 12 for a description of the Protected Area).

You must submit to us any reports (including substantiating receipts) detailing your local advertising expenditures that we may require. We may reallocate the proportion of those monies directed to local advertising (individually or through a Cooperative) and to the Marketing Fund. (Franchise Agreement, Section IX.)

All advertising and promotions you place in any medium must be conducted professionally, must conform to our standards and requirements and must be approved by us before use, as described in Item 8.

Unless otherwise approved by us in writing, you may not advertise, promote, post or list any information relating to the ConDecor Superstore business on the Internet (through the creation of a website, posts on social media sites such as Facebook, Twitter, LinkedIn, etc. or otherwise), but we may, at our option, decide to include information about your ConDecor Superstore business on our website.

We can designate any geographic area in which two or more company-owned or franchised ConDecor Superstore businesses are located as a region for an advertising cooperative ("Cooperative"). We may require Cooperatives to be formed, changed, dissolved or merged from time to time. If we do form a Cooperative, the Cooperative must be organized and governed as we determine. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for members in local advertising. If a Cooperative is established for an area that includes your Protected Area, you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents, which will require monthly contributions of at least one-quarter of one percent (0.25%) of the ConDecor Superstore business' Gross Sales. However, you will not be required to contribute more than the amount you would otherwise be required to spend on local advertising, and your Cooperative contribution will be applied toward partial satisfaction of your local advertising requirement. If we have company-owned ConDecor Superstores that are included in your Cooperative territory, those company-owned ConDecor Superstores will not have power to increase your required Cooperative contributions without a majority vote of the franchisee members of the Cooperative. You must also submit to the Cooperative and to us all statements and reports that we, or the Cooperative, may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. (Franchise Agreement, Section IX.B.)

Marketing Fund and Regional Advertising

Marketing Fund Contributions

In addition to local advertising (individually or through a Cooperative), we have established, or will establish, a franchisee marketing fund (the "Fund" or "Marketing Fund"). You must make periodic contributions to the Fund of up to 2% of the ConDecor Superstore business's Gross Sales. Initially, your periodic contributions will each be an amount equal to one-half of one percent (0.5%) of the ConDecor Superstore business' Gross Sales. In our sole discretion on not less than 30 days' written notice, we may increase the amount you must contribute to the Fund; provided, however, that you will not be required to contribute more than 2% of the ConDecor Superstore business's Gross Sales to the Fund. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising.

Administration of the Marketing Fund

We or someone we designate will separately administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We will direct all programs financed by the Fund, including the creative concepts, materials, endorsements, and the geographic market and media placement and allocation thereof. We may use the Fund to satisfy the costs of producing video, audio and written advertising materials; administering regional and multi-regional advertising programs; developing and maintaining an Internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities. We are not required to make expenditures for you that are equivalent or proportionate to your Fund contributions or to ensure that any particular franchisee benefits directly or in proportion to its contributions to the Fund. Except for any portion of the Fund spent on website development and maintenance (a portion of which may include soliciting the sale of franchises using our website or websites primarily focused on franchise growth), the Fund is not used to solicit the sale of franchises. The ConDecor Superstore businesses owned by us and our affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement.

Presently, we anticipate that Fund advertising will be conducted primarily through electronic or print media on a regional basis, and that the majority of our advertising will initially be developed in-house. We may use the Fund to directly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations.

We will not use your Fund contributions to defray any of our operating expenses, except for any reasonable salaries, administrative costs, travel expenses and overhead that we may incur in administering the Fund and its programs. We will prepare an annual statement of the Fund's operations and will make it available to you if you request it. Any amounts in the Fund that are not spent in the fiscal year in which they accrue will be applied toward advertising activities or our expenses incurred in administering the Fund and its programs in the following fiscal year. We are not required to have the Fund's statements audited.

We may terminate the Fund at any time on 30 days prior written notice to you. If we terminate the Fund, all unspent monies will be distributed to the contributors in proportion to their respective contributions during the preceding 12-month period. (Franchise Agreement, Section IX.C.)

No amounts were contributed to the Fund by franchisees in the last fiscal year.

We presently do not have an advertising council.

Computer and Electronic Cash Register Systems

You must purchase or lease, install and at all times use the Quickbooks On-line Plus point of sale software at your ConDecor Superstore business. If the Quickbooks On-line Plus software is updated or modified by the manufacturer from time to time you may be required to purchase the modified or upgraded version. You must install and maintain at least one point-of-sale terminal that is capable of running the Quickbooks On-line Plus software. The Quickbooks On-line Plus software is used to generate, compile, store and manage ConDecor Superstore business sales information. You must purchase this software and the related point of sale hardware from a supplier approved by us. The Quickbooks On-line Plus system, including the required computer hardware needed to operate the system costs approximately $2,500 to $3,000 (as shown in Item 7 of this disclosure document). You must also use helpdesk/maintenance services from Quickbooks, which is included in the Quickbooks On-line Plus package. We subscribe to a helpdesk/maintenance services plan from Quickbooks under which they provide maintenance and support for the POS systems used in ConDecor Superstore businesses. You will be required to subscribe to the helpdesk/maintenance services plan from Quickbooks, which requires payment of monthly software maintenance/services fees. We reserve the right to change or replace the currently required helpdesk/maintenance services plan from time to time and require franchisees to pay for any revised helpdesk/maintenance services in the future. You must use Quickbooks' ongoing maintenance and support services, and you will pay $42 per month for such helpdesk support and maintenance services.

You must also install and maintain a Microsoft Windows-compatible computer at the ConDecor Superstore business that has Internet access via high speed internet connection, is capable of running the software we require from time to time and is able to transmit and receive e-mails. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by ConDecor Superstore businesses.

Except as stated above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your hardware or software. Except as stated above, there are currently no optional or required maintenance/upgrade contracts for the point of sale software system.

The POS system, software programs and hardware used at ConDecor Superstore businesses are designed to enable us to have independent access to the information generated and stored by the system, and there is no contractual limitation on our access to or use of the information we obtain.

We may revise our specifications for the hardware and any software used in the ConDecor Superstore business as we deem necessary, including the designation of specific brands or models of accounting software or other software used for word processing, spreadsheets and other office functions, that you must use in the operation of your ConDecor Superstore business. In addition, you must update and upgrade the hardware and software described in this Item 11 from time to time as we require, and you must install any other hardware or software for the operation of the ConDecor Superstore business that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. The licensors of the required software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop updates, upgrades or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates, upgrades or enhancements.

Confidential Operations Manuals

After you sign the Franchise Agreement, we will give you access to a copy of our Manuals (in electronic format only), which we may amend from time to time upon written notice to you. A copy of the table of contents of the Manuals is attached as Exhibit C to this Disclosure Document. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential. You may not make any copies of the Manuals.

Training

At least ten (10) days before the opening of your ConDecor Superstore business, your Principal Owner and your General Manager (if different from the Principal Owner) must have attended and completed our initial training program to our satisfaction. You will not be permitted to open your ConDecor Superstore business unless and until the Principal Owner and your General Manager (if different from the Principal Owner) have completed our initial training program to our satisfaction. We anticipate that the initial training program will take approximately four (4) days to complete. We will not charge a fee for those two individuals to attend the initial training program. (Franchise Agreement, Section VIII.A.) However, if you send more than two people to the initial training program, we reserve the right to charge you a $1,000 per person tuition fee for each additional attendee.

The training program will be conducted at our ConDecor Superstore in San Antonio, Texas. We provide instructors and training materials at no charge, but you must pay all expenses that you and your personnel incur in initial training, including costs of travel, lodging, meals and wages. We may charge a reasonable training fee for training all successor or replacement personnel. (Franchise Agreement, Section VIII.A.)

The materials used in training include the Manuals as well as other presentation materials. Our training will be directed by our President, Karen Cavazos, who has 10 years of experience operating a ConDecor Superstore business and 20+ total years of experience in this industry as a distributor and installer of decorative concrete products. Training will be conducted by Karen Cavazos and qualified members of our staff or as designated by us from time to time.

Our initial training program is offered as needed during the year depending on the number of new franchisees entering the franchise system, the number of other personnel needing training, and the scheduled opening of new ConDecor Superstore businesses. The subjects covered and other information relevant to our initial training program are described below.

TRAINING PROGRAM[(1)]

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Administration	4	0	Our training facility in San Antonio, TX or your ConDecor Superstore® Business
Operations	8	16	Our training facility in San Antonio, TX or your ConDecor Superstore® Business
QuickBooks®	4	4	Our training facility in San Antonio, TX or your ConDecor Superstore® Business

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Product Training	8	32	Our training facility in San Antonio, TX or your ConDecor Superstore® Business
Totals	24	52	

(1) Our initial training program is subject to change without notice to reflect updates in the materials, methods and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees.

We may require your Principal Owner, General Manager and assistant managers to attend additional training programs and seminars from time to time (up to a maximum of 5 days each year, except that we can require additional training if we deem appropriate due to your failure to comply with our Business System standards) at a location designated by us. You must also attend our annual franchisee convention (maximum of 3 days). We have the right to charge a reasonable fee for these additional training programs, conventions and seminars (a per diem rate of $400 per person). You must pay all expenses you or your personnel incur in any training program, convention or seminar, including the cost of travel, lodging, meals and wages. (Franchise Agreement, Section VIII.A.).

ITEM 12: TERRITORY

The Franchise Agreement gives you the right to operate a ConDecor Superstore business at a site we accept as meeting our site selection guidelines (the "Location"). You must select the site for your ConDecor Superstore business from within the non-exclusive "Designated Search Area" identified in Exhibit C to your Franchise Agreement. The Designated Search Area will be agreed upon by you and us before your execution of the Franchise Agreement and may range from a portion of a city or an unincorporated area to a single or multi-county area. You have no rights in the Designated Search Area other than the right to identify a proposed site for your ConDecor Superstore business, but after you locate a site acceptable to us we will grant you a "Protected Area" around that site as described below.

Franchise Agreement

If you remain in compliance with the Franchise Agreement and any other agreement you have with us or our affiliates, then during the term of your Franchise Agreement we and our affiliates will not establish or authorize anyone except you to establish a ConDecor Superstore business in the geographic area identified as the "Protected Area" in Exhibit C of the Franchise Agreement (the "Protected Area"). Your Protected Area will be defined as the zip code containing your ConDecor Superstore business location. We anticipate that the Protected Area for most franchise locations will be only one zip code, but we reserve the right to grant a larger Protected Area if we determine appropriate in our sole discretion. The Protected Area will be described in Exhibit C of the Franchise Agreement.

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.

You cannot relocate the ConDecor Superstore business without our consent. If you lose possession of the Location through no fault of your own, you may apply to us for our approval to relocate your ConDecor Superstore business to another site in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the ConDecor Superstore business at the Location.

Your rights in and to your Protected Area, non-exclusive Area of Responsibility and your ConDecor Superstore franchise are dependent on your attaining or exceeding $50,000 in monthly Gross Sales (as defined in Item 6 above) at least once every 12 calendar months under the Franchise Agreement. We have the right, at our option, effective immediately upon delivery of written notice to you, to terminate the Franchise Agreement and all rights granted therein or to terminate your territorial protections in the Protected Area and Area of Responsibility if, at the end of the initial 12-month period under the Franchise Agreement (or any subsequent 12-month period) you have failed to achieve at least $50,000 in monthly Gross Sales at least once during the applicable 12-month period. Other than this condition, there are no other circumstances or conditions that must be met to maintain your territorial protections.

You must operate the ConDecor Superstore business only at the specific location approved by us in writing. You may not solicit or accept orders from businesses or consumers outside the Protected Area except with our written consent, provided that upon your request we may, at our option, grant you the right to solicit or accept orders from businesses or consumers within a non-exclusive "Area of Responsibility" that extends beyond your Protected Area and includes two or more zip codes. You will have no exclusivity or other territorial rights within your Area of Responsibility, except for the right to solicit and accept orders from businesses and consumers located within such Area of Responsibility. If granted, your Area of Responsibility will be described in Exhibit C of the Franchise Agreement using commonly understood geographic or political boundaries (e.g. roads, city limits, etc.). You shall not be permitted to solicit or accept orders from businesses or consumers within another franchisee's Protected Area or Area of Responsibility.

You are prohibited from soliciting or accepting orders through any alternative channels of distribution (including the Internet, catalog sales, telemarketing and other direct marketing sales).

We retain all other rights not expressly granted to you. Among other things, this means we can:

(i) Operate, and license others to operate, ConDecor Superstore businesses at any location outside the Protected Area.

(ii) Develop and establish other business systems (including systems that offer products or services similar to those offered at ConDecor Superstore businesses) using other names or marks, and grant licenses to use those systems at any location;

(iii) Advertise and promote the ConDecor Superstore Concept within and outside the Protected Area;

(iv) Acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area;

(v) Within and outside the Protected Area, offer and sell, and authorize others to offer and sell, any similar or dissimilar products and services (under the Marks or under other names or marks) through any channel or by any method of distribution (including Internet sales, wholesale sales, catalog sales, telemarketing and other direct marketing sales) other than a ConDecor Superstore business offered under this disclosure document, on any terms and conditions we deem appropriate, and without any compensation to you.

Rights of First Refusal

We generally do not grant any options, rights of first refusal or similar rights to obtain additional franchises. If you wish to obtain an additional franchise, you must enter into a separate Franchise Agreement for that franchise.

Neither we nor our affiliates have established or have present plans to establish franchises, company-owned outlets or other channels of distribution offering and selling products and services similar to those to be offered by you under different trademarks. There are, however, no restrictions in the Franchise Agreement that would prohibit us from doing so.

You may use the Internet to advertise only on our website and only to the extent expressly permitted under, and in compliance with, the Franchise Agreement.

ITEM 13: TRADEMARKS

The Franchise Agreement gives you a license to operate one ConDecor Superstore business under the mark "ConDecor Superstore" and to use any future Marks we authorize.

Our affiliate, SADC, has applied for registration of the following Marks with the U. S. Patent and Trademark Office on the Principal Register. At the appropriate times, SADC intends to renew the registrations and to file all appropriate affidavits.

Mark	Serial Number	Application Date	Registration Number	Registration Date	Register
CONDECOR SUPERSTORE	88336685	March 12, 2019	6081229	June 16, 2020	Principal

There is no presently effective determination of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to their ownership, use or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

Our rights to the Marks and the proprietary Business System know-how are derived from a nonexclusive perpetual license (the "Intercompany License") between us and our affiliate, SADC. The Intercompany License grants us the right to use the Marks and the proprietary information related to the Business System, such as the know-how and the Manuals, for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License is terminable only for material breach of the Intercompany License agreement and only if we do not cure or begin to cure the breach within 90 days after notice. If the Intercompany License agreement is terminated by us or SADC, then SADC will permit you to continue using the Marks under your franchise agreement until the expiration or earlier termination of such franchise agreement (plus one renewal period if the agreement is set to expire and you meet all renewal criteria set forth in your Franchise Agreement). We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Owners must agree not to communicate with any person other than us, our designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, from any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents, and do not have any pending patent applications, that are material to the franchise. We do claim copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and other written materials relating to the operation of ConDecor Superstore businesses and the Business System. We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

You and your owners and employees must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your owners and employees must maintain the confidentiality of all information contained in the Manual and other information that we consider confidential, proprietary, or trade secret information. Our "confidential information" means all trade secrets and other elements of our System; information contained in the Manuals; training techniques; training videos; financial information; customer information; vendor information; marketing strategies and data; and all other knowledge, trade secrets, or know-how concerning the operation of a ConDecor Superstore business which may be communicated to you by virtue of operating under the terms of the Franchise Agreement, and all other information that we designate as confidential (collectively "Confidential Information"). You and your owners and employees must also agree not to use our Confidential Information at all after the Franchise Agreement terminates or expires. You and your owners can give this Confidential Information only to your employees who need it to operate your ConDecor Superstore business. You must have your General Manager and assistant managers and any of your other personnel who have received or will have access to our Confidential Information, sign similar covenants. (See Item 15)

If you or your employees or owners develop any new concept, process or improvement in the operation or promotion of your ConDecor Superstore business, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our exclusive property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

When you sign the Franchise Agreement, you must designate an individual to serve as your "Principal Owner." The Principal Owner must be an individual holding an ownership interest in you, or, if you are an individual you will be the Principal Owner. The Principal Owner must meet our qualifications and must be approved by us. The same person must act as the Principal Owner under the Franchise Agreements for all ConDecor Superstore businesses operated by you and, if applicable, your affiliates.

Unless a separate General Manager is approved by us, your Principal Owner must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreement. If you wish to appoint a General Manager, that person must devote his or her full time best efforts to the supervision of your operations under the Franchise Agreement, must successfully complete our required training program and must be approved by us in writing. Without our written consent, your Principal Owner may not engage in any business other than the development and operation of your ConDecor Superstore business(es). Your Principal Owner must satisfy our training requirements and our other standards, and each person holding an ownership interest in the franchise must personally guaranty your performance under the Franchise Agreement. The personal guaranty agreement will be in substantially the form of Exhibit A to the Franchise Agreement. Your Principal Owner and any other owners will be individually, jointly and severally bound by all of your obligations and the obligations of the Principal Owner under the Franchise Agreement. (See Item 1) If you are an individual, your spouse must also personally guaranty your performance under the Franchise Agreement.

At least 30 days before the ConDecor Superstore opens for business, you must designate an individual who meets our qualifications to serve as the ConDecor Superstore's General Manager and supervise the operation of your ConDecor Superstore business. Your Principal Owner may serve as the General Manager of your ConDecor Superstore business, but he or she may not serve as the General Manager for more than one ConDecor Superstore business at the same time. With our written consent, you may elect to designate an individual other than your Principal Owner as General Manager. Even if we permit you to designate a General Manager to supervise your operations under the Franchise Agreement, your Principal Owner remains ultimately responsible for the General Manager's performance. The General Manager must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreement and may not engage in any other business. Each ConDecor Superstore business must have a different General Manager.

At least 30 days before the ConDecor Superstore business opens for business, you must designate at least the number of Assistant Managers we require, but in no event less than one Assistant Manager. Your Assistant Managers must satisfy our educational and business criteria and must be acceptable to us. The Assistant Managers are responsible for the daily operation and management of the ConDecor Superstore business and must devote their full time and best efforts to the business and may not engage in any other business. They must also satisfy the training requirements in the Franchise Agreement.

