FRANCHISE DISCLOSURE DOCUMENT

CREATIVE COLORS INTERNATIONAL, INC.
An Illinois corporation
19015 S. Jodi Road, Suite E
Mokena, Illinois 60448
(800) 933-2656
Terri@CreativeColorsIntl.com
www.CreativeColorsIntl.com

We offer a mobile-operated Franchised Business that specializes in repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, and upholstering furniture, booths, tables. We offer these franchises individually under the terms of a standard Franchise Agreement. We also offer multi-unit opportunities under our Area Development Agreement.

The total investment necessary to begin operation of a single Creative Colors International Franchised Business is $86,980 to $102,410. This includes $84,000 that must be paid to the Franchisor.

The total investment necessary to begin operation of an Area Development Creative Colors International franchised business is $170,980 to $186,410. This includes $168,000 that must be paid the Franchisor. The fee paid to the Franchisor covers the initial area development fee for 3 Franchised Businesses you will own and operate plus the Start-Up Fee for the 1st Franchised Business you open. For each additional Franchised Business you open, your investment is an additional $44,500 you must pay the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and ally 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 franchise disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Terri L. Sniegolski at Creative Colors International, Inc., 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448, 1-800-933-2656 ext. 224.

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

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

www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issued: April 1, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
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 G 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 Creative Colors International 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 Creative Colors International franchisee?	Item 20 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 A.

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:

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

2. **Inventory Control**. You must make inventory and supply purchases of a minimum 2% of your gross sales or $1500 per van, whichever is lower, beginning on your second anniversary date, even if you do not need that much inventory. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.

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

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

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

CREATIVE COLORS INTERNATIONAL, INC. ("we" or "us") was incorporated in the State of Illinois on December 3, 1990, and maintains its principal place of business at 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448. Prior to November of 2005, our principal place of business was 5550 W. 175th Street, Tinley Park, Illinois, 60477. We conduct business as CREATIVE COLORS INTERNATIONAL, for the franchise offerings by this Franchise Disclosure Document. We have offered franchises since June of 1991 and we have not offered franchises for any other businesses. Our agents for service of process are listed in Exhibit B.

J&J's Creative Colors, Inc. ("J&J's"), our affiliate and predecessor, was established in Illinois on October 17, 1980, and was incorporated on July 19, 1982 in the State of Illinois. The principal business address is 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448. Prior to November of 2005 its principal place of business was 5550 W. 175th Street, Tinley Park, Illinois, 60477. We share mutual shareholders with J&J's. J&J's operates businesses offering services similar to those to be offered by the CREATIVE COLORS INTERNATIONAL Franchised Business ("Franchised Business").

J&J's was the original owner of the Trademarks ("Marks") and proprietary know-how ("System") you will use. We originally entered into a license agreement with J&J's dated March 25, 1991, which gave us the right to use and sublicense the Marks to you. Said license agreement was assigned on January 1, 2009, to KTG Creative Colors, Inc., which has subsequent to said assignment amended its corporate name to J&J's Creative Colors, Inc. On May 15, 2020, J&J's assigned the Marks to us. By virtue of the assignment of the Trademarks by J&J's to us on May 15, 2020, J&J's is our predecessor.

We will offer to qualified individuals and business/legal entities ("you") a franchise agreement (the "Franchise Agreement") for the right to operate one franchised business ("Franchised Business") within a specific geographic area ("Area of Primary Responsibility") solely with the mark "Creative Colors International" and associated logos and marks ("Marks") described in the Franchise Agreement. The form of Franchise Agreement you must sign is attached as Exhibit E to this Disclosure Document.

If you qualify, you may enter into our Area Development Agreement, which grants you the right and obligation to open 3 or more Franchised Businesses within a defined territory. To qualify for an Area Development Agreement, you must commit to develop 3 or more Franchised Businesses in a defined geographic territory and sign the form of Area Development Agreement attached as Exhibit F to this Franchise Disclosure Document. We will determine your geographic territory ("Development Area") before you sign the Area Development Agreement and it will be described in Attachment A to the Area Development Agreement. You must open Franchised Businesses within your Development Area according to a development schedule ("Development Schedule") attached to the Area Development Agreement as Attachment A. You must enter into a separate Franchise Agreement for each Franchised Business you open and operate under the Area Development Agreement. The form of Franchise Agreement will be what we are then offering to new franchises, provided that the royalty fees and marketing contributions will remain the same as those in the Franchise Agreement for your first Franchised Business.

You will specialize in promoting and providing services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, upholstering furniture, booths, tables and similar items, and related services on a mobile basis ("Services"), primarily to commercial customers. You will use a unique system ("System"), developed by J&J's and assigned to us on May 15, 2020. The System includes exclusively designed signage, equipment, solvents, chemicals and materials; specially equipped vans; procedures and techniques for providing upholstery repair, coloring, cleaning, protection and restoration and related services; upholstering methods, materials, and techniques; our Confidential Operations Manual, Employee Manual, Training Manual, and MSDS Manual; Proprietary Products (see Item 8 for a description); uniform operating methods, procedures and techniques; other confidential operations procedures; methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion, marketing and advertising; all of which may be changed, improved and developed by us ("Trade Secrets").

All Services will be performed by you or your employee(s). At a minimum, you will start with one mobile van and grow your territory into all markets by adding on additional mobile vans as Services are needed.

We have since January, 1999, operated a business similar to the type you will operate. In addition, J&J's has operated the same business since 1980. We have, since 1991, offered franchises for the Franchised Business, which is the same type of business you will operate as a franchisee. J&J's has never offered Franchised Businesses.

You must comply with all local, state and federal laws and regulations that apply to operation of a Franchised Business. Our System involves use of adhesives, cleaners, water-based dyes and related supplies. As with any chemical product used at work, OSHA regulations and the Federal Right-to-Know law require that you and your employees be familiar with the Safety Data Sheet ("SDS") for these materials. The SDS for these materials is included in the Start-Up Kit. Normal operation of a Franchised Business may involve disposal of small quantities of unused supplies. As with other chemicals, improper disposal of these materials may result in violation of federal, state and local laws and regulations. We are not aware of any other laws or regulations that are specifically applicable to the franchised business. We encourage you to consult with an attorney concerning these and other laws, regulations and ordinances that may affect operation of your Franchised Business.

You will compete with vinyl repair service businesses and other businesses specializing in upholstery repair, upholstering services, and related services.

ITEM 2
BUSINESS EXPERIENCE

President and Director: Mark J. Bollman

Mr. Bollman has been our President since May, 2000. He has been a Director since May, 2000. Mr. Bollman is located at our Mokena, Illinois, office.

Sr Vice President/Secretary and Director: Terri L. Sniegolski

Ms. Sniegolski has been Vice President since May, 2000. She has been a Director and Secretary

since December, 1990. Ms. Sniegolski is an owner of J&J's Creative Colors since January 2009

and was employed by J&J's Creative Colors since June of 1988. Ms. Sniegolski is located at our Mokena, Illinois, office for both companies.

Vice President/Treasurer and Director: Kelli A. Bollman

Ms. Bollman has been our Vice President since May, 2000. She has been a Director and Treasurer since December, 1990. Ms. Bollman is an owner of J&J's Creative Colors since January 2009 and was employed by J&J's Creative Colors since May of 1988. Ms. Bollman is located at our Mokena, Illinois, office for both companies.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Business

The initial fees payable to us before you begin the Franchised Business include the non-refundable initial franchise fee of $49,500 and a Start-Up Fee of $34,500, for a total of $84,000. Upon signing the Franchise Agreement, we must receive payment in full of the initial franchise fee and the Start-Up fee in the total amount of $84,000. The initial franchise fee is non-refundable.

Area Development

We charge a non-recurring and non-refundable Area Development Fee equal to $44,500 times the number of Franchised Businesses you commit to open. You must pay the Area Development Fee in a lump sum when you sign the Area Development Agreement. You must commit to open at least 3 Franchised Businesses. The minimum Area Development Fee is $133,500. You must sign a Franchise Agreement for your first Franchised Business when you sign the Area Development Agreement. You must also sign a separate Franchise Agreement for each Franchised Business you open.