You must notify us promptly if your Principal Owner or any General Manager or Assistant Manager cannot continue or no longer qualifies to serve as a Principal Owner, General Manager or Assistant Manager, as applicable. You will have 30 days from the date of the notice (or from any date that we independently determine the Principal Owner or General Manager or Assistant Manager no longer meets our standards) to take corrective action acceptable to us. During that 30-day period, you must provide for interim management of your operations in compliance with the Franchise Agreement.

At our request, you must have your General Manager, Assistant Managers and any other personnel who will have access to our training, sign covenants not to compete, and such persons must maintain the confidentiality of information they have access to through their relationship with you. (See Item 14) These covenants will be in substantially the form of Exhibit B to the Franchise Agreement. We have the right, in our sole discretion, to decrease the period of time or geographic scope of the noncompetition covenants or eliminate the noncompetition covenant altogether for any person who must sign an agreement described in this paragraph. (See Item 17).

ITEM 16: RESTRICTONS ON WHAT THE FRANCHISEE MAY SELL

All products you use or sell at the ConDecor Superstore business must conform to our standards and specifications. (See Item 8) These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all appropriate governmental approvals for the ConDecor Superstore business.

You must offer and sell only the products and services that we have expressly approved in writing, and you must offer and sell each of the products and services we authorize for sale at ConDecor Superstore businesses. You must stop selling any products or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard list of products and services, and you must promptly comply with any changes that we make to that list. You must perform all services using the procedures contained in our Manuals or other written instructions. You must not use or offer nonconforming products or services unless we first give you our written consent. You must open and operate the ConDecor Superstore business during the hours we specify in the Manual or otherwise in writing.

We may make available to you and may require you to purchase from us for resale to your customers certain merchandise, like clothing or other promotional items, in amounts necessary to meet your customer demand.

You may only install and offer at your ConDecor Superstore business such equipment and machines as we have expressly approved in the Manuals or otherwise in writing.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

You may not sell any products at wholesale for any reason or sell products to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the products unless you receive our prior written consent to such sale. Any such sale must be conducted in accordance with our System Standards. We do not impose any other restrictions in the Franchise Agreement or otherwise on the goods or services that you may offer or sell or the customers to whom you may offer or sell.

ITEM 17: RENEWAL TERMINATION TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section IV.A	10-year initial term.
b. Renewal or extension of the term	Section IV.B	Two additional 5-year terms.
c. Requirements for franchisee to renew or extend	Section IV.B	Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current Franchise Agreement, which may contain materially different terms and conditions and different territory boundaries from your original contract, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees. Other requirements are: Give written notice; update required items; not be in default; pay all money owed; retain right to Location; pay us a renewal fee; sign general release; comply with then-current qualifications and training requirements.
d. Termination by franchisee	Not Applicable	Not Applicable (your termination rights are subject to state law)
e. Termination by franchisor without cause	Not Applicable	Not Applicable

Provision	Section in Franchise Agreement	Summary
f. Termination by franchisor with cause	Section XVIII.	We may terminate on your default.
g. “Cause” defined – curable defaults	Section XVIII.C.	For any default except those specified as non-curable you have 30 days to cure (5 days for failure to submit a required report or pay monies; 24 hours for misuse of the Marks; 7 days if you fail to obtain the required insurance coverages; and 10 days if you fail to comply with the noncompetition covenants).
h. “Cause” defined – non-curable defaults	Sections XVIII.A. and XVIII.B.	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; operation of ConDecor Superstore business at location that we have not accepted; failure to construct the ConDecor Superstore business in accordance with requirements; failure to begin business within the required time period; abandonment or forfeiture of right to do business; conviction of certain crimes; threat to public health or safety; unauthorized transfer; failure to comply with certain confidentiality covenants; false records or submission of false reports; breach of any covenants or false representations; failure to comply with quality assurance program; default under any other franchise agreement and failure to cure; repeated defaults

Provision	Section in Franchise Agreement	Summary
		whether or not cured; assets, property or interests "blocked" under any terrorism laws or regulations or other violation of such laws or regulations.
i. Franchisee's obligations on termination/nonrenewal	Section XIX.	Stop operating your ConDecor Superstore business and using the ConDecor Superstore Business System, confidential methods, procedures, patents (if any), techniques, and Marks; cancel any registration containing the Marks; not use any imitation of the Marks; pay amounts due and our damages and enforcement costs; comply with confidentiality and non-competition covenants; return all Manuals and other proprietary materials; furnish list of advertising/sales promotion materials bearing the Marks; at our option, sell or assign us your rights in business telephone numbers, advertising and promotional materials, furnishings equipment, and the premises; modify the appearance of the ConDecor Superstore business.
j. Assignment of contract by franchisor	Section XV.A.	We may transfer our rights without restriction.
k. "Transfer" by franchisee – defined	Sections XV.B. and XV.C.	You must not transfer any direct or indirect interest in you, the Franchise Agreement or the assets of the franchised business without our consent.

Provision	Section in Franchise Agreement	Summary
l. Franchisor's approval of transfer by franchisee	Section XV.B.	We must consent and you must meet conditions before transferring.
m. Conditions for franchisor approval of transfer	Section XV.B.	Pay all amounts due; not be in default; sign a general release; pay transfer fee; remain liable for pre-transfer obligations; and obtain a one-year tail on insurance policies to cover liabilities that may have been incurred prior to the transfer. Transferee must meet our criteria, complete required training, guarantee obligations; enter into then-current franchise agreement and upgrade the ConDecor Superstore business.
n. Franchisor's right of first refusal to acquire franchisee's business	Section XV.D.	On 30 days' written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.
o. Franchisor's option to purchase franchisee's business	Sections XIX.A(8) and (9) and XIX.B.	Upon termination or expiration we have the option to purchase your advertising materials bearing the Marks at your cost. We have the option to acquire the Location and the assets of the ConDecor Superstore business from you (subject to any rights of approval retained by the owner of the leasehold) at fair market value. If you own the land where the ConDecor Superstore business is located, we have the option to lease the land (and any building on the land used for the operation of the ConDecor Superstore business), at a

Provision	Section in Franchise Agreement	Summary
		reasonable commercial rent. We have the option to have the lease for the premises of the ConDecor Superstore business assigned to us.
p. Death or disability of franchisee	Section XV.E.	On death or permanent disability of you or an Owner the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section XI.C.(1)	You may not operate or have an interest in a business which is similar to the franchised business and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.
r. Non-competition covenants after the franchise is terminated or expires	Sections XI.C.(2)	For 2 years you may not divert any of your business or customers to a competitor or have an interest in any business that is similar to the franchised business at the Location, within the Protected Area, within a 25-mile radius of the Location, or within a 25-mile radius of any ConDecor Superstore business then in existence or under construction.
s. Modification of the	Sections XI.A. and XX.O.	Except for changes we can make

Provision	Section in Franchise Agreement	Summary
agreement		unilaterally, changes require mutual agreement. You must comply with the Manuals as amended.
t. Integration/merger clause	Section XX.Z.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other written agreement is intended to disclaim representations made in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section XX.F.	Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property.
v. Choice of forum	Sections XX.F., XX.G. and XX.M.	Unless contrary to applicable state law: Mediation at the American Arbitration Association offices nearest to our principal place of business, except actions for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information. Venue for any litigation is the applicable state or federal courts located in the county containing our

Provision	Section in Franchise Agreement	Summary
		then-current principal place of business (currently Bexar County, Texas). Any dispute or action between you and us will be of our and your individual claims. None of your claims will be litigated on a class-wide basis or otherwise consolidated with any claims of any third parties.
w. Choice of law	Section XX.H.	Unless contrary to applicable state law, Texas law (except for Texas' conflict of law rules).

The Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Franchise Agreement Section XX. We recommend that you carefully review all of these provisions with a lawyer.

A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

ITEM 18: PUBLIC FIGURES

We do not currently use any public figure to promote the franchise. We reserve the right to use public figures in our future promotional efforts.

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 Franchise 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.

This financial performance representation contains historical information relating to the annual Gross Sales achieved by the only ConDecor Superstore that was open and operating for at least 12 months during the calendar years 2016 through 2022 (the "Reporting Period"). The company-owned ConDecor Superstore included in this Item 19 is located in San Antonio, Texas (the "San Antonio Location"), and has been in operation continuously since 2006 (formerly operated under the trade name "Stampcrete"). In February 2022, our affiliate opened a second company-owned ConDecor Superstore business, which is located in Austin, Texas (the "Austin Location"). Because the Austin Location was open for only a portion of 2022 and has a limited operating history, financial results for such location are not included in this Item 19.

Our affiliated entity, SADC, owns and operates both the San Antonio Location and the Austin Location. We do not yet have any franchised locations.

The figures shown in this Item 19 have been prepared on a cash basis.

This financial performance representation does not include any information about operating expenses or the federal income taxes payable on income derived from the operation of a ConDecor Superstore or any state or local taxes payable based on your franchised business' Gross Sales or net profits that may be applicable in the jurisdiction in which your franchised business is located.

The figures described in the table below have been compiled from our affiliated entity's unaudited financial statements for the Reporting Period. This information has not been independently audited. The notes that follow the tables are an integral part of the information presented in this item and provide information to help you better understand the financial information.

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

ANNUAL GROSS SALES FOR THE SAN ANTONIO COMPANY-OWNED CONDECOR SUPERSTORE DURING THE PERIOD FROM 1/1/2016 TO 12/31/2022

YEAR	**GROSS SALES[1]**
2016	**$1,802,163**
2017	**$1,745,324**
2018	**$1,900,352**
2019	**$1,891,471**
2020	**$2,194,520**
2021	**$2,440,992**
2022	**$2,304,654**

Note 1: This financial performance representation lists only Gross Sales information. As used in this Item 19, "Gross Sales" means total revenue from ordinary income earned by the San Antonio Location, without deductions for operating expenses or any other expenses. The term "Gross Sales", as used in this Item 19, does not include sales tax, discounts, allowances or returns. As a franchisee, you will have ordinary operating expenses and certain expenses not incurred by the company-owned ConDecor Superstore used to compile the figures shown in this Item 19. For example, you will be required to pay monthly royalties and advertising fund contributions along with other fees payable to us under the Franchise Agreement.

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

Except as set forth above in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Robert "Bob" Dill at 231 E. Nakoma Street, Suite 100, San Antonio, Texas 78216 or (210) 541-4106, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2020 to 2022[1]

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	2	+1
Total Outlets	2020	1	1	0
	2021	1	1	0
	2022	1	2	+1

Notes:

1. All numbers are as of our fiscal year end, which ends on December 31st.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For years 2020 to 2022

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For years 2020 to 2022[1]

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of Year
Texas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2

Notes:

1. All numbers are as of our fiscal year end, which ends on December 31st.

Table No. 5
Projected Franchise Openings As Of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Current Fiscal Year
Texas	0	1	1
Total	0	1	1

The name and business address and telephone number of each of our current franchisees is attached to this Disclosure Document as Exhibit G.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document is listed on Exhibit H to this Disclosure Document.

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

No franchisees have signed confidentiality agreements during the past 3 years. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with ConDecor Superstore. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the ConDecor Superstore franchise system.

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit E to this Disclosure Document are our audited financial statements for our fiscal years ended as of December 31, 2020; December 31, 2021; and December 31, 2022, respectively. Our fiscal year ends on December 31.

ITEM 22: CONTRACTS

Attached to this Disclosure Document as Exhibit A is a copy of our form of Franchise Agreement (with attachments); and attached as Exhibit F is our form of General Release.

ITEM 23: RECEIPTS

Attached as the last two pages of this Disclosure Document are duplicate Receipt pages to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

CONDECOR SUPERSTORE, LLC

FRANCHISE AGREEMENT

Exhibit A to Franchise Disclosure Document issued as of: 4/27/2023

CONDECOR SUPERSTORE
FRANCHISE AGREEMENT

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EXHIBITS

CONDECOR SUPERSTORE
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into this ___ day of __________, 20__ (the "Effective Date"), by and between ConDecor Superstore, LLC, a Texas limited liability company with its principal business address at 231 E. Nakoma Street, Suite 100, San Antonio, Texas 78216 ("Franchisor," "we," "us," or "our"), and ________________________________, a _________ ____________ with its principal business address at _____________________________________ ("Franchisee," "you," or "your").

RECITALS:

We have the right to use and license the use of a business operating system (the "System," as further defined below) for the establishment and operation of retail stores that sell a variety of high quality products that color, seal, and/or overlay concrete and rent products which imprint patterns into concrete (each, a "ConDecor Superstore").

ConDecor Superstores operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the "Marks," as further defined below).

You wish to obtain a franchise to establish and operate a ConDecor Superstore using the Marks and the System at the Franchise Location (defined below) specified in Exhibit C to this Agreement.

We are willing to grant you a franchise to do so upon the terms and conditions set forth in this Agreement in reliance on your application and your representations made in the application and in this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, you and we agree as follows:

I. <u>DEFINITIONS</u>

"Affiliate" or "Affiliates" of a named person means any person or entity that is controlled by, controlling or under common control with the named person.

"Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

"Assistant Managers" means the assistant managers employed by you to assist in operating your ConDecor Superstore.

"Business Day" means each day other than a Saturday, Sunday, U.S. holidays or any other day on which the Federal Reserve is not open for business in the United States.

"Computer System" means the computer hardware and software (including, without limitation, back office software and point-of-sale software meeting our specifications and manufactured by a supplier approved in writing by us) and point-of-sale terminals that we may designate from time to time for use in the operation of ConDecor Superstores.

"ConDecor Superstore" means the ConDecor Superstore business operated by you at the Franchise Location pursuant to this Agreement, including all assets used in connection with its operation.

"Confidential Information" means all proprietary and confidential information relating to the establishment and operation of ConDecor Superstores, including, without limitation: (i) our standards and specifications, including equipment, product, and supplier standards and specifications; (ii) site selection criteria; (iii) training techniques, training videos and any other processes, procedures and techniques used in operating a ConDecor Superstore; (iv) advertising and marketing plans and programs; (v) research, development and test programs for products, services and operations; (vi) the contents of our Manuals; (vii) knowledge of the operating and financial results of ConDecor Superstores, other than your ConDecor Superstore; (viii) computer programs and systems, including electronic data files and passwords, and (ix) Improvements (as defined in Section XI.D.).

"Control" or "Controlling Interest" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"Cooperative" means an advertising cooperative, as described in Section IX.B. of this Agreement.

"Designated Search Area" means the non-exclusive geographic area described in Exhibit C to this Agreement within which you will locate a site for your ConDecor Superstore.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe or other forces beyond a party's control.

"Franchise Location" means the address of the premises, located by you and accepted by us, at which the ConDecor Superstore is located, as listed in Exhibit C to this Agreement.

"General Manager" means any person designated pursuant to Section VII.E.(2) of this Agreement to manage the day-to-day on-site operations of the ConDecor Superstore business to be operated under this Agreement.

"Gross Sales" is the total selling price of all services and products and all income of every other kind and nature related to the ConDecor Superstore, whether for cash or credit and regardless of collection in the case of credit. "Gross Sales" includes: (a) All proceeds from the sale of coupons, gift cards/certificates or vouchers; but when the coupons, gift cards/certificates or vouchers are redeemed, you are not required to count the retail value of the services provided upon redemption in determining Gross Sales for royalty purposes or for other fees calculated in respect of Gross Sales (If you do not record and report sales proceeds for royalty purposes when the coupon, gift card/certificate or voucher is sold, or if coupons, gift cards/certificates or vouchers are distributed free of charge, you will be required to pay royalties based on the retail value of the services provided in exchange for the coupon, gift card/certificate or voucher.); and (b) Your share of revenues from any vending machines or other equipment, machines or devices installed in the ConDecor Superstore. "Gross Sales" does not include (i) sales taxes you collect from customers of the ConDecor Superstore, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the ConDecor Superstore or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the ConDecor Superstore or having any material effect upon the ongoing operation of the ConDecor Superstore.

"Gross Sales Report" means the weekly report, in the form we require, due on the same day as the corresponding royalty payments during the term of this Agreement, itemizing the Gross Sales of the ConDecor Superstore for the applicable royalty period.

"Manual" or "Manuals" means our confidential operations manual, which may consist of one or more manuals, containing our mandatory and suggested standards, specifications and operating procedures relating to the development and operation of ConDecor Superstores and your obligations under this Agreement. The term also includes alternative or supplemental means of communicating information to you, including bulletins, videotapes, audio tapes, compact discs, computer diskettes, CD ROMs and electronic communications.

"Marketing Fund" or "Fund" means the marketing fund described in Section IX.C. of this Agreement.

"Marks" means the trade names, trademarks, service marks, logos, emblems and other indicia of origin that we have designated, and may hereafter designate, in writing for use in connection with the System, including, but not limited to, the mark "ConDecor Superstore."

"Opening Date" means the date the ConDecor Superstore first opens for business to the public.

"Owners" mean those persons and entities which, collectively and individually, hold an ownership interest in you and in any entity directly or indirectly controlling you.

"Principal Owner" means the Owner designated by you and approved by us as meeting our qualifications who is responsible for overseeing the day-to-day operation of the ConDecor Superstore.

"Protected Area" means the geographic area assigned to you upon your acquisition of the Franchise Location and described on Exhibit C, within which you will be afforded the protections described in Section II.B. of this Agreement.

"Software Programs" means the proprietary or other software programs we develop or acquire for use by ConDecor Superstores.

"System" means our comprehensive methods and procedures for the establishment, management and operation of ConDecor Superstores, including the Confidential Information, our Manuals, the Marks and other business standards and policies, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; special processes or techniques we have developed; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

"Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed by federal tax authorities on our net income.

II. GRANT

A. Grant of Rights. We hereby grant you the right, and you accept the obligation, to establish and operate a ConDecor Superstore under the Marks and the System in accordance with this Agreement at the Franchise Location. This Agreement only grants you the right to operate the ConDecor Superstore at the Franchise Location in accordance with this Agreement and our standards. You are not authorized to offer any of the products and services offered by ConDecor Superstores at wholesale.

B. Protected Area. Your Protected Area will be described in Exhibit C. Except as provided in Section II.C. and subject to your full compliance with this Agreement and any other agreement between you or your Affiliates and us or our Affiliates, neither we nor any of our Affiliates will establish, or authorize any person or entity other than you to establish, a ConDecor Superstore in the Protected Area during the term of this Agreement.