For each Franchised Business you open, your Franchise Fee is deemed paid by your payment of the Area Development Fee, up to the number of Franchised Businesses required by your Development Schedule. In the event you open more than the number of Franchised Businesses required to meet your Development Schedule, you will pay the then-current initial franchise fee, which may be different than the $49,500 initial franchise fee noted above.

For the first Franchised Business you open under the Area Development Agreement, you must pay the Start-Up Fee. The Start-Up Fee for the 1st Franchised Business you open, under the Area Development Agreement, is $34,500. There is no Start-Up Fee for any additional Franchised Businesses you open, up to the number of Franchised Businesses required by your Development Schedule.

* * * * *

Your van can be leased through us or another source. If you lease your van through us, you must pay us a down payment of $5,400.00 to $5,600.00 before we will start your initial training. See Exhibit J for a sample of the Van Lease Agreement.

Your van buildout can be done by us or another source. This includes interior workstation setup, including compressor and inverter hookup. If you lease the van through us, we provide the van buildout at a fee to you of $2,000, which you must pay before we will start your initial training. If you lease the van from another source, we will furnish you the compressor, inverter and graphics at training for no fee, but it will be your responsibility for transporting them back to your location and for having your van outfitted by another supplier.

The Start-Up Fee includes the initial training program for up to 2 people (fee does not include all of transportation and lodging), the initial start-up supplies and equipment (see Exhibit I for a list of supplies and equipment), unlimited one week CCI certified training class for future technicians for the term of this Franchise Agreement and legal and administrative costs.

We participate in the "Veterans Transition Franchise Initiative" (commonly referred to as "VetFran"), which seeks to provide an opportunity for veterans who want to be in business. If you are a veteran of the U.S. Armed Forces, have served at least 4 years of military service, and have received an honorable discharge, you are eligible to receive a $1500 discount off of the initial franchise fee.

In our fiscal year ending December 31, 2021, the franchise fee was applied uniformly to all other franchises offered or granted.

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ITEM 6
OTHER FEES

Franchise Agreement

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Royalty1/	7.5% of gross sales, including cash, or a minimum of $375 a month for the first full year of business; a minimum of $500 a month for the second full year of business; and a minimum of $625 a month for each following full year of business.	Postmarked on or before the 15th of every month	Gross Sales includes all revenues for the Franchised Business, except taxes and as adjusted for cost of materials and labor, from an upholsterer or tailor who is an independent contractor who bills you for his/her services. There is no Royalty fee for the first full month of business and there is no minimum for the first full three months of business
Marketing1/	1% of Gross Sales, or a minimum of $50 a month for the 1st full year of business; a minimum of $75 a month for the 2nd year in business; and a minimum of $100 a month for each following full year of business. If at any time, 50% or more of all other existing Franchised Business owners elect to raise the percentage marketing contribution level, participation will be required of all Franchised Business owners, but your contributions will not exceed 2% of your Gross Sales.	Postmarked on or before the 15th of every month	Gross Sales includes all revenues from the Franchised Business, except taxes and as adjusted for cost of materials and labor, from an upholsterer or tailor who is an independent contractor who bills you for his/her services. Marketing Fund checks are payable only to "Creative Colors International Marketing Fund".
Proprietary Products1/	Per our price list	When purchased	You must purchase Proprietary Products from us. Beginning on the 2nd anniversary date of your Franchise Agreement, you must purchase from us a minimum inventory of

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
			Proprietary Products equal to 2% of gross sales (adjusted for cost of materials and labor, from an upholsterer or tailor who is an independent contractor who bills you for his/her services) very fiscal year, or $1,500 per van.
CCI Certified Training Class1/	$500 registration fee per person	At least 2 weeks prior to training class	The registration fee will hold spot in both the 1 and 2 week class. If technician does not attend and you do not cancel class at least 2 weeks prior to training class, you will lose the registration fee, and none of it will be refunded. If your technician attends the training class, you will receive a credit for supplies in the amount of $500. There are no additional training fees for a 1 week training class.
Extended CCI Certified Training Class1/	$1,000	At least 2 weeks prior to training class	If you send in your technician for a two week training class, you must pay for the 2nd week of training in addition to the registration fee listed above.
Conference Registration Fee1/	$300 - $600 per person	Per conference registration schedule	For your attendance at our annual conference. Owner or manager attendance is mandatory.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Non-Attendance Fee1/	$1,000	Upon Demand	Payable only if you fail to attend the annual conference two consecutive years in a row.
Additional Assistance in Territory1/	$300 per person per day plus transportation and lodging	On or before the first day of assistance.	We provide opening assistance to you at no charge for 4 business days. If you request onsite assistance in your Territory in addition to the 4 days we spend with you during your Grand Opening, we will charge you this fee.
National Account Admin Fee	Up to 5% of Repair Cost	When Serviced	Payable only if you service a National Account that requires us to handle all dispatching and/or billing.
Transfer Fee1/	$10,000	On or before closing date.	There is no fee for transfers to business or legal entities formed and solely owned by you for tax and/or legal reasons.
Successor Franchise Fee1/	$5,000 due at time of renewal.	Due at least 90 days before your franchise agreement expires.	Paid at the time of acquiring a successor franchise.
Van Lease Payments1/	$475 per month, depending on amount of down payment.	Monthly	If you elect to lease your Van through us and our Supplier, you make the monthly payments to us.
Interest on Van Lease Agreement1/	Lesser of 18% of highest rate permitted by applicable law.	Upon Demand	Payable only if you lease a van through us and our Supplier and you are delinquent on monthly payments under Van Lease Agreement.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Interest on Payment Due to us other than under Van Lease Payments1/	Highest legal rate for open account business credit not to exceed 2% per month.	Upon Demand	You must pay on all overdue amounts.
Insurance1/	Our costs	On Demand	You pay to us only if we have to pay your premium when you fail to do so. Fee is payable to Creative Colors International, Inc. or the insurance carrier.
Business Listing Fee1/	$600 a year	Annually	For your annual business listing. This amount is subject to increase on 30 days' notice.
CCI Technology Fee1/	$750 a year	Annually	This is your CRM, all digital marketing and one CCI email address. This amount is subject to increase on 30 days' written notice.
Late Fee1/	$25	Upon Demand	For all royalty fees paid late.
NSF Fee1/	$50 per occurrence	As incurred	You pay this amount if payment to us is not honored by bank.
Warranty Reimbursement1/	Amount we pay your customer.	Upon Demand	You reimburse us if we decide to honor a warranty claim brought by your customer and you decline to honor it.
Audit1/	Cost of audit, including travel, lodging, and wage expense, reasonable legal and accounting costs, not to exceed $5,000, plus 21% annual interest on underpayment.	30 days after billing	You pay only if audit shows an understatement of at least 3% of gross sales for any month.
Service Fee1/	$500 per day, plus our out-of-pocket travel, lodging and meal expenses.	Immediately upon billing	You pay this amount if we operate your business while you are in default.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Attorney's Fees and Costs1/	Our reasonable fees and costs.	On Demand	You pay us if we incur legal costs in enforcing the Franchise Agreement.
Indemnification1/	Our loss, liability, taxes, or damages and costs .	When a claim is brought against us.	You must reimburse us for our costs if a claim is brought against us due to your ownership or operation of your Franchised Business or because we must manage your business on your behalf.

1/ Except for the royalty fees, all fees are uniformly imposed on all franchisee's purchasing a franchise under this offering and are payable only to us. Two franchisees are on a reduced royalty structure. Some franchisee's are under, or grandfathered in, an older agreement with a lower royalty rate. Some franchisees who have multiple territories combined their minimum royalty fees for all their territories, rather than paying individual minimum royalties for each territory. All fees are nonrefundable. We can require you to pay us this fee or payment via electronic funds transfer ("EFT"). In addition, you must keep an active credit card on file with us. Your credit card must have a credit line sufficient to cover all Royalty Fee payments, advertising contributions to the marketing fund and amounts due for purchases by you from us. We shall have the right to debit your credit card at any time that you fail to submit any payments due to us.