C. Reserved Rights. The rights granted to you under this Agreement are nonexclusive, and we and our Affiliates have and retain all rights within and outside the Protected Area except those expressly granted to you. Accordingly, we, our Affiliates, and any other authorized person or entity will have the right, among others, (i) to operate, and license others to operate, ConDecor Superstores at any location outside the Protected Area, including locations that are adjacent to or surrounded by the Protected Area; (ii) within and outside the Protected Area to develop and establish other business systems (including systems that distribute products or services similar to those offered at ConDecor Superstores) using other names or marks and to grant licenses to use those systems; (iii) to advertise and promote the System in the Protected Area; (iv) to acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area; and (v) except for the restriction in Section II.B. against the establishment of another ConDecor Superstore in the Protected Area, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all similar or dissimilar services and products, under the Marks or under other names or marks, within and outside the Protected Area, through any other method of distribution, including, but not limited to, mail order catalogs and the Internet, regardless of the competitive impact on the ConDecor Superstore.

III. SITE SELECTION, CONSTRUCTION AND OPENING DATE

A. Site Selection and Acquisition. You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the ConDecor Superstore within the Designated Search Area. You acknowledge and agree that you acquire no rights in and to the Designated Search Area, other than the right to select a site for the ConDecor Superstore from within its boundaries. Following your selection and our acceptance of a site for your ConDecor Superstore, the Franchise Location will be identified in Exhibit C to this Agreement and the Designated Search Area will be of no further force or effect.

(1) To assist you in your selection of a site for your ConDecor Superstore, we will provide to you: (i) our written site selection guidelines and such site selection assistance as we deem advisable; and (ii) such on-site evaluation as we may deem necessary; provided, that we will not provide an on-site evaluation for any proposed site before receiving all required information and materials required pursuant to Section III.A(2) below and, in our discretion, before receiving such information for multiple proposed sites.

(2) Before acquiring a site for the ConDecor Superstore, you must submit to us, in the form specified by us, a description of the site, evidence satisfactory to us demonstrating that the site satisfies our site selection guidelines, and such other information and materials as we may reasonably require, including, but not limited to, a final, complete copy of the lease (which must incorporate a rider in substantially the form attached hereto as Exhibit G) or contract of sale for the site for your ConDecor Superstore. Such lease or contract for sale may not be signed by you unless it includes a rider in substantially the form attached hereto as Exhibit G and is submitted to, and approved by, us in advance.

(3) We shall have fifteen (15) days after receiving all required site information to accept or reject, in our sole discretion, the proposed site as the location for your ConDecor Superstore. No site may be used for a ConDecor Superstore unless it is first accepted in writing by us, and you shall not make any binding commitment with respect to a site for your ConDecor Superstore unless the site is first accepted in writing by us. If we accept multiple sites for the ConDecor Superstore, you shall notify us in writing within five (5) days of the date of such acceptance of the site that you intend to acquire for the ConDecor Superstore. You acknowledge that our acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the ConDecor Superstore operated at that site will be profitable or otherwise successful.

(4) Promptly following our acceptance of the site for your ConDecor Superstore, you shall acquire the site by purchase or lease, at your expense. You agree to furnish to us a copy of the executed lease or contract of sale within ten (10) days after execution.

(5) After we accept the site and you acquire the site pursuant to this Agreement, the address of the site shall be entered on Exhibit C to this Agreement as the Franchise Location and the Protected Area around the Franchise Location will be described on Exhibit C.

B. Franchise Location; Relocation. You have been granted the right to operate a ConDecor Superstore at the Franchise Location listed in Exhibit C to this Agreement. You must not relocate the ConDecor Superstore without our express prior written consent. If you are unable to continue the operation of the ConDecor Superstore at the Franchise Location because of the occurrence of an event of Force Majeure or for other reasons not constituting an event of default under this Agreement, you may request our consent to relocate the ConDecor Superstore to another location in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the ConDecor Superstore at the Franchise Location. If we grant you the right to relocate the ConDecor Superstore, you must comply with such reasonable site selection and construction procedures as we may require.

C. Licenses; Permits. You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the ConDecor Superstore at the Franchise Location, and you must conform the premises as needed to comply with any local ordinances and building codes at your expense. Before beginning construction of the ConDecor Superstore, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the ConDecor Superstore, and (ii) certify in writing to us that they have been obtained and that the insurance coverage specified in Section XIII. of this Agreement is in full force and effect. At our request, you agree to provide to us copies of all such approvals, clearances, permits, licenses and certifications.

D. Construction and Finish Out. You must obtain, at your expense, all architectural, engineering, design, construction and other services necessary for the construction of the ConDecor Superstore, and unless otherwise agreed by us in writing, you must retain an architecture and design firm designated or approved by us to prepare the initial plans and drawings for your ConDecor Superstore. In addition to using a designated or approved architecture and design firm, any other architect(s) and engineer(s) that you may select to assist with the planning and oversight of construction of your ConDecor Superstore must be approved by us before beginning their work on the ConDecor Superstore. We may, but are not obligated to, provide you a list of approved architect(s) and engineer(s).

(1) If you wish to make any adjustments to the initial architectural and design plans and specifications for the ConDecor Superstore, which will be created by the architecture and design firm designated by us, you must submit the revised plans to us for review within fifteen (15) days after you receive the initial plans. We will notify you of any objections to the revised plans within fifteen (15) days of receiving them. If we fail to notify you of an objection to the plans within the fifteen (15) day period, you may use the plans. If we object to the plans, we will provide you with a reasonably detailed list of the changes needed to make the plans consistent with System standards. We will notify you within fifteen (15) days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If we fail to notify you of any objection within such fifteen (15) day period, you may use the revised plans. You acknowledge that our review of the plans is only for the purpose of determining compliance with System standards, and that our acceptance of the plans does not constitute a representation, warranty, or guarantee, express or implied, that the plans are accurate or free of error concerning their structural application. We are not responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor are we responsible for any errors, omissions, or discrepancies of any nature in the plans.

(2) You must promptly commence and diligently pursue construction of the ConDecor Superstore. During construction, you agree to provide us with such periodic progress reports as we may reasonably request. In addition, we will make such on-site inspections as we may deem reasonably necessary to evaluate your progress. You agree to notify us of the scheduled date for completion of construction no later than forty-five (45) days prior to such date. Within a reasonable time after the date construction is completed, we will, at our option, conduct an inspection of the completed ConDecor Superstore. You must not open the ConDecor Superstore for business without our written authorization, which will be conditioned upon your strict compliance with this Agreement.

E. Opening Date. You must locate and obtain an acceptable site for your ConDecor Superstore business within ninety (90) days after the Effective Date of this Agreement, and you must open your ConDecor Superstore and commence business within one hundred eighty (180) days after the Effective Date of this Agreement, unless you obtain a written extension of such time period from us. You acknowledge that time is of the essence. Before the Opening Date, you must complete all exterior and interior preparations for the ConDecor Superstore, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications we have approved, and must comply with all other pre-opening obligations. If you fail to comply with any of these obligations, we have the right to prohibit you from opening the ConDecor Superstore. Your failure to timely open the ConDecor Superstore in compliance with these provisions will be deemed a material event of default under this Agreement.

IV. TERM AND RENEWAL

A. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement will begin on the Effective Date and will continue until ten (10) years from the Effective Date.

B. Renewal. You may, at your option, renew your rights under this Agreement for up to two (2) additional terms of five (5) years each, subject to any or all of the following conditions which must, at our option, be met prior to and at the time of renewal:

(1) You must give us written notice of your election to renew not less than six (6) months nor more than nine (9) months before the end of the initial term;

(2) You must refurbish, repair or replace, at your expense, all equipment, Computer Systems, signs, interior and exterior decor items, fixtures, furnishings, supplies and other items required for the operation of the ConDecor Superstore as we may reasonably require and must otherwise upgrade the ConDecor Superstore to reflect the then-current standards and image of the System;

(3) You must not be in default of this Agreement, neither you nor your Affiliates may be in default of any other agreement with us or any of our Affiliates; and you and your Affiliates shall have substantially and timely complied with the terms and conditions of such agreements during their respective terms;

(4) You must have timely satisfied all monetary obligations owed to us and our Affiliates under this Agreement and any other agreement between you or any of your Affiliates and us or any of our Affiliates;

(5) You must present evidence satisfactory to us that you have the right to remain in possession of the Franchise Location during the entire renewal term or obtain our consent to a new site for the ConDecor Superstore;

(6) You must execute our then-current form of renewal franchise agreement, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees;

(7) You and your Owners must execute a general release of any and all claims against us, our Affiliates, and our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders;

(8) You must pay us a renewal fee in the amount of $14,000; and

(9) You must comply with our then-current qualification and training requirements.

V. FEES

A. Initial Franchise Fee. You agree to pay us an initial franchise fee of Sixty Thousand Dollars ($60,000) upon the execution of this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable upon receipt by us.

B. Royalty Fee. During the term of this Agreement, you agree to pay to us a continuing monthly royalty fee in an amount equal to six percent (6%) of the ConDecor Superstore's Gross Sales for the immediately preceding month (with payments due on the 10th day of each month for royalties accrued during the prior month). You must pay the royalty fee via electronic funds transfer, or any other means we reasonably specify. The royalty fee will be due on the 10th day of each month during the term of this Agreement, provided that if the date on which a royalty payment would otherwise be due is not a Business Day, then payment shall be due on the next Business Day. On each royalty due date during the term of this Agreement, you must provide a Gross Sales Report to us for the applicable royalty period.

C. Other Fees and Payments. In addition to the initial franchise fee and periodic royalty payments, you must pay when due all other fees or amounts described in this Agreement and in any other agreement between you and us or our Affiliates.

D. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by us on or before the applicable due date will be deemed past due. All past due obligations under this Agreement will bear interest from the date due until paid at the lesser of eighteen percent (18%) per annum, or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment. You also agree to pay us a late payment fee equal to $100 for each delinquent payment under this Agreement.

(2) Our acceptance of any payments delivered subsequent to the applicable due date shall not be deemed to be a waiver by us of any preceding breach by you or your Owners of any terms, provisions, covenants or conditions of this Agreement.

(3) We have the right to apply any payment we receive from you to any amounts you owe us or our Affiliates under this Agreement or any other agreement, even if you have designated the payment for another purpose or account. We may accept any check or payment in any amount from you without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) You have no right to withhold any payments due to us on account of our breach or alleged breach of this Agreement, and no right to offset any amount due to us against any obligation that we may owe to you.

(5) Each payment to be made to us under this Agreement shall be made free and clear and without deduction for any Taxes.

E. Electronic Funds Transfer. You agree to execute Exhibit E to this Agreement and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer ("EFT") in the amount of the royalty fee, the Marketing Fund contribution (described in Section IX.C.), and any other amounts due under this Agreement at the time such amounts become due and payable under the terms of this Agreement. Any fee calculated by reference to Gross Sales will be based on the information we obtain pursuant to Section XII.C. of this Agreement or the Gross Sales Report. If we have not received a Gross Sales Report within the time period required by this Agreement, then we may process an EFT for the applicable royalty period based on the most recent Gross Sales Report provided to us by you; provided, that if a Gross Sales Report for the applicable royalty period is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then we will be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then we will credit the excess amount to the payment of your future obligations. Should your bank fail to honor any EFT for any reason, you agree that you will be responsible for promptly delivering such payment directly to us and reimbursing us for any service charge or other costs or expenses we incur. If any payments are not received when due, interest may be charged in accordance with Section V.D. Upon written notice to you, we may designate another method of payment.

VI. OUR OBLIGATIONS

We agree to provide the following services or cause them to be provided to you:

A. Manuals. Access to, or the loan of, one (1) set of the Manuals (at our option the Manuals may be provided in electronic format only), which we may, at our discretion, amend from time to time upon written notice to you.

B. Training. An initial training program for your Principal Owner and General Manager (and Assistant Managers, if applicable), and additional training programs in accordance with Section VIII.A. Upon your reasonable request or if we determine it to be necessary during the term of this Agreement, on-site remedial training; provided, that remedial training will be conducted subject to the availability of our personnel, and provided further, that we may require you to pay the per diem fee we are then charging for on-site remedial training, and pay or reimburse us for the expenses incurred by our representatives, including the costs of travel, lodging, and meals.

C. Opening Assistance. Such on-site pre-opening and opening assistance as we reasonably deem necessary. In connection with the opening of your ConDecor Superstore, one or more of our representatives shall provide on-site assistance to you at your ConDecor Superstore for up to four (4) days before or following the Opening Date, as we reasonably deem necessary.

D. Software Programs. For a reasonable fee, any Software Programs that we acquire or develop for use in the System; provided, that we are under no obligation to develop or acquire such Software Programs.

E. Inspections. Inspections of the ConDecor Superstore and evaluations of the products sold and services offered and sold at and from the ConDecor Superstore from time to time as reasonably determined by us.

F. Advertising. Administration of a Marketing Fund in accordance with Article IX. We may also provide to you, at a reasonable cost, any advertising and promotional materials we may develop from time to time for use in marketing and promoting ConDecor Superstores.

G. Operational Advice. Advice and written materials concerning techniques for managing and operating ConDecor Superstores, including new developments and improvements in the System.

H. Collateral Merchandise; Equipment; Décor Items. From time to time in our discretion and at a reasonable cost, certain merchandise identifying the System, such as clothing other System memorabilia, in sufficient amounts to meet customer demand, and/or certain equipment, décor items or other products and services.

I. Approved Suppliers. From time to time as we deem appropriate, we will provide you with a list of approved suppliers.

VII. YOUR REPRESENTATIONS, WARRANTIES AND COVENANTS

A. Your Investigation of this Franchise.

(1) You acknowledge having received our franchise disclosure document (a) at least fourteen (14) days before signing a binding agreement or making any payment to us, or (b) if applicable, by the time required by your state's law as specified in the Disclosure Questionnaire attached hereto as Exhibit F. You acknowledge that this Agreement contains no changes from the form of franchise agreement attached to our franchise disclosure document other than changes made with your knowledge and pursuant to negotiations between you and us. You further acknowledge that you have read this Agreement and our franchise disclosure document and that you understand the terms of this Agreement and accept them as being reasonably necessary for us to maintain the uniformity of ConDecor Superstores and to protect the goodwill of the Marks and the integrity of the System.

(2) You have conducted an independent investigation of the business contemplated by this Agreement and recognize that an investment in a ConDecor Superstore involves business risks; that your success is largely dependent on your own abilities and efforts; and that the nature of ConDecor Superstores may change over

time. You have not received or relied on any guaranty or assurance, express or implied, as to the revenues, profits or success of the business contemplated by this Agreement.

(3) You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement.

(4) Whenever we have expressly reserved in this Agreement, or are deemed to have, a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, then except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including, without limitation, our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or the action we take promotes our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (iv) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our 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, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

B. Your Organization. If you are a corporation, partnership, limited liability company or other legal entity:

(1) You are duly organized and validly existing under the law of the state of your formation;

(2) You are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification;

(3) Your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of ConDecor Superstores. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a ConDecor Superstore (including any business that offers concrete related products or services);

(4) The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized; and

(5) You have provided to us prior to the execution of this Agreement, and will from time to time during the term of this Agreement at our request provide to us, copies of your articles of incorporation and bylaws or, as applicable, your written partnership or limited liability company agreement, other governing documents, any amendments to them, resolutions authorizing your entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of your stock or other ownership interests and any other documents that we may reasonably request.

C. Your Owners.

(1) If you are a corporation, partnership, limited liability company or other legal entity, the ownership interests in you are accurately and completely described in Exhibit D. You agree to maintain at all times a current list of all your Owners and to make your list of Owners available to us upon request.

(2) If you are a corporation, you agree to maintain stop-transfer instructions against the transfer on your records of any of your equity securities and to conspicuously endorse each stock certificate with a statement, in a form satisfactory to us, that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written partnership or limited liability

company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) Unless otherwise agreed in writing by us, you must cause each of your Owners to execute the Guaranty and Assumption Agreement attached as Exhibit A to this Agreement, jointly and severally guarantying your performance under this Agreement and otherwise binding themselves to the terms of this Agreement as stated therein.

D. Your Financial Covenants.

(1) You have provided to us your most recent financial statements. These financial statements present fairly your financial position at the dates indicated therein and the results of your operations and cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) At our request, you agree to provide us with any and all loan or other documents regarding the financing of the ConDecor Superstore.

(3) You agree to maintain at all times during the term of this Agreement sufficient working capital to fulfill your obligations under this Agreement.

E. Your Management.

(1) You agree to designate upon the execution of this Agreement, and to retain at all times during the term of this Agreement, an individual to serve as your Principal Owner. The Principal Owner must meet our qualifications and must be approved by us. Unless a separate General Manager is approved by us as described in Section VII.E(2), your Principal Owner must devote full time and best efforts to the supervision of the ConDecor Superstore(s) operated by you and your Affiliates. Without our written consent, your Principal Owner shall not engage in any business other than the operation of your ConDecor Superstore(s). Your Principal Owner and any General Manager whom we approve must be empowered with full authority to act for you.

(2) You agree to designate not later than ninety (90) days before the Opening Date and to retain at all times during the term of this Agreement a General Manager who meets our qualifications to supervise the operation of your ConDecor Superstore. Your Principal Owner may serve as the General Manager of your ConDecor Superstore, provided that he or she may not serve as the General Manager for more than one ConDecor Superstore at the same time. Subject to our written consent, you may elect to designate an individual other than your Principal Owner for the position of General Manager. Your General Manager must devote full time and best efforts to the supervision of the ConDecor Superstore operated by you and your Affiliates and, without our written consent, shall not engage in any other business. You acknowledge and agree that the appointment of a General Manager will not relieve your Principal Owner of his or her supervisory responsibilities for the operation of your ConDecor Superstore. You and your Principal Owner shall remain fully responsible for your General Manager's performance. Each ConDecor Superstore must have a different General Manager.

(3) You agree to designate not later than thirty (30) days before the Opening Date and to retain at all times during the term of this Agreement the required number of Assistant Managers as determined by us from time to time, but in no event less than one (1) Assistant Manager. The Assistant Managers shall meet our qualifications, shall devote full time and best efforts to the day-to-day operation and management of the ConDecor Superstore and shall not engage in any other business activity without our prior written consent.