Area Development Agreement (Note 1)

Type of Fee	**Amount**	**Due Date**	**Remarks**
Transfer Fee	The transfer fee required under each Franchise Agreement, plus $1,000 for every undeveloped franchise right for which no Franchise Agreement has been signed.	Before the transfer	If you sell or transfer your rights under the Area Development Agreement. This fee does not apply to transfers to immediate family members of you (or your owners), transfers of 25% of the ownership interest or voting rights in you or transfers to one of your existing owners.
Management Service Fee	$300 per day, plus our out-of-pocket travel, lodging and meal expenses	On Demand	You pay this amount if we operate business your upon death or disability.

Attorney's Fees in Connection with your Offer of Securities	Our reasonable fees and costs	On Demand	You must reimburse us our attorney's fees and costs if we incur legal costs in connection with a claim brought against us arising from your offer of securities to third parties.
Indemnification in Connection with your Offer of Securities	Our loss, liability, taxes, or damages and costs	When a claim is brought against us	You must reimburse us for our costs if a claim is brought against us arising from your offer of securities to third parties.
Attorney's Fees in Enforcing Area Development Agreement	Our reasonable fees and costs	On Demand	You and your guarantors must pay us if we incur legal costs in enforcing the Area Development Agreement.

Note 1: Except where noted, all fees are collected by and payable to us. All fees are non-refundable unless otherwise noted.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Franchise Agreement

(1) TYPE OF EXPENDITURE	(2) AMOUNT	(3) METHOD OF PAYMENT	(4) WHEN DUE	(5) TO WHOM PAYMENT MADE
Initial Franchise Fee1/	$49,500	Lump Sum	Signing of Franchise Agreement	Us
Start-Up Fee2 /	$34,500	Lump Sum	Signing of Franchise Agreement	Us
Van3/	$720 - $7,595	As Arranged	As Incurred	Us (only if you lease from our Supplier) Dealer, or Leasing Agent
Van Setup4/	$0 - $2,500	As Arranged	As Incurred	Us, Suppliers
Pre-Opening Travel and Initial Training5/	$760 - $1,265	As Incurred	As Incurred	Suppliers of transportation & food
Insurance6/	$750 - $3,000	As Arranged	As Incurred	Insurers
Office Equipment and Office Supplies7/	$0 - $1,600	As Arranged	As Incurred	Nonrefundable
Technology Expenses8/	$750 - $1,850	As Arranged	As Incurred	Suppliers
Additional Funds9/	$0 - $600	As Incurred	As Incurred	Employees, Suppliers, Utilities
TOTAL10/	$86,980 - $102,410			

All amounts paid to us are nonrefundable, except if we terminate you prior to completion of training (see Item 5). Amounts paid to other vendors are refundable according to their terms and policies.

Notes:

1/ The initial fee of $49,500 must be paid at the time of signing the Franchise Agreement and before we will start the initial training. The initial franchise fee is described in Item 5.

2/ This fee covers the initial supply of your inventory, stationery, marketing presentation pieces, graphics for one van, 3 week initial training class, 1 Grand Opening week, airline voucher up to $500, hotel voucher up to $1,500, clothing voucher for $500, unlimited one week CCI Certified

Training class, and legal and administrative costs. The Start-Up Fee must be paid at the time of signing the Franchise Agreement and before we will start the initial training.

3/ You need to have a white Cargo Van. The low figure estimates you using your personal van as your work vehicle. The high figure estimates you leasing a van and includes the deposit of $5,300 plus 3 months of lease payments of $525. Van buildout costs are capitalized into the vehicle lease. Both estimates include fuel for the first 3 months of operations.

4/ Van buildout costs include the interior workstation setup, including compressor and inverter hookup. The low figure assumes you will lease the van through us and that we do the van buildout. The buildout will be included in the capitalized price of the vehicle lease as referenced in above note 3. The high figure assumes you have the van buildout done by other suppliers and we have to ship the products and equipment.

5/ You will have travel expenses for training. We provide instructors, instructional materials, airline voucher and hotel voucher but you will need to arrange for meals for yourself. The cost will depend on the distance you must travel and the type of accommodations and meals you choose.

6/ The figures in the chart are annual expenses of $3,000, calculated on a quarterly basis. In rare cases you must pay the entire annual premium initially. The premiums are for auto, business and liability. The low figure is based on quarterly payments, the high figure is on annual payments.

7/ You will need a smart phone, computer and specific software to include Office 365 Business which includes Outlook, Word, Excel and Powerpoint, as well as Quickbooks Premiere and Teamviewer. The low estimate assumes you will use personal equipment for business. The high estimate assumes you will purchase a smartphone and general computer system.

8/ You will need internet access, CCI email, access to CCI Marketing Portal and opening advertising. The low estimate represents your fees for your first quarter of business. The high estimate represents your fees for your first full year in business.

9/ This estimates your start-up expenses for your first 3 months of operation. These expenses include inventory replacement. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate if you start with an employee; competition; and the sales level reached during the initial period.

10/ We relied on our current franchisees' experience of 29 years when preparing these figures. We do not finance any of these expenses unless you lease your van through our supplier as described in Item 10.

Area Development Agreement

(1) TYPE OF EXPENDITURE	(2) AMOUNT	(3) METHOD OF PAYMENT	(4) WHEN DUE	(5) TO WHOM PAYMENT MADE
Initial Area Development Fee1/	$133,500	Lump Sum	Signing of Area Development Agreement	Us
Start-Up Fee2 /	$34,500	Lump Sum	Signing of Franchise Agreement	Us
Van3/	$720 - $7,595	As Arranged	As Incurred	Us (only if you lease from our Supplier) Dealer, or Leasing Agent
Van Setup4/	$0 - $2,500	As Arranged	As Incurred	Us, Suppliers
Pre-Opening Travel and Initial Training5/	$760 -$1,265	As Incurred	As Incurred	Suppliers of transportation & food
Insurance6/	$750 - $3,000	As Arranged	As Incurred	Insurers
Office Equipment and Office Supplies7/	$0 - $1,600	As Arranged	As Incurred	Nonrefundable
Technology Expenses8/	$750 - $1,850	As Arranged	As Incurred	Suppliers
Additional Funds9/	$0 - $600	As Incurred	As Incurred	Employees, Suppliers, Utilities
TOTAL10/	$170,980 - $186,410			

Notes:

1/ The Area Development Agreement requires you to open 3 or more Franchised Businesses over a development opening schedule. The Area Development Fee is $44,500 for each Franchise Agreement that Franchisee commits to execute for the development of Franchised Businesses. The figure is based on Area Developer committing to open 3 Franchised Businesses.

2/ The $34,500 Start-Up Fee covers the first Franchised Business initial inventory, 3 week initial training class, 1 week Grand Opening, clothing voucher up to $500, stationery, marketing presentation pieces, graphics for one van, airline voucher up to $500, hotel voucher up to $1,500, unlimited one week CCI Certified Training Class, and legal and administrative costs. The Start-Up Fee must be paid at the time of signing the first Franchise Agreement.

3/ Upon opening each Franchised Business, you need to a white Cargo Van. The low figure estimates you using your personal van as your work vehicle. The high figure estimates you leasing a van and includes the deposit of $5,300 plus 3 months of lease payments of $525. Van buildout costs are capitalized into the vehicle lease. Both estimates include fuel for the first 3 months of operations.

4/ Van buildout costs include the interior workstation setup, including compressor and inverter hookup. The low figure assumes you will lease the van through us and that we do the van buildout. The buildout will be included in the capitalized price of the vehicle lease as referenced in above note 3. The high figure assumes you have the van buildout done by other suppliers and we have to ship the products and equipment.