(4) The names of your Principal Owner, General Manager and Assistant Managers shall be listed in Exhibit D to this Agreement and you agree to keep such information current at all times during the term of this Agreement. You must promptly notify us in writing if your Principal Owner or any General Manager or Assistant Manager cannot continue or no longer qualifies to serve in that capacity and must take corrective action within thirty (30) days after any such notice. During such thirty (30) day period, you must provide for interim

management of your operations in accordance with this Agreement. Any failure to comply with this Section VII.E. will be a material breach of this Agreement.

F. Legal Compliance. In addition to complying with your obligations under this Agreement, you agree to comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement. Without limiting the foregoing, you certify that neither you nor any of your Owners, employees or anyone associated with you is listed in connection with any Anti-Terrorism Law and you agree not to hire or have any dealings with a person so listed. You further certify that you have no knowledge or information that, if generally known, would result in you, your Owners, employees, or anyone associated with you being so listed. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws and, in connection with such compliance, you represent and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You also agree to comply with all payment card infrastructure ("PCI") industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data. You acknowledge and agree that you shall be solely responsible for any costs, expenses, damages or other liabilities incurred by you or us as a result of, or in connection with, your failure to comply with any PCI standards.

G. Powers of Attorney. You hereby appoint us as your true and lawful attorney-in-fact, with full power and authority (i) to assign to us upon the termination or expiration of this Agreement (a) all rights to the telephone numbers of the ConDecor Superstore, any related business listings, and all rights to any website listings or services, search engines or systems, and any other business listings related to the ConDecor Superstore and (b) at our option, your interest in any lease for the Franchise Location and any equipment used in the operation of the ConDecor Superstore; and (ii) to obtain any and all returns and reports related to the ConDecor Superstore that you file with any local, state or federal taxing authority. Such powers of attorney shall survive the expiration or termination of this Agreement, and you agree to execute such forms and documents as we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the foregoing purposes.

H. Continuing Obligations. You and you Owners make the foregoing representations, warranties and covenants understanding that such representations, warranties and covenants are continuing obligations. You agree to cooperate with us to verify your and your Owners' continuing compliance with such representations, warranties and covenants. Any failure to comply with these representations, warranties and covenants will constitute a material event of default under this Agreement.

VIII. OPERATIONS

A. Training. Your Principal Owner and General Manager must successfully complete our initial training program at least ten (10) days before the Opening Date. Any successor or replacement Principal Owner or General Manager must successfully complete our training program within a reasonable time after such persons are designated, provided that each successor or replacement must successfully complete training no more than sixty (60) days after the date on which his or her predecessor ceased to be employed by you (or ceased to serve as Principal Owner, as applicable). These persons, and any of your other personnel whom we may designate, must attend and complete any additional training that we may require from time to time. In addition, we may, at our option, conduct periodic franchisee conventions at a location designated by us, and your Principal Owner and/or General Manager must attend such conventions. At our option, we may certify your Principal Owner, General Manager or one or more of your Assistant Managers (following their completion of all applicable training as required by us) as a "Certified Trainer" authorized to provide and conduct one or more designated training programs (as determined by us) for new or replacement employees at your ConDecor Superstore; provided, however, that we reserve the right to test any employees trained by a Certified Trainer and to require any Certified Trainer and any of your employees to successfully complete additional training programs conducted by us from time to time. Initial training for your Principal Owner and General Manager is provided at our offices in San Antonio, Texas (or other location(s) we designate) at no charge; however, we reserve the right to charge a reasonable fee for training any additional persons, including any successor or replacement personnel, and for any additional training programs. Such additional training shall be conducted at locations we designate. You are responsible for any and all expenses incurred in connection with any initial or additional training and attendance at any franchisee conventions, including, without limitation, the costs of travel, lodging, meals and wages incurred by you and your personnel. If any Principal Owner or General Manager fails, in our sole judgment, to satisfactorily complete our training program, and you fail to cure such default within ninety (90) days following written notice from us, we may terminate this Agreement.

B. Standards Compliance. You acknowledge the importance of maintaining uniformity among all of the ConDecor Superstores and the importance of complying with all of our standards and specifications relating to the operation of the ConDecor Superstores. To protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, you agree to conduct your business in accordance with the Manuals, other written directives which we may issue to you from time to time, and any other manuals and materials created or approved for use in the operation of ConDecor Superstores.

C. Maintenance of ConDecor Superstore. You agree to maintain the ConDecor Superstore in a high degree of sanitation and repair, and to make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic repainting or replacement of signs, furnishings, décor, and equipment (including, but not limited to, Computer Systems) as we may reasonably direct. You also agree to obtain, at your expense, any new or additional equipment (including, but not limited to, point of sale or Computer Systems), fixtures, supplies and other products and materials which we may reasonably require for you to offer and sell new services or products from the ConDecor Superstore or to provide such services or products by alternative means. No alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the ConDecor Superstore without our prior written approval.

D. Upgrade of ConDecor Superstore. Promptly upon our request, you must make improvements, renovations, updates and upgrades to the ConDecor Superstore to conform it to our then-current standards and specifications. Without limiting the foregoing, you agree that, if we request, you will make any capital improvements required by this Section VIII.D. on or after the fifth (5th) anniversary of the Opening Date, or at such other time during the term of this Agreement that a majority of the ConDecor Superstores then operated by us or our Affiliates have made or are utilizing best efforts to make such improvements.

E. Sourcing.

(1) You agree to comply with all of our standards and specifications for the purchase of all inventory, supplies, materials, fixtures, furnishings, equipment, Computer Systems, and other products used or offered for sale at the ConDecor Superstore. If we have approved or designated suppliers (which may include us or our Affiliates or third party manufacturers, distributors and other sources) for any such item, you agree to obtain these items from those suppliers. Our approved or designated suppliers are those who demonstrate on a continuing basis the ability to meet our standards and specifications; who have adequate quality controls and the capacity to supply the needs of the ConDecor Superstore franchise network promptly and reliably over an extended period of time; and who have been approved in writing by us and who have not thereafter been disapproved by us. We may designate ourselves, our Affiliates or a third party as an approved or designated supplier, or as the sole approved or designated supplier of any item. You agree that we and our Affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our Affiliates provide to you and from payments made to us or our Affiliates by suppliers that we designate or approve for some or all of our franchisees).

(2) If you wish to use any item or service that we have not yet evaluated or (for items that we require you to purchase from designated or approved suppliers) if you wish to purchase or lease any such item from a supplier that we have not yet approved, you must submit a written request for approval to us. You cannot purchase or lease any such item unless the supplier has been approved in writing by us. We are not required to approve any particular supplier. We will have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to send our representatives to inspect the supplier's facilities and to have samples from the supplier be delivered to us or to an independent laboratory designated by us for testing. You or the proposed supplier will be required to pay for the cost of the inspection and the test (including our administrative expenses) and reimburse us for any costs or expenses we incur in connection with the evaluation of your proposed supplier. In addition to your reimbursement obligation, we may, in our sole discretion, charge you a reasonable fee

(which shall be at least $300 for each inspection and each test conducted). We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We reserve the right to re-inspect from time to time the facilities and products of any approved supplier and to revoke our approval of the supplier if the supplier fails to continue to meet any of our criteria. If we revoke our approval of any supplier, you agree to promptly discontinue use of that supplier. Your failure to comply with the provisions of this Section VIII.E. shall be deemed a material breach under this Agreement.

F. Operational Requirements. You agree to operate the ConDecor Superstore in full conformity with our methods, standards and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, you agree:

(1) To sell or offer for sale all products and services we require using the method and manner of distribution we prescribe. Distribution methods must be expressly authorized by us in writing in the Manuals or otherwise;

(2) To sell and offer for sale only the products and services that we have expressly approved for sale in writing; to discontinue selling and offering for sale any products or services and any method or manner distribution which we may disapprove in writing at any time;

(3) To maintain in sufficient supply and to use and sell at all times only those items, products, materials, and supplies that conform to our standards and specifications; to conduct all services in accordance with our standards, specifications and procedures; to use the brand and/or type of products we require; and to refrain from deviating from our standards and specifications by using or offering non-conforming items or services without our prior written consent;

(4) To permit us or our agents, at any reasonable time, to remove samples of any items from the ConDecor Superstore, without payment, in amounts reasonably necessary for testing to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications;

(5) To purchase or lease and install, at your expense, all fixtures, furnishings, equipment, Computer Systems, decor items, signs, and related items that we may reasonably direct from time to time; and to refrain from installing or permitting to be installed in or about the ConDecor Superstore, without our prior written consent, any fixtures, furnishings, equipment, decor items, signs, vending machines or other items not previously approved as meeting our standards and specifications;

(6) To grant us and our agents the right to enter the ConDecor Superstore at any reasonable time to conduct inspections; to cooperate with our representatives conducting the inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents (and without limiting our other rights under this Agreement), to take any and all steps that may be necessary to correct promptly any deficiencies detected during an inspection. If you fail for any reason to correct such deficiencies within a reasonable time, as determined by us, we will have the right and authority (but no obligation) to correct the deficiencies and to charge you a reasonable fee, payable on demand, for our expenses in taking the corrective action (including, without limitation, any necessary re-inspection);

(7) To at all times operate your ConDecor Superstore under the direct, on-site supervision of at least one person who has successfully completed our training program pursuant to Section VIII.A of this Agreement; to at all times maintain a competent, conscientious, trained staff and to take any and all steps necessary to ensure that your employees preserve good customer relations and comply with any dress code we may prescribe;

(8) To only install and offer at the ConDecor Superstore such equipment, machines, games and activities (such as vending machines or other devices) as we have expressly approved in the Manuals or otherwise in writing; and

(9) To keep the ConDecor Superstore open and in operation for the days and hours that we may prescribe from time to time.

G. Computer Systems. You agree to use the Computer System (if any) that we specify from time to time for use in the operation of the ConDecor Superstore. You acknowledge that we may modify the specifications and the components of any such Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use Software Programs developed by us or others. Changes to the Computer System specifications may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) or additions or modification thereto may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we require. You further acknowledge and agree that we have the right to charge a reasonable systems fee for any software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our Affiliate may furnish to you.

H. Customer Complaints. You agree to promptly process, handle and resolve all consumer complaints connected with or relating to the ConDecor Superstore, and to promptly notify us of all safety or health violations or allegations of such violations, claims exceeding One Thousand Dollars ($1,000), and any other material claims against or losses suffered by you. You also agree to maintain, and to promptly notify us of, any communications with governmental authorities affecting the ConDecor Superstore during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof.

I. Internet Website. You agree to install and maintain all hardware and software needed to access the Internet at the bit speed we require from time to time. You further agree that you will not establish any website or other listing on the Internet except as provided herein and expressly authorized by us.

(1) Without our prior written approval, which we may give or withhold in our sole discretion, you may not develop, create, generate, own, or otherwise use any computer and/or electronic media (including but not limited to the Internet, bulletin boards and news groups) in connection with the ConDecor Superstore. If we grant our approval for your use of an Internet website, you acknowledge that the form, content and appearance of any Internet website you use must comply with the System standards and must be approved by us in writing before being used. Accordingly, you agree that you have no authority to, and you will not, establish any website that creates any association with the Marks or the System, or post any advertisements, messages or materials on the Internet (including, but not limited to, social media websites such as Facebook and Twitter) that depict or display the Marks or suggest an association with the System, without our express prior written consent. Without limitation of the foregoing, if we require, any Internet website created by or for you must contain a hypertext link to our Internet website in the form we require, and no other hypertext links to third party Internet websites unless previously approved in writing by us. Notwithstanding our approval of a website, we reserve the right to revoke our approval at any time that the website fails to continue to meet our standards, and you agree that upon such revocation, you will immediately discontinue use of the website.

(2) You agree that you have no authority to, and you will not, register any domain name in any class or category that uses or creates any association with the Marks (including any abbreviation, acronym, phonetic variation or visual variation of the Marks) or the System without our express prior written consent. You must obtain our written approval for your domain name prior to use. Your domain name must be registered in our name and licensed to you by us. On termination or expiration of this Agreement, the license of the domain name to you will automatically terminate and you agree to undertake all such actions that we require to disassociate yourself with the domain name.

(3) We may establish an Internet website that provides information about the System and the products and services offered by ConDecor Superstores. If we establish an Internet website, we will have sole discretion and control over the website, including timing, design, contents and continuation. We may include at the website interior pages containing information about our franchisees' ConDecor Superstores, and we may require you to prepare all or a portion of the page for your ConDecor Superstore, at your expense, using a template that we

provide, with all such information subject to our approval prior to posting. We may use Marketing Fund monies to establish and maintain the website.

(4) We also have the sole right (but no obligation) to develop an Intranet through which we and our franchisees can communicate by e-mail or similar electronic means. If we develop an Intranet, you agree to participate in strict compliance with our standards, protocols and restrictions, including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. We may, in our sole discretion, charge a reasonable monthly fee for Intranet usage, which you agree to pay in accordance with our invoices.

J. Business Licenses. You agree to secure and maintain, at your sole cost, any and all state, county, and/or local business licenses required for the operation of the ConDecor Superstore.

K. Prices of Products Sold at Your ConDecor Superstore. We may from time to time establish maximum, minimum or other pricing requirements for the products to be sold at your ConDecor Superstore to the fullest extent allowed by law.

IX. ADVERTISING

A. Local Advertising. Recognizing the value of advertising and marketing to the goodwill and public image of ConDecor Superstores, you agree to spend at least one-half of one percent (0.5%) of the ConDecor Superstore's Gross Sales each month for advertising and promotion of your ConDecor Superstore within the Protected Area. In our sole discretion, we may increase the amount you must spend on local advertising in the Protected Area upon not less than thirty (30) days' written notice to you; provided, however, that you shall not be required to spend more than two percent (2%) of the ConDecor Superstore's Gross Sales on local advertising. At our request, you must submit to us a report (including substantiating receipts) detailing your local advertising expenditures during the time period specified in the request. In addition, we have the right to review your books and records from time to time to determine your expenditures for local advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay such unexpended amounts to us to apply to local advertising in the Protected Area.

B. Cooperatives. We have the right to designate any geographic area in which two (2) or more company-owned or franchised ConDecor Superstores are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). If we do, each Cooperative will be organized and governed as, and will begin operation on a date, we determine. Cooperatives will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. If a Cooperative is established for a geographic area that includes all or part of the Protected Area, you will be required to contribute at least one quarter of one percent (0.25%) each month to the Cooperative, and you must execute the applicable Cooperative documents promptly upon our request and participate as a member of the Cooperative. Among other things, this means that (i) you must submit to the Cooperative and to us all statements and reports that we or the Cooperative may require, and (ii) you must contribute to the Cooperative the amounts required by the Cooperative's governing documents; provided, that your Cooperative contribution will be applied to satisfy a portion of your local advertising requirement under Section IX.A. Your required contributions to a Cooperative will not exceed your individual local advertising requirements set forth in Section IX.A.

C. Marketing Fund. We have established a marketing program fund (the "Marketing Fund" or "Fund"). You agree to make monthly contributions to the Fund of one-half of one percent (0.5%) of the ConDecor Superstore's Gross Sales. In our sole discretion, we may increase the amount you must contribute to the Fund upon not less than thirty (30) days' written notice to you; provided, however, that you shall not be required to contribute more than two percent (2%) of the ConDecor Superstore's Gross Sales to the Fund. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising under Section IX.A. Fund contributions will be due and payable on the 10th day of each month at the same time and in the same manner that royalty fee payments are due and payable.

(1) We will direct all programs financed by the Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation thereof. You

agree that the Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering national, regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; the cost of developing and maintaining an Internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities.

(2) The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research; preparing advertising, promotion and marketing materials; and collecting and accounting for contributions to the Fund. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all ConDecor Superstores to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. We will prepare an annual unaudited statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein. ConDecor Superstores owned by us and our Affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for a ConDecor Superstore.

(3) You acknowledge that the Fund is intended to maximize recognition of the Marks and patronage of ConDecor Superstores. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs that will benefit all ConDecor Superstores, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by ConDecor Superstores operating in that geographic area or that any ConDecor Superstore will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a website for ConDecor Superstores. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Fund.

(4) We reserve the right, upon thirty (30) days' prior written notice to you, to defer, reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund in proportion to their respective contributions to the Fund during the preceding twelve (12) month period.

(5) We may, in our discretion and business judgment, use the Fund to directly or indirectly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations under Section IX.A. above.

D. Promotional Programs. We may, from time to time in our sole discretion, develop and administer advertising and sales promotion programs designed to promote all ConDecor Superstores. We will be responsible for the design and administration of such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies. If we do establish these programs, you agree to participate in them in accordance with the terms and conditions we establish. The standards and specifications we establish for such programs, shall be final and binding upon you.

E. Advertising Standards. You agree that any advertising, promotion and marketing you conduct, whether required by this Agreement or voluntarily undertaken by you, will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least twenty (20) days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

F. Grand Opening. During the period beginning ten (10) days prior to the Opening Date and ending sixty (60) days after the Opening Date ("Grand Opening Period"), you must carry out a grand opening promotion for your ConDecor Superstore in accordance with our standards. You must spend at least Two Thousand Dollars ($2,000) on advertising and promoting your ConDecor Superstore during the Grand Opening Period. We will assist you in organizing your grand opening promotion, and we must approve all advertising items, methods and media you use in connection with such grand opening promotion. This cost is in addition to your required local advertising expenditures.

G. Business Listings. You agree to place and pay the cost of a business listing acceptable to us, which may, at our discretion, be an Internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. This cost is in addition to your required local advertising expenditures.

X. MARKS

A. Your Right to Use the Marks. We grant you the right to use the Marks during the term of this Agreement in accordance with this Agreement and our standards and specifications.

B. Your Agreements Regarding the Marks. You expressly acknowledge that:

(1) As between us and you, we are the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither you nor any of your Owners will take any action that would prejudice or interfere with our rights or those of our Affiliates in and to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit and to the benefit of our Affiliates, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with your use of the Marks.

(4) You agree not to contest, or assist others to contest, the validity of, or our or our Affiliates' interest in the Marks.

(5) Any unauthorized use of the Marks will constitute an infringement of our or our Affiliates' rights in the Marks and a material event of default under this Agreement. You agree to provide us with all assignments, affidavits, documents, information and assistance related to the Marks that we or our Affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of us or our Affiliates in the Marks.

(6) We have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current Marks to use in identifying the System and the ConDecor Superstores operating under the System if the current Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different marks will be beneficial to the System. If we do so, you agree, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute marks.

C. Your Use of the Marks. You further agree that you will:

(1) Operate and advertise the ConDecor Superstore only under the name "ConDecor Superstore," without prefix or suffix, unless otherwise authorized or required by us. You agree not to use the Marks as part of your corporate or other legal name.

(2) Identify yourself as the owner of a franchised ConDecor Superstore in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, and display a notice in such content and form and at such conspicuous locations at the ConDecor Superstore or on any vehicle used in the operation of the ConDecor Superstore as we may designate in writing.

(3) Not use the Marks to incur any obligation or indebtedness on our behalf.

(4) Comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D. Infringement. You agree to notify us promptly of any apparent infringement of or challenge to your use of any Mark and of any claim by any person of any rights in any Mark. You and your Owners shall not communicate with any person other than us, our Affiliates, our and their counsel, and your counsel in connection with any such apparent infringement, challenge or claim. We will have complete discretion to take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute all such instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our or our Affiliates' interests in the Marks.

XI. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

A. Manuals. The Manuals are our property and you agree to return them to us at our request and in any event when this Agreement expires or is terminated for any reason. You and your Owners must at all times maintain the Manuals, and the information contained in them, as confidential in compliance with this Article XI. You may make the Manuals available only to those of your Owners and employees who must have access to them in order to operate the ConDecor Superstore and may not at any time copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or make them available to any unauthorized person. You agree to maintain the Manuals in a secure place at the ConDecor Superstore. We have the right to add to or modify the Manuals from time to time in our sole discretion. You agree to comply with the terms of all additions and modifications to the Manuals and to keep your copy of the Manuals current. If there is a dispute about the contents of the Manuals, the terms of the master copy at our offices shall control. The entire contents of the Manuals, and our mandatory specifications, procedures and rules prescribed from time to time, shall constitute provisions of this Agreement as if they were set forth herein.

B. Nondisclosure of Confidential Information. We will disclose to you those parts of our Confidential Information we deem necessary or advisable from time to time for the establishment and operation of the ConDecor Superstore. You agree that you and your Owners will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information disclosed to you in operating the ConDecor Superstore during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You agree to disclose the Confidential Information to your Owners and employees only to the extent reasonably necessary for the operation of the ConDecor Superstore pursuant to this Agreement. Our Confidential Information is proprietary, includes trade secrets owned by us and our Affiliates, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information; and (iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure of the Confidential Information to ConDecor Superstore personnel and others. These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Owners.

C. Noncompetition Covenants. You and your Owners specifically acknowledge that, pursuant to this Agreement, you and they will receive access to valuable training and Confidential Information which are beyond your and their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. You and your Owners further acknowledge that such specialized training and Confidential Information provide a competitive advantage, and that gaining access to them is a primary reason for entering into this Agreement. Accordingly, you and your Owners agree as follows:

(1) With respect to you, during the term of this Agreement (or with respect to each of the Owners, for so long as such person satisfies the definition of "Owner" under this Agreement), except as otherwise approved in writing by us, neither you nor any of your Owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of ConDecor Superstores to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to ConDecor Superstores operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to a ConDecor Superstore (including any business that offers concrete related products or services) and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

(2) With respect to you, for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of your interest in, this Agreement (or, with respect to each of the Owners, commencing upon the earlier of (i) the expiration or termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Owner" under this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in writing by us, neither you, nor any of your Owners shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of ConDecor Superstores to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to ConDecor Superstores operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to a ConDecor Superstore (including any business that offers concrete related products or services) which is, or is intended to be, located (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a twenty-five (25)-mile radius of the Franchise Location, or (iv) within a twenty-five (25)-mile radius of the location of any ConDecor Superstore then in existence or under construction.

(3) You agree that each of the foregoing covenants contain reasonable limitations 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 our other business interests. Each covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XI.C. is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which we are a party, you and your Owners expressly agree 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 Section XI.C.

(a) You and your Owners acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section XI.C. without your or their consent, effective immediately upon notice to you; and you and your Owners agree to promptly comply with any covenant as modified.

(b) You and your Owners expressly agree that the existence of any claims you or they may have against us, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by us of the covenants in this Section XI.C, and that the 2-year non-competition period shall be tolled during any periods of non-compliance and shall be extended for a time period equal to the duration of the non-compliance.

D. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a ConDecor Superstore (an "Improvement"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to us any rights you or they may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as your and their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section XI.D. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your or their rights therein.

E. Non-solicitation of Employees. Throughout the term of this Agreement, and for a period of two (2) years after termination, regardless of cause of the termination, expiration, or non-renewal of this Agreement, neither you nor any of your officers, directors, shareholders, members, or partners shall, directly or indirectly, seek for employment, employ, or attempt to employ any person who is at the time employed by us or any of our franchisees or affiliates or otherwise directly or indirectly induce such persons to leave their employment.

F. Injunctive Relief. You and your Owners acknowledge that any failure to comply with the requirements of this Article XI. shall constitute a material event of default under this Agreement and further acknowledge that such a violation would result in irreparable injury to us for which no adequate remedy at law may be available. You and your Owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of this Article XI., without the requirement that we post a bond. You and your Owners agree to pay all court costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of this Article XI., including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of this Article, or any part of it.

G. Execution of Covenants by Your Owners and Management. You agree to require and obtain the execution of covenants similar to those set forth in Sections XI.B. and C. from all General Managers, and, at our request, any Assistant Managers or other of your personnel. These covenants must be substantially in the form set forth in Exhibit B; however, we reserve the right, in our sole discretion, to decrease the scope of the noncompetition covenant set forth in Exhibit B or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement.

XII. BOOKS AND RECORDS

A. Maintenance of Books and Records. You must maintain during the term of this Agreement, in accordance with generally accepted accounting principles and in the form and manner we prescribe from time to time in the Manuals, full, complete and accurate books, records and accounts of the ConDecor Superstore, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers. You agree to preserve such books and records for at least five (5) years from the date of preparation.

B. Reporting. In addition to other reports required by this Agreement, you agree to submit to us, in the form we prescribe from time to time and at your expense:

(1) At our request, a monthly income statement (which may be unaudited), signed by your treasurer, chief financial officer or comparable officer attesting that it is true, complete and correct.

(2) Not later than March 15th after the end of each calendar year during the term of this Agreement, your complete annual financial statement (which may be unaudited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles by an independent certified public accountant satisfactory to us (or, in the alternative, you may prepare internal annual financial statements signed by your treasurer, chief financial officer or comparable officer attesting that they are true, complete and correct) and showing the results of your operations during such calendar year. We may require you to prepare audited financial statements, at our discretion, if we determine or have reason to believe, that you are not accurately reporting your revenues or other financial information to us for any reason.

(3) Not later than five (5) days after filing, copies of your federal income tax returns (including any extension requests) and within five (5) days after the end of each calendar quarter, copies of your state sales tax returns. If the ConDecor Superstore is in a state which does not impose a sales tax, you agree to submit a copy of your state income tax return (including any extension requests) not later than five (5) days after filing.

(4) At the times reasonably required by us, such other forms, reports, records, information and data as we may reasonably designate.

C. Audits. We or our designees will have the right at all reasonable times to review, audit, examine and copy your books and records relating to the ConDecor Superstore. If any required payments to us are delinquent, or if an examination or audit should reveal that any payments have been understated in any report to us, then you must pay to us upon demand the amount overdue or understated with interest determined in accordance with Section V.D. If an examination or audit discloses an understatement in any report of two percent (2%) or more, you must, in addition, reimburse us for all costs and expenses connected with the audit (including, without limitation, legal and accounting fees and costs). These remedies shall be in addition to any other remedies we may have at law or in equity.

D. No Waiver. Our receipt or acceptance of any of the statements furnished or amounts paid to us (or the cashing of any check or processing of any electronic fund transfer) will not preclude us from questioning the correctness thereof at any time, and, in the event that any errors are discovered in such statements or payments, you must immediately correct the error and make the appropriate payment to us.

E. Authorization to Release Information. You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom you do business to disclose to us any financial information in their possession relating to you or the ConDecor Superstore which we may request. You further authorize us to disclose to prospective franchisees or other third parties data from your reports if we determine, in our sole discretion, that such disclosure is necessary or advisable.

XIII. INSURANCE

A. Insurance Coverage Requirements. Not later than sixty (60) days before the Opening Date, you must procure, at your expense, an insurance policy or policies protecting you, us, our Affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring at or in connection with the operation of the ConDecor Superstore. You must maintain these policies in full force and effect at all times during the term of this Agreement. All required insurance policies must be purchased from an insurance company with an A.M. Best rating of A or better, must include a one-year tail following the termination, expiration or transfer of this Agreement, must name us as a co-insured, and shall otherwise be reasonably acceptable to us and must include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), the following:

(1) Comprehensive general liability insurance written on an occurrence form, including coverage for professional liability, broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, $2,000,000 products/completed operations aggregate, $1,000,000 personal and advertising injury, $50,000 damage to premises rented to you, and $5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage;

(2) Employment related practices liability insurance, including third party coverage, in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate. Such insurance must include a deductible of less than $10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the Effective Date of this Agreement;

(3) If applicable, commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than $1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(4) Property insurance coverage to include coverage for replacement costs of all franchisee-owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than $10,000 per occurrence;

(5) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than $1,000,000 per accident, $1,000,000 disease policy limit, and $1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us;

(6) Professional liability (errors and omissions) insurance, with limits not less than $1,000,000 per occurrence and $3,000,000 aggregate; and

(7) such other insurance as may be required by us from time to time or by the landlord of the ConDecor Superstore business premises at, and by the state or locality in, which the ConDecor Superstore business is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

B. Deductibles; Waiver of Subrogation. You may elect to have reasonable deductibles in connection with the coverage required under Sections XIII.A(1)-(7) hereof. Such policies shall also include a waiver of subrogation in favor of us, our Affiliates and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them.

C. Builder's Risk Insurance. In connection with any construction, renovation, refurbishment or remodeling of the ConDecor Superstore, you must maintain Builder's Risks/Installation insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us.

D. No Limitation of Other Obligations. Your obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article XVI. of this Agreement.

E. Additional Insured Designation. All insurance policies required under this Agreement, with the exception of workers' compensation, shall name us and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors (including the area representative for your territory, if applicable), servants and employees of each of them, as additional insureds, and shall expressly provide that our and their interest shall not be affected by your breach of any policy provisions. All public liability and property damage policies shall contain a provision that we and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of your negligence or that of your servants, agents or employees.

F. Certificates of Insurance. Upon the execution of this Agreement and thirty (30) days before the expiration of any policy required under this Agreement, you agree to deliver to us certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required under this Article XIII. In addition, if we request, you agree to deliver to us a copy of the insurance policy or policies required. All required insurance policies must expressly provide that we are entitled to no less than thirty (30) days' prior written notice in the event of a material alteration to or cancellation of the policies.

G. Remedies. If you fail to procure or maintain the insurance required by this Agreement, we will have the right and authority (but no obligation) to procure such insurance and to charge to you the cost of such insurance, together with a reasonable fee for our expenses, which shall be payable by you upon demand. The foregoing remedies are in addition to any other remedies we may have at law or in equity.

XIV. DEBTS AND TAXES

A. Payment of Taxes and Other Obligations. You agree to promptly pay when due all Taxes levied or assessed and all accounts and other indebtedness of every kind incurred by you in connection with the ConDecor Superstore. You are solely liable for the payment of all Taxes and agree to indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether or not correctly or legally assessed. You will pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us on all fees and other payments paid to us under this Agreement, including any income tax, franchise or other tax levied or assessed against us for the privilege of doing business in your state.

B. Disputed Liability. If there is a bona fide dispute as to your liability for Taxes or other indebtedness, you may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the ConDecor Superstore.

C. Credit Standing. You acknowledge that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by you in good faith, you agree to promptly pay when due all amounts owed by you to us, our Affiliates, and other suppliers, lenders, landlords and other third parties. Any failure to comply with this section shall constitute a material default under this Agreement.

D. Notice of Adverse Orders. You agree to notify us in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the ConDecor Superstore.

XV. TRANSFER

A. By Us. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, we may sell our assets to a third party; may offer our securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. By You and Your Owners. You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted you rights under this Agreement in reliance on your business skill, financial capacity and personal character and that of your Owners. Accordingly, neither you nor any of your

Owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the ConDecor Superstore, or in you without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement. If you wish to transfer all or part of your interest in the ConDecor Superstore or this Agreement, or if you or an Owner wishes to transfer any ownership interest in you, the transferor shall apply to us for our consent. We will not unreasonably withhold our consent but may require any or all of the following as conditions of our consent:

(1) All accrued monetary obligations of you and your Affiliates to us and our Affiliates arising under this Agreement or any other agreement, shall have been satisfied in a timely manner, and you shall have satisfied all trade accounts and other debts of whatever nature or kind in a timely manner;

(2) You and your Affiliates shall not be in default of this Agreement or any other agreement with us or our Affiliates, and you and they shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms;

(3) The transferor and its owners, if applicable, shall have executed a general release, in a form satisfactory to us, of any and all claims, against us and our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with us or our Affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) The proposed transferee must demonstrate to our satisfaction that it meets our then-current qualifications, and, at the transferee's expense, its Principal Owner, General Manager, Assistant Managers and any other personnel we require shall complete any training programs then in effect for ConDecor Superstores upon such terms and conditions as we may reasonably require;

(5) The transferee shall, at its expense and within the time period we reasonably require, renovate, modernize and otherwise upgrade the ConDecor Superstore to conform to our then-current System image, standards and specifications, provided that this subsection XV.B(5) will be applicable only if you have not renovated, updated and upgraded the ConDecor Superstore pursuant to subsection VIII.D of this Agreement;

(6) The transferee shall enter into a written agreement, in a form satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all of your obligations, covenants and agreements under this Agreement;

(7) The transferee shall execute our then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement (except that the fees imposed on the transferee will not be greater than the fees that we then impose on similarly situated transferees), provided that the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company or other entity, those of the transferee's owners whom we require shall execute such guaranty and assumption documents as we may require;

(8) The transferor shall remain liable for all of its obligations to us under this Agreement incurred prior to the effective date of the transfer, shall obtain a one-year tail on each of its insurance policies to cover any liabilities that may have been incurred prior to the effective date of the transfer, and shall execute any and all instruments reasonably requested by us to evidence such liability;

(9) You must pay us a transfer fee of $10,000; provided, however, that if you are an individual transferring your rights and obligations under this Agreement to an entity owned solely by you pursuant to, and in accordance with, Section XV.C. of this Agreement, the transfer fee shall be a flat fee of $1,500;

(10) If the transfer relates to the grant of a security interest in any of your assets, we may require the secured party to agree that, in the event of any default by you under any documents related to the security

interest, we shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default.

C. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements in Section XV.B., except that Sections XV.B.(3), (4), (5), and (7) shall not apply and the fee provided for in Section XV.B.(9) shall be reduced to $1,500. In any transfer for the convenience of ownership, you must be the owner of all the voting stock or ownership interests in the new entity, or, if you are more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had in you before the transfer.

D. Right of First Refusal. If you or an Owner wishes to transfer any interest in this Agreement, the ConDecor Superstore, or you pursuant to any bona fide offer received from a third party to purchase such interest, then the proposed seller shall promptly notify us in writing of the offer, and shall provide such information and documentation relating to the offer as we may require. We will have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that we intend to purchase the seller's interest on the terms and conditions offered by the third party. If we elect to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of our notice to seller of our election to purchase and the date we receive all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, we may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If we exercise our right of first refusal, we will have the right to set off all appraisal fees and other amounts due from you to us or any of our Affiliates. A material change in the terms of any offer before closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Our failure to exercise the option afforded by this Section XV.D. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XV.B. Failure to comply with this Section XV.D. shall constitute a material event of default under this Agreement.

E. Death or Permanent Disability. You agree to promptly notify us of any death or claim of permanent disability subject to this Section XV.E. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section XV.B. for any inter vivos transfer.

(1) Upon your death (if you are a natural person) or the death of any Owner who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within six (6) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within six (6) months after the death of the Deceased.

(2) Upon your permanent disability (if you are a natural person) or the permanent disability of any Owner who is a natural person, we may, in our sole discretion, require that person's interest to be transferred to a third party in accordance with the conditions described in this Article XV. within six (6) months after notice to you. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section XV.E. We will pay the costs of any examination required by this Section XV.E.(2).

F. Securities Offerings. Interests in you shall not be offered to the public by private or public offering without our prior written consent, which we will not unreasonably withhold. As a condition of our consent, we may, in our sole discretion, require that immediately after such offering your Owners retain a Controlling Interest in you. You agree to give us written notice at least thirty (30) days before the commencement of any offering covered by this Section XV.F. and to submit all offering materials to us for review before they are filed with any governmental agency or distributed for use. Our review of the offering materials shall be limited solely to the subject of the relationship between you and us. No offering shall imply that we are participating in an underwriting, issuance or offering of securities. We may require the offering materials to contain a written statement prescribed by us concerning the relationship between you and us. You, your Owners and the other participants in the offering must fully indemnify us, our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, you must reimburse us for our reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials.

G. No Waiver. Our consent to the transfer of any interest described in this Article XV. shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand the transferee's exact compliance with any of the terms of this Agreement.

XVI. INDEMNIFICATION

You agree to indemnify, defend and hold harmless us, our Affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, and liabilities directly or indirectly arising out of the operation of the ConDecor Superstore or your breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of us or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from our gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you, your Owners, officers, directors, employees, independent contractors or Affiliates. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', mediators', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you. The terms of this Article XVI. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

XVII. INDEPENDENT CONTRACTOR

You agree that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and we owe you no duties except as expressly provided in this Agreement. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, you agree to hold yourself out to the public as an independent contractor conducting the operations of the ConDecor Superstore pursuant to the rights granted by us. Nothing in this Agreement authorizes you or any of your Owners to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of your Owners or any claim or judgment arising therefrom.