5/ You will have travel expenses. We provide instructors, instructional materials, airline and hotel voucher but you will need to arrange for meals for yourself. The cost will depend on the distance you must travel and the type of accommodations and meals you choose.

6/ The figures in the chart are annual expenses of $3,000, calculated on a quarterly basis. In rare cases you must pay the entire annual premium initially. The premiums are for auto, business and liability. The low figure is based on quarterly payments, the high figure is on annual payments.

7/ You will need a smart phone, computer and specific software to include Office 365 Business which includes Outlook, Word, Excel and Powerpoint, as well as Quickbooks Premiere and Teamviewer. The low estimate assumes you will use personal equipment for business. The high estimate assumes you will purchase a smartphone and general computer system.

8/ You will need internet access, CCI email, access to CCI Marketing Portal and opening advertising. The low estimate represents your fees for your first quarter of business. The high estimate represents your fees for your first full year in business.

9/ This estimates your start-up expenses for your first 3 months of operation. These expenses include inventory replacement. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate if you start with an employee; competition; and the sales level reached during the initial period.

10/ We relied on our current franchisees' experience of 29 years when preparing these figures. We do not finance any of these expenses unless you lease your van through our supplier as described in Item 10.

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ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase Proprietary Products from us. We are the designated supplier of the Proprietary Products listed in Exhibit I which you will use in your franchised business. We furnish you initial inventory of Proprietary Products as part of your Start-Up Fee disclosed in item 5. When you have used up your initial inventory, you must purchase these products exclusively from us to preserve our trade secrets and maintain the uniform quality throughout our system. We will sell to you proprietary products and equipment that you require in the operation of the Franchised Business and at prices in effect at the time of purchase. You must carry an adequate supply and maintain an inventory of proprietary products as listed in Section E of the Operations Manual. You must maintain and promote proprietary products for use in service to the general public to meet the customer demand. Beginning on the second anniversary date of your franchise term, you must purchase at least 2% of your gross sales or $1500 per van, in Proprietary Products from us each year. You acknowledge that an essential component of the System is the development and promotion of bio-degradable solutions and cleaners approved by the Environmental Protection Agency. You may use solvents and cleaners (other than our proprietary products) only if approved by us.

We will provide you with a list of approved manufacturers, suppliers, and distributors authorized for the Franchised Business ("Approved Supplier List") and a list of approved inventory products, equipment, signs, stationery, supplies, chemicals, products, merchandise and other items or services necessary to operate the Franchised Business ("Approved Supplies List"). The Approved Supplier List and Approved Supplies List will be provided to you in the Operations Manual. We may revise the Approved Supplier List and Approved Supplies List in our sole discretion and all such changes will be revised in the Operations Manual. The approved source of supply for any individual item may be us, J&J's or an independent third party. Currently, we are the only approved supplier for Proprietary Products. If you propose to use any brand of product or other material or supply which is not on the Approved Supplies List or to purchase any product from a supplier that is not on the Approved Supplier List, you must first notify us in writing. Our criteria for supplier approval are not available to you. Based on the information and samples you supply to us, we will test the items to determine if they meet our specifications and quality standards and make sure these items are compatible with our proprietary products. We will also review the proposed supplier's financial records, business reputation, delivery performance, credit rating and other information. We reserve the right to re-inspect the facilities and products of any supplier of an approved item and to revoke our approval for failure to continue to meet any of our criteria. We will notify you within 30 days of our approval or disapproval.

We have no purchase arrangements with our suppliers. We do not provide material benefits to you based on your use of approved suppliers. We do try and negotiate pricing with our approved suppliers for better buying power and discounts for you. We do not have any purchasing or distribution cooperatives. We do not receive payments from any designated suppliers on account of purchases made by you from those suppliers.

You must purchase computer hardware with internet access and specific software meeting our specifications. See Item 11.

Some or all of the officers of the Franchisor own an interest in the Franchisor, which is an approved supplier of Proprietary Products and the leased vans.

You may, but are not required, to purchase the Inverter and Heat Gun's from us. If you do, all warranties come from the manufacturer.