XVIII. TERMINATION

A. Automatic Termination. You will be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or if you file a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admit in writing your inability to pay your debts when due; or if you are adjudicated as bankrupt or insolvent in proceedings filed against you under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law are instituted by or against you; or if a final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the ConDecor Superstore premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your ConDecor Superstore shall be sold after levy thereupon by any sheriff, marshal or constable or is otherwise sold by means of a foreclosure sale or a public or private auction or sale conducted in accordance with applicable law.

B. Termination on Notice; No Cure. You will be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following events:

(1) If you operate the ConDecor Superstore or sell any products or services authorized by us at any location other than the Franchise Location without our prior written consent;

(2) If you fail to construct the ConDecor Superstore in accordance with Article III;

(3) If you fail to open the ConDecor Superstore for business within the period specified in Section III.E.;

(4) If you at any time cease to operate or otherwise abandon the ConDecor Superstore, or lose the right to occupy the Franchise Location, or otherwise forfeit the right to do or transact business in the jurisdiction where the ConDecor Superstore is located; provided, that this provision shall not apply upon the occurrence of an event of Force Majeure, if you apply within thirty (30) days after such event for our approval to relocate or reconstruct the ConDecor Superstore and you diligently pursue such reconstruction or relocation. Our approval will not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to us during the period in which the ConDecor Superstore is not in operation;

(5) If a threat or danger to public health or safety results from the construction or operation of the ConDecor Superstore;

(6) If you or any of your Owners is convicted of, or has entered a plea of guilty or nolo contendere to, a felony, a crime involving moral turpitude, or any other crime, offense or inappropriate action that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(7) If you or any of your Owners transfer or attempt to transfer any rights or obligations under this Agreement or any interest in you or the ConDecor Superstore contrary to the terms of this Agreement, or if a transfer upon death or permanent disability is not made in accordance with Section XV.E.;

(8) If, contrary to the terms of Section XI.B., you or any of your Owners disclose or divulge any Confidential Information;

(9) If you knowingly maintain false books or records, or submit any false reports to us;

(10) If you breach in any material respect any of the covenants, or have falsely made any of the representations or warranties, set forth in Article VII., or if you make any material misstatement or omission in an application for this franchise or in any other information provided to us;

(11) If you fail to comply with our quality assurance program (including any applicable cure periods provided under such program);

(12) If you or any of your Owners repeatedly commit an event of default under this Agreement (3 or more defaults in any 12-month period), whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(13) If your assets, property or interests are 'blocked' or otherwise restricted under any law, ordinance or regulation relating to terrorist activities or if you are otherwise in violation of any such law, ordinance or regulation; or

(14) If you or any of your Affiliates are in default of any other franchise agreement or other agreements with us and fail to cure such default within the applicable cure period, if any.

C. Termination on Notice; Opportunity to Cure. Except as provided in Sections XVIII.A. and XVIII.B. of this Agreement, upon any default which is capable of being cured, we may terminate this Agreement by giving you written notice of termination stating the nature of the default and the time period within which the default must be cured. You may avoid termination by immediately initiating a remedy to cure such default and curing it to our satisfaction within the time period set forth below or any longer period that applicable law may require ("cure period"). If the default is not cured within the cure period, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the cure period. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following:

(1) If you fail to procure and maintain the insurance policies required by Section XIII. and fail to cure such default within seven (7) days following notice from us;

(2) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein and fail to cure such default within twenty-four (24) hours following notice from us;

(3) If you fail to obtain the execution of the confidentiality and related covenants as required under Section XI.G. of this Agreement within ten (10) days after we request and fail to cure such default within thirty (30) days following notice from us;

(4) If you or any of your Affiliates fail, refuse, or neglect to promptly pay any monies owed to us or any of our Affiliates when due, or fail to submit the financial or other information we require under this Agreement, and do not cure such default within five (5) days following notice from us;

(5) If you or any of your Owners fail to comply with the restrictions against competition or solicitation set forth in Article XI. of this Agreement and fail to cure such default within ten (10) days following notice from us;

(6) If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing, and fail to cure such default within thirty (30) days following notice from us;

(7) If you fail to secure all required state, county or local license(s) by the date the ConDecor Superstore is otherwise ready (and/or required) to open for business and fail to cure such default within ten (10) days following notice from us; or

(8) If you fail to comply with any other requirement imposed by this Agreement, or fail to carry out the terms of this Agreement in good faith and fail to cure such default within thirty (30) days following notice from us.

D. Our Right to Provide Interim Management. If we have given you notice that you are in default, then we may (but are not obligated to) assume interim management of the ConDecor Superstore during the pendency of any cure period or in lieu of immediately terminating this Agreement. If we elect to assume interim management of the ConDecor Superstore (i) our election will not relieve you of your obligations under this Agreement; (ii) we will not be liable for any debts, losses, costs or expenses incurred in the operation of the

ConDecor Superstore during any such interim management period; (iii) we will have the right to charge a reasonable fee for our management services; and (iv) you agree to, and hereby do, indemnify and hold us harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with our interim management of the ConDecor Superstore, other than those arising solely from our gross negligence or willful misconduct.

XIX. POST-TERMINATION

A. Your Obligations Upon Termination. Upon the termination or expiration of this Agreement for any reason, all rights granted to you will terminate, and you must:

(1) Immediately cease to operate the ConDecor Superstore under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as one of our present or former franchisees.

(2) Immediately and permanently cease to use, in any manner whatsoever, the Marks and any Confidential Information associated with the System. Without limitation of the foregoing, you must cease to use all signs, advertising materials, displays, stationery, forms and any other items which display the Marks.

(3) Take such action as may be necessary to cancel any assumed name, fictitious name or equivalent registration which contains the mark "ConDecor Superstore" or any other Mark, and furnish us with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement.

(4) Not use any reproduction, counterfeit, copy or colorable imitation of the Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks, nor shall you use any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

(5) Promptly pay all sums owing to us and our Affiliates, and all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by us as a result of any default by you or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Article XIX., which obligation shall give rise to and remain a lien in favor of us against any and all of your assets, until such obligations are paid in full.

(6) Promptly deliver to us all Manuals, Software Programs, Confidential Information, and other materials related to the operation of the ConDecor Superstore in your possession or control, and all copies thereof, all of which are acknowledged to be our property, and retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between you and us and any other documents which you reasonably need for compliance with any provision of law.

(7) Comply with the restrictions against the disclosure of Confidential Information and against competition contained in Article XI. of this Agreement and cause any other person required to execute similar covenants pursuant to Article XI. to also comply with such covenants.

(8) Promptly furnish to us an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the ConDecor Superstore or at any other location under your control. We will have the right to inspect these materials and the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost. Materials we do not purchase cannot be used by you or any other person for any purpose unless authorized in writing by us.

(9) At our option, assign to us all rights to the telephone numbers of the ConDecor Superstore and any related business listings and execute all forms and documents required by us to transfer such service and numbers to us. You agree to use different telephone numbers at or in connection with any subsequent business conducted by you.

(10) If we do not elect to exercise our option to acquire the lease or sublease for the Franchise Location (as described below), you agree to make such modifications or alterations to the premises as are

necessary to distinguish the appearance of the Franchise Location from that of the ConDecor Superstores, and, if you fail or refuse to do so, we shall have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at your expense.

B. Our Post-Term Purchase Options. Upon the termination or expiration of this Agreement, we shall have the following options:

(1) The option, exercisable by giving written notice to you within sixty (60) days from the date of such termination or expiration, as applicable, to acquire the Franchise Location and the assets of the ConDecor Superstore from you (subject to any rights of approval retained by the owner of the leasehold). The date on which we notify you whether or not we are exercising our option is referred to as the "Notification Date." We will have the unrestricted right to assign this option and we or our assignee will be entitled to all customary warranties and representations in connection with the asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and a general release.

(2) The option, exercisable at the time and in the manner set forth in subsection (1) above, to assume your leasehold interest in the Franchise Location or, if you own the Franchise Location, to enter into a lease agreement with you. If we exercise our option, you agree to assign your leasehold interest to us at no cost to us other than our assumption of the obligation to make post-assignment rental payments to the landlord under the lease; or if you own the Franchise Location, to lease the Franchise Location to us at a reasonable commercial rent and upon terms comparable to rental terms for similar leased property in the marketplace where the ConDecor Superstore is located.

(3) If we exercise our option under subsection (1) to purchase the assets of the ConDecor Superstore from you, the purchase price for the assets will be their fair market value, determined in a manner consistent with reasonable depreciation of the ConDecor Superstore's leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies. The age and condition of the improvements, equipment, fixtures, furnishings, decor, and signs of the ConDecor Superstore, will also be considered in determining the fair market value. We may exclude from the assets we elect to purchase cash or its equivalent and any leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies that are not necessary or appropriate (in function or quality) to the ConDecor Superstore's operation or that we have not approved as meeting the standards for ConDecor Superstores, and the purchase price will reflect such exclusions.

(4) If we and you are unable to agree on the fair market value of the ConDecor Superstore's assets, or the fair rental value of the Franchise Location, such fair market value (or fair rental value) will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser, and those appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the Notification Date, and we and you agree that we will instruct the two appraisers so chosen to appoint the third appraiser within fifteen (15) days after the date on which the last of our appointed appraisers is appointed. You and we will each bear the cost of our own appraiser and share equally the fees and expenses of the third appraiser. We and you agree that we will instruct the three (3) appraisers to complete their appraisal within thirty (30) days after the third appraiser's appointment.

(5) The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after the determination of the purchase price. We will have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us. At the closing, you agree to deliver instruments transferring to us: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and other transfer taxes paid by you; (ii) all licenses and permits of the ConDecor Superstore which may be assigned or transferred; and (iii) a leasehold interest in (or unencumbered title to) the Franchise Location and improvements. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. As a condition of our purchase of the ConDecor Superstore, you and your Owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, employees, agents, successors and assigns.

(6) We may assign our options under this Section XIX.B. to any person or entity without your consent.

XX. MISCELLANEOUS

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to us:

ConDecor Superstore, LLC
231 E. Nakoma Street, Suite 100
San Antonio, Texas 78216
Attention: President
Telephone: ___________________
e-mail: Karen@stampcretesa.com

Notices to you and your Owners:

____
____
____
Attention:__________________________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

B. No Waiver. No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or your Owners under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or your Owners, or as to a subsequent breach or default by you or your Owners.

C. Approval or Consent. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to you, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by us, nor do we assume any liability or obligation to you or any third party as a result thereof.

D. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. An affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure shall occur, then, in addition to payments required under Section XVIII.B.(4), you must continue to pay to us any and all amounts that you have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article XVI. Except as provided in Section XVIII.B.(4) and the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.

E. Severability. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

F. <u>MEDIATION</u>. WE AND YOU ACKNOWLEDGE THAT DURING THE TERM OF THIS AGREEMENT CERTAIN DISPUTES MAY ARISE THAT WE AND YOU ARE UNABLE TO RESOLVE, BUT THAT MAY BE RESOLVABLE THROUGH MEDIATION. TO FACILITATE SUCH RESOLUTION, YOU AND WE AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN US OR ANY OF OUR AFFILIATES (AND OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND YOU (AND YOUR OWNERS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, (b) OUR RELATIONSHIP WITH YOU, OR (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, TO MEDIATION BEFORE BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL.

(1) THE MEDIATION SHALL BE CONDUCTED BY A MEDIATOR AGREED UPON BY YOU AND US AND, FAILING SUCH AGREEMENT WITHIN NOT MORE THAN FIFTEEN (15) DAYS AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR ORGANIZATION ("AAA") IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT THE OFFICES OF THE AAA NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS (CURRENTLY IN BEXAR COUNTY, TEXAS). THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY.

(2) IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING PURSUANT TO SECTION XX.G. WE AND YOU AGREE THAT STATEMENTS MADE BY EITHER YOU OR US IN ANY SUCH MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE FOR ANY PURPOSE IN ANY SUBSEQUENT LEGAL PROCEEDING.

(3) NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION XX.F., YOUR AND OUR AGREEMENT TO MEDIATE SHALL NOT APPLY TO CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON THE MARKS OR THE CONFIDENTIAL INFORMATION. MOREOVER, REGARDLESS OF YOUR AND OUR AGREEMENT TO MEDIATE, YOU AND WE EACH HAVE THE RIGHT IN A PROPER CASE TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF.

G. <u>LITIGATION</u>. WITH RESPECT TO ANY CONTROVERSIES, DISPUTES OR CLAIMS WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED IN SECTION XX.F. ABOVE, THE PARTIES IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF BEXAR COUNTY, TEXAS AND THE FEDERAL DISTRICT COURT FOR THE WESTERN DISTRICT OF TEXAS AND HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU AND WE AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. YOU AND WE FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE BEXAR COUNTY, TEXAS.

H. <u>GOVERNING LAW</u>. EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 <u>ET</u> <u>SEQ.</u>) OR OTHER

FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER TEXAS LAW (EXCEPT FOR TEXAS CONFLICT OF LAW RULES).

I. PARTIES' ACKNOWLEDGMENTS. YOU AND WE ACKNOWLEDGE THAT THE AGREEMENTS REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF US WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT. YOU AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

J. WAIVER OF PUNITIVE DAMAGES. EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO ARTICLE XVI. AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

K. LIMITATIONS OF CLAIMS. EXCEPT FOR CLAIMS WE BRING WITH REGARD TO YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO ARTICLE XVI., ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

L. JURY WAIVER. YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR YOUR AND OUR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.

M. **NO CONSOLIDATION OR CLASS ACTIONS. YOU AGREE THAT ANY DISPUTE OR ACTION BETWEEN YOU AND US WILL BE OF OUR AND YOUR INDIVIDUAL CLAIMS. NONE OF YOUR CLAIMS WILL BE LITIGATED ON A CLASS-WIDE BASIS OR OTHERWISE CONSOLIDATED WITH ANY CLAIMS OF ANY THIRD PARTIES.**

N. Costs and Attorneys' Fees. If we incur expenses in connection with your failure to pay when due amounts owed to us, or to submit when due any reports, information or supporting records, or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, court costs and any accounting, attorneys', mediators', arbitrators' and related fees.

O. Binding Effect. This Agreement is binding upon us and you and your and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest.

P. Modification of Agreement. Except for those changes permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either you or us unless mutually agreed to and executed by our and your authorized officers or agents in writing.

Q. Consents and Approvals. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

R. Owners. If two or more persons are at any time the "Franchisee" under this Agreement, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

S. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

T. Headings. The captions used in connection with the articles, sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

U. Survival. Any obligation of you or the Owners that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest in you, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections XX.F., G. and H. will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

V. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

W. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your Affiliates, and us or any of our Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Section XVIII. of this Agreement shall not discharge or release you or any of the Owners from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

X. No Third Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors and personnel and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section XV.), any rights or remedies under or as a result of this Agreement.

Y. Further Assurances. You and we agree to promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

Z. Agreement Effective Upon Execution by Us. This Agreement shall not become effective until signed by one of our authorized representatives.

AA. Entire Agreement. This Agreement, and the exhibits hereto, which are incorporated herein by reference, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and they supersede any and all prior negotiations, understandings, representations and agreements; **provided, however, that nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document that we furnished to you.** You acknowledge and agree that no other representations by us or any third party have induced you to execute this Agreement.

XXI. FRANCHISEE'S ACKNOWLEDGEMENTS

A. Independent Investigation. Franchisee acknowledges that it has conducted a thorough, independent investigation of the business contemplated by this Agreement and recognizes that the success of this business involves substantial risks and will largely depend upon the ability and efforts of Franchisee. Franchisor expressly disclaims making, and Franchisee acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Consultation With Advisors. Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

C. Development of the System. Franchisee acknowledges and agrees that some aspects of Franchisor's franchise program and the System are currently under development and that Franchisor expects that there will be some significant variations in the System in different markets which may exist for an initial or transitional period, or on a permanent basis. Franchisee acknowledges and agrees that no variations from the System or Manuals are permitted without Franchisor's prior written consent and that over time during the term of this Agreement Franchisor and its affiliates will continue to develop and refine various aspects of the System and that as new products, operating procedures, trade dress and other refinements are introduced, Franchisor may, in its sole discretion, cease to allow some or all variations from the System and Manuals and may require local, regional or national uniformity among ConDecor Superstores with regard to aspects of the System and Manuals for which Franchisor previously permitted variations.

D. Franchisor's Obligations. Franchisee expressly understands and acknowledges that it is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

E. **DTPA WAIVER OF CONSUMER RIGHTS: REGARDING THE OFFER AND SALE OF THIS FRANCHISE, YOU AGREE TO WAIVE ANY RIGHTS THAT YOU MAY HAVE UNDER THE TEXAS DECEPTIVE TRADE PRACTICES ACT-CONSUMER PROTECTION ACT, § 17.41 ET. SEQ., TEXAS BUSINESS AND COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN INDEPENDENT ATTORNEY OF YOUR CHOICE, YOU VOLUNTARILY CONSENT TO THIS WAIVER.**

[________ INITIAL HERE]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:

CONDECOR SUPERSTORE, LLC,
a Texas limited liability company

By:____________________________________
Name:
Title: ________________________________
Date:_________________________________

FRANCHISEE:

____

By:____________________________________
Name:________________________________
Title: ________________________________
Date:_________________________________

EXHIBIT A TO THE FRANCHISE AGREEMENT

OWNERS' GUARANTY AND ASSUMPTION AGREEMENT

This Guaranty and Assumption Agreement (the "Guaranty") is given this ______ day of ______________, 20__, by the undersigned in connection with the Franchise Agreement dated ________________, 20__, between ConDecor Superstore, LLC ("Franchisor") and ___________________ ("Franchisee").

In consideration of, and as an inducement to, the execution of the Franchise Agreement by Franchisor, each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a "Guarantor" and collectively, the "Guarantors") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Franchisee will punctually perform its obligations and pay all amounts due under the Franchise Agreement, including, without limitation, amounts due for initial franchise fees, royalties, marketing fund contributions and purchases of equipment, materials, and supplies.

Each Guarantor waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and

(ii) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and

(iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

(iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Franchise Agreement; and

(v) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Owners set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Articles VII., XI., XV., XVI. and XIX. and Sections XX.F. through N (which include, among other things, the mediation of disputes and WAIVERS OF JURY TRIAL RIGHTS AND PUNITIVE DAMAGES).

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, mediators', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Franchise Agreement was executed.

GUARANTORS

____
Name: __________________________

____
Name: __________________________

____
Name: __________________________

____
Name: __________________________

EXHIBIT B TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

This Agreement is made and entered into this ____ day of ________________, 20__, between ConDecor Superstore, LLC, a Texas limited liability company ("Franchisor," "we," "us," or "our")[1], ____________________ ("Franchisee") and ______________________ ("Covenantor" or "you") in connection with a Franchise Agreement between us and Franchisee dated _________, 20__ ("Franchise Agreement"). Initially capitalized terms used, but not defined in this Agreement, have the meanings given to them in the Franchise Agreement.

RECITALS

We have the right to use and license the use of a System for the establishment and operation of ConDecor Superstores.

The System is identified by certain Marks including, the mark "ConDecor Superstore," and includes certain Confidential Information which provides economic advantages to us and licensed users of the System.

We have granted Franchisee the right to operate a ConDecor Superstore pursuant to the Franchise Agreement.

You are employed by or associated with Franchisee and it will be necessary for you to have access to some or all of the Confidential Information.

We and Franchisee have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from you a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

You acknowledge that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by you herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. You shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of your employment by or association with Franchisee in connection with the operation of a ConDecor Superstore under the Franchise Agreement.

2. You shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without our express written permission.

3. You shall not at any time disclose or permit the disclosure of the Confidential Information except to Franchisee's other authorized employees and only to the limited extent necessary to train or assist such other employees in the operation of the ConDecor Superstore.

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[1] If Franchisor will not be a party, delete reference and modify the agreement to reflect, including the addition of the following third party beneficiary language: "We and our successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at our and their option and in our and their sole discretion, to enforce this Agreement."

4. You shall surrender any material containing some or all of the Confidential Information to Franchisee or us, upon request, or upon termination of your employment by or association with Franchisee.

5. You shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

6. You acknowledge that all Manuals are loaned by us to Franchisee for limited purposes only and remain our property. You agree that no Manuals may be reproduced, in whole or in part, without our written consent.

Covenants Not to Compete

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to you, you agree that, during the term of your association with or employment by Franchisee, and for a period of two (2) years following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Franchisee's interest in the Franchise Agreement, you will not, without our prior written consent or as permitted under other valid Franchise Agreements for ConDecor Superstores between Franchisee and us:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of ConDecor Superstores to any competitor; and

b. Directly or indirectly, for yourself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, any business which is the same as or similar to a ConDecor Superstore (including any business that offers concrete related products or services) and which is, or is intended to be, located (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a twenty-five (25)-mile radius of the Franchise Location, or (iv) within a twenty-five (25)-mile radius of any ConDecor Superstore then in existence or under construction.

Franchisee's Undertaking

Franchisee agrees to make all commercially reasonable efforts to ensure that you act as required by this Agreement.

Miscellaneous

1. You agree that:

a. Each of the covenants herein contain reasonable limitations 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 of the System or our other business interests.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we is a party, you agree 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 Agreement.

c. In the event of a breach of this Agreement, we and the Franchisee would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, you agree that we and/or the Franchisee shall be entitled, in addition to any other remedies which we or it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

2. You agree to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by us and/or the Franchisee in enforcing this Agreement.

3. Any failure by us or Franchisee to object to or take action with respect to any breach of any provision of this Agreement by you shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by you.

4. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO TEXAS CONFLICT OF LAW PRINCIPLES. YOU HEREBY IRREVOCABLY SUBMIT YOURSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN BEXAR COUNTY, TEXAS AND THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED. YOU HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON YOU IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. YOU FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE STATE OR FEDERAL COURTS LOCATED IN BEXAR COUNTY, TEXAS OR THE COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, WE OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

5. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

6. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

ConDecor Superstore, LLC
231 E. Nakoma Street, Suite 100
San Antonio, Texas 78216
Attention: President
Telephone: ____________________
e-mail: Karen@stampcretesa.com

If directed to Franchisee, the notice shall be addressed to:

____
____
____
Attention:___________________________

If directed to Covenantor, the notice shall be addressed to:

____
____
____
Attention:___________________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

7. Our rights and remedies under this Agreement are fully assignable and transferable and shall inure to the benefit of our Affiliates, successors and assigns. Your obligations and those of the Franchisee may not be assigned without our prior written consent.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

CONDECOR SUPERSTORE, LLC,
a Texas limited liability company

By:________________________________
Name:______________________________
Title:______________________________
Date:______________________________

FRANCHISEE:

____

By:________________________________
Name: ______________________________
Title:______________________________
Date:______________________________

COVENANTOR:

____

By:________________________________
Name:______________________________
Title:______________________________
Date:______________________________

EXHIBIT C TO THE FRANCHISE AGREEMENT

SELECTED TERMS:
DESIGNATED SEARCH AREA, FRANCHISE LOCATION, PROTECTED AREA, AND OPENING DATE

1. DESIGNATED SEARCH AREA:

   The Designated Search Area in which your ConDecor Superstore may be located is:
   ____
   ____

2. FRANCHISE LOCATION:

   The ConDecor Superstore shall be located at the following address: ______________________________

3. PROTECTED AREA: **[Insert description and attach map, if applicable]**

   The Protected Area shall be: ____.

4. OPENING DATE: The Opening Date of the ConDecor Superstore is _____________, 20__.

EXHIBIT D TO THE FRANCHISE AGREEMENT

OWNERSHIP AND MANAGEMENT INFORMATION

1. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in you, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN YOU	NATURE OF INTEREST

2. Your Principal Owner is: ______________________________________

3. Your General Manager (if applicable) is: ________________________

4. Your Assistant Managers are:

____

____

____

EXHIBIT E TO THE FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO

CONDECOR SUPERSTORE, LLC/PAYEE

BANK NAME	ACCOUNT #	ABA#	FEIN
________________________	_______________	_______________	_______________

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: ____

Name of Depositor: ____

Designated Bank Acct.: ____

(Please attach <u>one voided check</u> for the above account.)

ConDecor Superstore Location: ____
____

For information call: ____

Address: ____

Phone #: ____

Fax #: ____

____
Name of you/Depositor (please print)

By: ____
Signature and Title of Authorized Representative

Date: ____

EXHIBIT F TO THE FRANCHISE AGREEMENT

DISCLOSURE QUESTIONNAIRE

Franchisee Name: ______________________________

Permanent Address (**If an individual**) ______________________________
(Physical address only, no P.O. boxes): ______________________________
____

State of Organization:
(**If a corporation, LLC or partnership**):

Address of Franchisee's ______________________________
Principal Place of Business: ______________________________
____

****

As you know, ConDecor Superstore, LLC (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a ConDecor Superstore (the "Franchise"). The purpose of this Questionnaire is to determine whether any unauthorized statements or representations have been made and to ensure that applicable laws have been complied with. Please review each of the following questions carefully and provide honest responses to each question. Please place your **INITIALS in the appropriate column indicating your response.**

QUESTION	**YES**	**NO**
1. Are you a resident or domiciliary of any state other than the state listed above?		
2. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "Disclosure Document") provided to you?		
3. Do you understand all of the information contained in the Disclosure Document?		
4. For franchise prospects domiciled in, opening a ConDecor Superstore in, or accepting the franchise offer in **Connecticut, Michigan or Oregon**, did you receive the Disclosure Document at least 10 business days before execution of the Franchise Agreement and related agreements or at least 10 business days before making any payment for the franchise, whichever event first occurred? For franchise prospects domiciled in, opening a ConDecor Superstore in, or accepting the franchise offer in **Iowa, Maine, New York, Oklahoma or Rhode Island**, did you receive the Disclosure Document by the earlier of: (a) your first personal meeting with the franchisor (i.e. a representative of ConDecor Superstore) held for the purpose of discussing the sale or possible sale of a ConDecor Superstore franchise, or (b) at least 10 business days before execution of the Franchise Agreement and related agreements or at least 10 business days before making any payment for the franchise, whichever event first occurred? For **all other franchise prospects**, did you receive the Disclosure Document at least 14 days before execution of the Franchise Agreement and related agreements or at least 14 days before making any payment for the franchise, whichever event first occurred?		
5. Did you sign a receipt for the Disclosure Document indicating the date you received it?		

QUESTION		YES	NO
6.	Does the execution copy of the Franchise Agreement contain any changes (other than fill-in-the-blank terms like names, dates and addresses) from the form of franchise agreement attached to the Disclosure Document which were made unilaterally by us separate and apart from negotiations initiated by you?		
7.	Have you had ample opportunity to consult with your attorney(s), accountants, and other advisors concerning these documents?		
8.	Do you understand that the business which Franchisee will conduct under the Franchise Agreement involves risk and that any success or failure will be substantially influenced by Franchisee's abilities and efforts?		
9.	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise?		
10.	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate?		
11.	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
12.	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise?		
13.	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		

If you answered "Yes" to question six (6) or any of questions nine (9) through thirteen (13), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines 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 responded truthfully to the above questions.

______________________________________	______________________________________
FRANCHISE APPLICANT	FRANCHISE APPLICANT
Dated: _____________________________, 20_____	Dated: ______________________________, 20____

EXHIBIT G TO THE FRANCHISE AGREEMENT

LEASE ADDENDUM TERMS

(a) Landlord acknowledges that Tenant is a franchisee of ConDecor Superstore, LLC, a Texas limited liability company ("we," "us," or "our"), and that the ConDecor Superstore located at the Premises ("Unit") is operated under the ConDecor Superstore franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant and us. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the ConDecor Superstore system as we may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Unit.

(b) Landlord agrees to furnish to us copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give us written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give us further written notice of such failure ("Franchisor Notice"). Following our receipt of the Franchisor Notice, we shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within fifteen (15) days following our receipt of the Franchisor Notice. Any cure by us shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(c) If we cure Tenant's default, or if we notify Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of our notice thereof), Landlord agrees, upon our written request, to assign to us any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with us in order to pursue such action to a conclusion.

(d) If we cure Tenant's default or notify Landlord of the termination of the Franchise Agreement, we shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1^{st}) date of any cure by us; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and we shall enter into an agreement to document such assumption. We are not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, us as herein provided.

(e) If, during the six (6) month period set forth in section (d)(1) above or at any time after the assignment contemplated in section (d)(2), we shall notify Landlord that the franchise for the Unit is being granted to another ConDecor Superstore franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, we shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of us, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without our prior written consent.

(g) We shall have the right to enter the Premises to make any modification or alteration necessary to protect the ConDecor Superstore system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by us. Tenant hereby releases, acquits and discharges us and Landlord, and our and Landlord's respective subsidiaries, Affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of our rights pursuant to this Addendum.

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, our mailing address shall be ConDecor Superstore, LLC, 231 E. Nakoma Street, Suite 100, San Antonio, Texas 78216, Attention: President, which address may be changed by written notice to Landlord in the manner provided in the Lease.

EXHIBIT H TO THE FRANCHISE AGREEMENT

ASSIGNMENT OF TELEPHONE NUMBERS

For value received, the undersigned (hereinafter called the “Franchisee”) hereby irrevocably assigns, effective upon the date of termination or expiration of the Franchise Agreement, the telephone listings and numbers stated below to ConDecor Superstore, LLC (hereinafter called “Franchisor”) upon the following terms and conditions:

1. This assignment is made pursuant to the terms of a Franchise Agreement of even date herewith (hereinafter called “Agreement”) between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers used by the Franchisee in the operation of the ConDecor Superstore business contemplated by the Agreement.

2. The Franchisee shall retain the limited right to use the telephone listing and numbers solely for the transaction and advertising of the business while the Agreement between Franchisor and the Franchisee shall remain in full force and effect, but upon termination or expiration of the Agreement for any reason whatsoever, the limited right of use of the telephone listing and numbers by the Franchisee shall also terminate.

3. The telephone listing and numbers subject to this assignment are:

____

____

____

and any numbers on the rotary series used by the Franchisee in the operation of the business in the future.

IN WITNESS WHEREOF, the Franchisee has hereunto set his/her hand this ____ day of ________________, 20___.

FRANCHISEE:

By: ______________________________
Name: ____________________________
Title:_____________________________

EXHIBIT I TO THE FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA

NOT APPLICABLE

EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

NO STATE ADDENDA ARE REQUIRED AS THIS DISCLOSURE DOCUMENT IS NOT CURRENTLY REGISTERED IN ANY FRANCHISE REGISTRATION STATES.

EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

FRANCHISE OWNER'S MANUAL

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CHAPTER 3 - TRADEMARK USAGE

CHAPTER 4 - CONDECOR SUPERSTORE® UNIVERSITY

CHAPTER 5 - DEVELOPING YOUR STORE

Chapter 6 - Other Preopening Activities

EXHIBIT D TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

1. State Franchise Administrators

We intend to register this disclosure document in some or all of the following states, in accordance with the applicable state law. The following are the state administrators responsible for the review, registration, and oversight of registrations in that state:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814 (415) 972-8559 or toll-free at (866) 275-2677	MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	MICHIGAN Consumer Protection Division Franchise Section Attn: Marilyn McEwen 670 Law Building Lansing, Michigan 48913 (517) 373-7117
ILLINOIS Illinois Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-6328
INDIANA Indiana Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	NEW YORK New York State Attorney General Division of Economic Justice Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222

NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue State Capital, 5th Floor (Dept. 414) Bismarck, North Dakota 58505 (701) 328-4712	VIRGINIA Securities and Retail Franchising Division State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
RHODE ISLAND Department of Business Regulation John O. Pastore Complex, Bldg 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048	WASHINGTON Dept. of Financial Institutions Securities Administrator 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760
SOUTH DAKOTA Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	WISCONSIN Office of the Commissioner of Securities Fourth Floor 101 East Wilson Street Madison, Wisconsin 53702 (608) 266-8559

2. Agents For Service Of Process

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814 (415) 972-8559 or toll-free at (866) 275-2677	MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	MICHIGAN Consumer Protection Division Franchise Section 670 Law Building Lansing, Michigan 48913 (517) 373-7117

ILLINOIS Illinois Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-6328
INDIANA Indiana Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	NEW YORK New York Secretary of State 99 Washington Street Albany, New York 12231 (518) 473-2492
NORTH DAKOTA North Dakota Securities Commissioner 600 East Boulevard Avenue State Capital, 5th Floor (Dept. 414) Bismarck, North Dakota 58505 (701) 328-4712	VIRGINIA Clerk of State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
RHODE ISLAND Director of Department of Business Regulation John O. Pastore Complex, Bldg 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048	WASHINGTON Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, Washington 98501 (360) 902-8760
SOUTH DAKOTA Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	WISCONSIN Commissioner of Securities Fourth Floor 101 East Wilson Street Madison, Wisconsin 53702 (608) 266-8559
TEXAS Karen Cavazos 231 E. Nakoma Street, Suite 100 San Antonio, Texas 78216	

EXHIBIT E TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

CONDECOR SUPERSTORE, LLC

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

ADRIAN WEBB, CPA
Certified Public Accountant

ADRIAN WEBB, CPA
Certified Public Accountant
Edinburg, TX

INDEPENDENT AUDITORS' REPORT

To the Member of
Condecor Superstore, LLC
San Antonio, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of Condecor Superstore, LLC which comprise of the balance sheet as of December 31, 2020, and the related statements of income, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes significant accounting estimates made by management, as well as evaluating overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Condecor Superstore, LLC as of December 31, 2020, and the results of its operations and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adrian Webb, CPA

ADRIAN WEBB, CPA
Certified Public Accountant
April 27, 2020

205 E Mahl St, Edinburg, Texas, 78541

(956)-897-1142 Member AICPA/TSCPA

CONDECOR SUPERSTORE, LLC
BALANCE SHEET
As of December 31, 2020

		2020
Assets		
Current Assets		
Cash and Cash Equivalents	$	178
Total Current Assets		178
Total Assets	**$**	**178**
Liabilities and Member's Equity		
Total Liabilities	$	-
Member's Equity		
Member's Equity		178
Total Member's Equity		178
Total Liabilities and Member's Equity	**$**	**178**

CONDECOR SUPERSTORE, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
For the Year Ended December 31, 2020

	2020
Income	
Franchisor Income	$ -
Total Income	-
Expenses	
Bank Service Charges	108
Professional Fees	1,800
Total Expenses	1,908
Net Income (Loss)	$ (1,908)
Beginning Member's Equity	$ 286
Contribution From Member	1,800
Net Income (Loss)	(1,908)
Ending Member's Equity	$ 178

The accompanying notes are an integral part of this financial statement

CONDECOR SUPERSTORE, LLC
STATEMENT OF CASH FLOWS
As of December 31, 2020

		2020
Cash Flows from Operating Activities		
Change in Net Assets	$	(1,908)
Net Cash Provided (Used) by Operating Activities		**(1,908)**
Cash Flows from Financing Activities		
Contribution by Members		1,800
Net Cash Provided (Used) by Financing Activities		**1,800**
Net Increase (Decrease) in Cash		(108)
Cash and Cash Equivalents at January 1, 2020		286
Cash and Cash Equivalents at December 31, 2020	**$**	**178**
Supplementary Information:		
Interest Expense	$	-
Income Tax Expense	$	-

NOTE 1 – ENTITY AND NATURE OF BUSINESS

Operations

ConDecor Superstore, LLC (a Texas Limited Liability Company) was organized on March 27th, 2019 under the State of Texas. The Company is a single member LLC. offers franchises for sale. The Company franchises sell products that color, seal, coat and stamp patterns into concrete to construction contractors, homeowners and government agencies.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. *Date of Management's Review*

For purposes of reporting subsequent events, management has considered events occurring through April 27, 2021, the financial statement issuance date.

B. *Basis of Accounting*

The accompanying financial statements have been prepared using accounting principles generally accepted in the United States of America.

C. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. As of December 31, 2020, the Company does not have any estimates used in the financial statements.

D. *Cash and Cash Equivalents*

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at date of purchase.

E. *Concentration of Credit Risk*

The Company places its cash with high credit quality financial institutions. At times, the account balances may exceed the institutions' federal insured limits. The Company has not experienced any losses in such accounts.

Cash deposits are held at banks located in Texas. The Federal Deposit Insurance Company (F.D.I.C.) insures deposits of the Company up to $250,000. As of December 31, 2020, all cash deposits are insured by the F.D.I.C.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CNT'D

F. Property and Equipment

Property, equipment, and improvements are stated at cost or at their estimated market value at the date of receipt from contributions. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. The Company did not have any property and equipment and therefore, did not recognize an impairment loss during the years ended December 31, 2020.

G. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the amount the Company expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off. We record expense to maintain an allowance for doubtful accounts for estimated losses that result from the failure or inability of our customers to make required payments deemed collectible from the customer when the service was provided. When determining the allowance, we consider the probability of recoverability of accounts receivable based on past experience, taking into account current collection trends as well as general economic factors. Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged accounts receivable balances with allowances generally increasing as the receivable ages. Accounts receivable may be fully reserved for when specific collection issues are known to exist, such as catastrophes. As of December 31, 2020, the allowance for doubtful accounts is zero.

H. Accrued Vacation and Sick Leave

The Company does not have an accrued vacation and sick leave policy. Therefore, no accrued vacation and sick leave benefits are recorded.

I. Revenue Recognition

Revenues derived from franchise operations are recognized when sold. As of December 31, 2020, the Company was not its operations and thus did not generate any sales. As the company begins operations, the policy for revenue recognition and accounts receivable will be made accordingly.

J. Advertising

Advertising costs are charged to operations when incurred. Advertising cost was $0 for 2020.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CNT'D

K. Income Taxes

The Company is considered a disregarded entity for tax purposes, and therefore, has no provision for federal income taxes. The activity of the Company is taxed on the personal return of its single member.

L. Statement of Cash Flows

For purposes of cash flows, the Company considers cash on hand, checking accounts and savings accounts to be cash and cash equivalents.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash deposits are held at Frost Bank. The carrying amounts of cash and cash equivalents reported on the financial statements. Cash and Cash equivalents as of December 31, 2020, was as follows:

DESCRIPTION	AMOUNT
Frost Bank	$ 178
Total Cash	$ 178

NOTE 4 – COMMITMENTS AND CONTIGENCIES

Litigation

As of April 27, 2021, the Company had no lawsuits pending. Management does not believe there are any such matters that could materially affect its financial position.

NOTE 5 – SUBSEQUENT EVENTS

The Company considered subsequent events through April 27, 2021, the financial statements issuance date.

CONDECOR SUPERSTORE, LLC

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

ADRIAN WEBB, CPA
Certified Public Accountant

ADRIAN WEBB, CPA

Certified Public Accountant
Edinburg, TX

INDEPENDENT AUDITOR'S REPORT

To the Member of
Condecor Superstore, LLC
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Condecor Superstore, LLC (a Texas corporation), which comprise the balance sheet as of December 31, 2021, and the related statements of income, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Condecor Superstore, LLC as of December 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Condecor Superstore, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Condecor Superstore, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Condecor Superstore, LLC's ability to continue as a going concern for a reasonable period of time.

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

Adrian Webb, CPA

Edinburg, Texas
February 15, 2022

CONDECOR SUPERSTORE, LLC
BALANCE SHEET
As of December 31, 2021

		2021
Assets		
Current Assets		
Cash and Cash Equivalents	$	310
Total Current Assets		310
Total Assets	**$**	**310**
Liabilities and Member's Equity		
Total Liabilities	$	-
Member's Equity		
Member's Equity		310
Total Member's Equity		310
Total Liabilities and Member's Equity	**$**	**310**

CONDECOR SUPERSTORE, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
For the Year Ended December 31, 2021

Income	
Franchisor Income	$ -
Total Income	-
Expenses	
Bank Service Charges	119
Professional Fees	1,400
Office Expenses	205
Total Expenses	1,724
Net Income (Loss)	$ (1,724)
Beginning Member's Equity	$ 178
Contribution From Member	1,856
Net Income (Loss)	(1,724)
Ending Member's Equity	$ 310

The accompanying notes are an integral part of this financial statement

CONDECOR SUPERSTORE, LLC
STATEMENT OF CASH FLOWS
As of December 31, 2021

		2021
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	$	(1,724)
Net Cash Provided (Used) by Operating Activities		**(1,724)**
<u>Cash Flows from Financing Activities</u>		
Contribution by Members		1,856
Net Cash Provided (Used) by Financing Activities		**1,856**
Net Increase (Decrease) in Cash		132
Cash and Cash Equivalents at January 1, 2021		178
Cash and Cash Equivalents at December 31, 2021	**$**	**310**
<u>Supplementary Information:</u>		
Interest Expense	$	-
Income Tax Expense	$	-

NOTE 1 – ENTITY AND NATURE OF BUSINESS

Operations

ConDecor Superstore, LLC (a Texas Limited Liability Company) was organized on March 27th, 2019 under the State of Texas. The Company is a single member LLC. offers franchises for sale. The Company franchises sell products that color, seal, coat and stamp patterns into concrete to construction contractors, homeowners and government agencies.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. *Date of Management's Review*

For purposes of reporting subsequent events, management has considered events occurring through February 15, 2022, the financial statement issuance date.

B. *Basis of Accounting*

The accompanying financial statements have been prepared using accounting principles generally accepted in the United States of America.

C. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. As of December 31, 2021, the Company does not have any estimates used in the financial statements.

D. *Cash and Cash Equivalents*

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at date of purchase.

E. *Concentration of Credit Risk*

The Company places its cash with high credit quality financial institutions. At times, the account balances may exceed the institutions' federal insured limits. The Company has not experienced any losses in such accounts.

Cash deposits are held at banks located in Texas. The Federal Deposit Insurance Company (F.D.I.C.) insures deposits of the Company up to $250,000. As of December 31, 2021, all cash deposits are insured by the F.D.I.C.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CNT'D

F. Property and Equipment

Property, equipment, and improvements are stated at cost or at their estimated market value at the date of receipt from contributions. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. The Company did not have any property and equipment and therefore, did not recognize an impairment loss during the years ended December 31, 2021.

G. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the amount the Company expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off. We record expense to maintain an allowance for doubtful accounts for estimated losses that result from the failure or inability of our customers to make required payments deemed collectible from the customer when the service was provided. When determining the allowance, we consider the probability of recoverability of accounts receivable based on past experience, taking into account current collection trends as well as general economic factors. Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged accounts receivable balances with allowances generally increasing as the receivable ages. Accounts receivable may be fully reserved for when specific collection issues are known to exist, such as catastrophes. As of December 31, 2021, the allowance for doubtful accounts is zero.

H. Accrued Vacation and Sick Leave

The Company does not have an accrued vacation and sick leave policy. Therefore, no accrued vacation and sick leave benefits are recorded.

I. Revenue Recognition

Revenues derived from franchise operations are recognized when sold. As of December 31, 2021, the Company was not fully operational and thus did not generate any sales. As the company begins operations, the policy for revenue recognition and accounts receivable will be made accordingly.

J. Advertising

Advertising costs are charged to operations when incurred. Advertising cost was $0 for 2021.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CNT'D

K. Income Taxes

The Company is considered a disregarded entity for tax purposes, and therefore, has no provision for federal income taxes. The activity of the Company is taxed on the personal return of its single member.

L. Statement of Cash Flows

For purposes of cash flows, the Company considers cash on hand, checking accounts and savings accounts to be cash and cash equivalents.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash deposits are held at Frost Bank. The carrying amounts of cash and cash equivalents reported on the financial statements. Cash and Cash equivalents as of December 31, 2021, was as follows:

DESCRIPTION	AMOUNT
Frost Bank	$ 310
Total Cash	$ 310

NOTE 4 – COMMITMENTS AND CONTIGENCIES

Litigation

As of February 15, 2022, the Company had no lawsuits pending. Management does not believe there are any such matters that could materially affect its financial position.

NOTE 5 – SUBSEQUENT EVENTS

The Company considered subsequent events through February 15, 2022, the financial statements issuance date.

CONDECOR SUPERSTORE, LLC

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

ADRIAN WEBB, CPA
Certified Public Accountant

ADRIAN WEBB, CPA

Certified Public Accountant
Edinburg, TX

INDEPENDENT AUDITOR'S REPORT

To the Member of
Condecor Superstore, LLC
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Condecor Superstore, LLC (a Texas corporation), which comprise the balance sheet as of December 31, 2022, and the related statements of income, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

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 Condecor Superstore, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Condecor Superstore, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Condecor Superstore, LLC's ability to continue as a going concern for a reasonable period of time.

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

Adrian Webb, CPA

Edinburg, Texas
April 12, 2023

CONDECOR SUPERSTORE, LLC
BALANCE SHEET
As of December 31, 2022

		2022
Assets		
Current Assets		
Cash and Cash Equivalents	$	190
Total Current Assets		190
Total Assets	**$**	**190**
Liabilities and Member's Equity		
Total Liabilities	$	-
Member's Equity		
Member's Equity		190
Total Member's Equity		190
Total Liabilities and Member's Equity	**$**	**190**

CONDECOR SUPERSTORE, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
For the Year Ended December 31, 2022

Income	
Franchisor Income	$ -
Total Income	-
Expenses	
Bank Service Charges	120
Professional Fees	1,300
Total Expenses	1,420
Net Income (Loss)	$ (1,420)
Beginning Member's Equity	$ 310
Contribution From Member	1,300
Net Income (Loss)	(1,420)
Ending Member's Equity	$ 190

CONDECOR SUPERSTORE, LLC
STATEMENT OF CASH FLOWS
As of December 31, 2022

		2022
Cash Flows from Operating Activities		
Change in Net Assets	$	(1,420)
Net Cash Provided (Used) by Operating Activities		**(1,420)**
Cash Flows from Financing Activities		
Contribution by Members		1,300
Net Cash Provided (Used) by Financing Activities		**1,300**
Net Increase (Decrease) in Cash		(120)
Cash and Cash Equivalents at January 1, 2022		310
Cash and Cash Equivalents at December 31, 2022	**$**	**190**
Supplementary Information:		
Interest Expense	$	-
Income Tax Expense	$	-

NOTE 1 – ENTITY AND NATURE OF BUSINESS

Operations

ConDecor Superstore, LLC (a Texas Limited Liability Company) was organized on March 27th, 2019 under the State of Texas. The Company is a single member LLC. offers franchises for sale. The Company franchises sell products that color, seal, coat and stamp patterns into concrete to construction contractors, homeowners and government agencies.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. *Date of Management's Review*

For purposes of reporting subsequent events, management has considered events occurring through April 12, 2023, the financial statement issuance date.

B. *Basis of Accounting*

The accompanying financial statements have been prepared using accounting principles generally accepted in the United States of America.

C. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. As of December 31, 2022, the Company does not have any estimates used in the financial statements.

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Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at date of purchase.

E. *Concentration of Credit Risk*

The Company places its cash with high credit quality financial institutions. At times, the account balances may exceed the institutions' federal insured limits. The Company has not experienced any losses in such accounts.

Cash deposits are held at banks located in Texas. The Federal Deposit Insurance Company (F.D.I.C.) insures deposits of the Company up to $250,000. As of December 31, 2022, all cash deposits are insured by the F.D.I.C.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CNT'D

F. Property and Equipment

Property, equipment, and improvements are stated at cost or at their estimated market value at the date of receipt from contributions. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. The Company did not have any property and equipment and therefore, did not recognize an impairment loss during the years ended December 31, 2022.

G. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the amount the Company expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off. We record expense to maintain an allowance for doubtful accounts for estimated losses that result from the failure or inability of our customers to make required payments deemed collectible from the customer when the service was provided. When determining the allowance, we consider the probability of recoverability of accounts receivable based on past experience, taking into account current collection trends as well as general economic factors. Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged accounts receivable balances with allowances generally increasing as the receivable ages. Accounts receivable may be fully reserved for when specific collection issues are known to exist, such as catastrophes. As of December 31, 2022, the allowance for doubtful accounts is zero.

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Revenues derived from franchise operations are recognized when sold. As of December 31, 2022, the Company was not fully operational and thus did not generate any sales. As the company begins operations, the policy for revenue recognition and accounts receivable will be made accordingly.

J. Advertising

Advertising costs are charged to operations when incurred. Advertising cost was $0 for 2022.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CNT'D

K. Income Taxes

The Company is considered a disregarded entity for tax purposes, and therefore, has no provision for federal income taxes. The activity of the Company is taxed on the personal return of its single member.

L. Statement of Cash Flows

For purposes of cash flows, the Company considers cash on hand, checking accounts and savings accounts to be cash and cash equivalents.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash deposits are held at Frost Bank. The carrying amounts of cash and cash equivalents reported on the financial statements. Cash and Cash equivalents as of December 31, 2022, was as follows:

DESCRIPTION	AMOUNT
Frost Bank	$ 190
Total Cash	$ 190

NOTE 4 – COMMITMENTS AND CONTIGENCIES

Litigation

As of April 12, 2023, the Company had no lawsuits pending. Management does not believe there are any such matters that could materially affect its financial position.

NOTE 5 – SUBSEQUENT EVENTS

The Company considered subsequent events through April 12, 2023, the financial statements issuance date.

EXHIBIT F TO FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (**"Release"**) is signed on ______________ by ________________________ ("Franchisee") and ______________________ ("Guarantors") as a condition of (1) the transfer of the ConDecor Superstore Franchise Agreement dated ____________ between ConDecor Superstore, LLC ("we", "us" or "our") and Franchisee ("Franchise Agreement"); or (2) the signing of a successor Franchise Agreement between Franchisee and us.

1. **Release by Franchisee and Guarantors.** Franchisee (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the "Releasors") freely and without any influence forever release (i) us, (ii) our past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, and (iii) our parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, (collectively, the "Released Parties") from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), which any Releasor ever owned or held, now own or hold, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and us or our parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. **Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 will nevertheless be effective in all respects and not subject to termination or rescission by virtue of any difference in facts.

3. **Covenant Not to Sue.** Franchisee and Guarantors (on behalf of all Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. **No Prior Assignment and Competency.** Franchisee and Guarantors represent and warrant that: (i) Releasors are the sole owners of all Claims and rights released in Section 1 and that Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasor has full and complete power and authority to sign this Release, and that the signing of this Release will not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly signed after each of them has had the opportunity to consult with counsel of their own choice.

5. **California Release.** California Civil Code §1542 provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

CIVIL CODE §1542 IS WAIVED BY THE PARTIES, EXCEPT AS OTHERWISE PROVIDED IN THIS GENERAL RELEASE.

6. **Complete Defense.** Franchisee and Guarantors: (i) acknowledge that the release in Section 1 is a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any Claim.

7. **Successors and Assigns.** This Release inures to the benefit of and binds the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

8. **Counterparts.** This Release may be signed in 2 or more counterparts (including by facsimile), each of which will be deemed an original, and all of which constitute one and the same instrument.

9. **Capitalized Terms.** Any capitalized terms that are not defined in this Release have the meaning given them in the Franchise Agreement.

IN WITNESS WHEREOF, Franchisee and Guarantors have signed this Release as of the date shown above.

FRANCHISEE:

____

By: ______________________________
Name:
Title:

Date: ______________________________

GUARANTORS:

____
A ____________________________ resident

Date: ______________________________

EXHIBIT G TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

NONE

EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF FORMER FRANCHISEES

The following is a list of franchisees who: (a) had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year, or (b) have not communicated with us within 10 weeks of the issuance date of this disclosure document:

NONE

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

EXHIBIT I TO FRANCHISE DISCLOSURE DOCUMENT

SBA ADDENDUM TO FRANCHISE AGREEMENT

ADDENDUM TO LICENSE [1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ________________, 20____, by and between ____ ("Licensor"), located at ____, and ____ ("Licensee"), located at ____.

Licensor and Licensee entered into a License Agreement on ________________, 20___, (such Agreement, together with any amendments, the "License Agreement"). Licensee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the License Agreement or any other document Licensor requires Licensee to sign:

CHANGE OF OWNERSHIP

- If Licensee is proposing to transfer a partial interest in Licensee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Licensee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) interest or any portion thereof, the transferor will not be liable for the actions of the transferee Licensee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the License Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Licensee owns the real estate where the licensee location is operating, Licensee will not be required to sell the real estate upon default or termination, but Licensee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as ''franchise'' relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Licensee owns the real estate where the licensee location is operating, Franchisor has not and will not during the term of the License Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Licensee's real estate, they must be removed in order for the Licensee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Licensee's employees. For temporary personnel franchises, the temporary employees will be employed by the Licensee not the Franchisor.

As to the referenced License Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Licensee.

Except as amended by this Addendum, the License Agreement remains in full force and effect according to its terms.

Franchisor and Licensee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR:

By: ______________________________

Print Name: _______________________

Title:______________________________

Authorized Representative of LICENSEE:

By: ______________________________

Print Name: _______________________

Title:______________________________

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Licensee. Additionally, the applicant Licensee and the (type of agreement) system must meet all SBA eligibility requirements.

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 J TO FRANCHISE DISCLOSURE DOCUMENT

RECEIPT PAGES

RECEIPT

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

If ConDecor Superstore, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state laws in (a) Michigan and Oregon require us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If ConDecor Superstore, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in ***Exhibit D*** to this disclosure document).

The name, principal business address and phone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Robert "Bob" Dill	231 E. Nakoma Street, Suite 100, San Antonio, TX 78216	(210) 541-4106

Issuance Date: April 27, 2023

I received a Disclosure Document dated April 27, 2023. The Disclosure Document included the following Exhibits:

A. Franchise Agreement
B. State Specific Addenda
C. Table of Contents of Confidential Operations Manual
D. List of State Administrators and Agents for Service of Process
E. Financial Statements
F. General Release
G. List of Current Franchisees
H. List of Former Franchisees
I. SBA Addendum to Franchise Agreement
J. Receipts

Dated:____________________

____
Individually and as an Officer

____
Printed Name

of_____________________________________
(a____________________________________Corporation)
(a____________________________________Limited Liability Company)

[Keep this page for your records]

<u>RECEIPT</u>

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

If ConDecor Superstore, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state laws in (a) Michigan and Oregon require us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If ConDecor Superstore, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in ***Exhibit D*** to this disclosure document).

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F. General Release
G. List of Current Franchisees
H. List of Former Franchisees
I. SBA Addendum to Franchise Agreement
J. Receipts

Dated:____________________

____
Individually and as an Officer

____
Printed Name

of____
(a___________________________________Corporation)
(a___________________________________Limited Liability Company)

[Sign and return this page to ConDecor Superstore, LLC]