In the year ending December 31, 2021, our revenues from the sale of Inventory to our franchisees was $443,736 or 16.26% of our total revenues of $2,729,463. The purchase of supplies, equipment, inventory and other items from approved sources will represent 15% to 23% of your overall purchases in **establishing** the Franchised Business. The purchase of supplies, equipment, inventory and other items from approved sources will represent 3-8% of your overall purchases in **operating** the Franchised Business.

No affiliate derived revenue from required purchases or leases.

You need to have a white cargo van for the Franchised Business. You may purchase or lease original and replacement vans from any source. We are an approved vendor of the van lease. In the year ending December 31, 2021, our revenues from the lease of vans to our franchisees was $6,591 or 0.24% of our total revenue of $2,729,463.

Other than from the sale of inventory and the leases of vans, we did not derive any revenue in 2019 from franchisee's purchases or leases from us.

You must use only approved warranty and guarantee forms, work order forms, invoices and other forms. You will obtain forms from us or from suppliers approved by us to produce forms utilizing the Marks. All invoices must be sequentially numbered. Copies of all work order forms and invoices issued or voided out by you must be submitted to us on a monthly basis.

You must obtain insurance in accordance with our standards and specifications described in our Operations Manual. You must obtain workers compensation, comprehensive general liability, garage dealers and product liability (minimum of $500,000 coverage), automobile liability (minimum of $500,000 coverage), and additional insurance as may be required by us. The minimum insurance amounts can be increased by us. You may obtain the insurance from any insurance company that is licensed in your state. You must name on each insurance policy described in this paragraph Creative Colors International, Inc. (19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448) as additional insured on a primary basis. The policy must provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of the policy.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Franchise Agreement: III, Exhibit A Area Development: 8	11,12
b. Pre-opening purchases/leases	Franchise Agreement: I.F., IV.A., XIII.B., XIV.E Area Development: 8	5, 7, 8
c. Site development and other pre-opening requirements	Franchise Agreement: I.D., III Area Development: 8	11
d. Initial and Ongoing training	Franchise Agreement: V Area Development: N/A	11
e. Opening	Franchise Agreement: XIII.B Area Development: N/A	11
f. Fees	Franchise Agreement: I, XI Area Development: 9	5, 6
g. Compliance with standards and policies/Operating manual	Franchise Agreement: VII, XIII Area Development: N/A	11
h. Trademarks and proprietary information	Franchise Agreement: VI Area Development: 10	13
i. Restrictions on products/services offered	Franchise Agreement: XIII Area Development: N/A	16
j. Warranty and customer service requirements	Franchise Agreement: XIII.E., XIII.O. Area Development: N/A	6
k. Territorial development and	Franchise Agreement: IV.B.	12

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
sales quotas	Area Development: 4	
l. Ongoing product/service purchases	Franchise Agreement: XIII.G, XIII.H. Area Development: N/A	8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: IV.C, IV.E., XIII.C Area Development: N/A	6
n. Insurance	Franchise Agreement: XV Area Development: N/A	7, 8
o. Advertising	Franchise Agreement: X Area Development: N/A	6, 7 & 11
p. Indemnification	Franchise Agreement: XXII.C. Area Development: 10	13, 17
q. Owner's participation, management and staffing	Franchise Agreement: XXXIV, Exhibit E Area Development: 7	15
r. Records and reports	Franchise Agreement: XII Area Development: 15	6
s. Inspections/audits	Franchise Agreement: XII.E. Area Development: 15	6 & 11
t. Transfer	Franchise Agreement: XIX Area Development: 13	17
u. Renewal	Franchise Agreement: II Area Development: 4	17
v. Post-termination obligations	Franchise Agreement: XVIII Area Development: 10	17
w. Non-competition covenants	Franchise Agreement: XVI Area Development: 10	17

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
x. Dispute resolution	Franchise Agreement: XXIX Area Development: 16	17
y. Other (describe)	Not Applicable	N/A

ITEM 10
FINANCING

Other than below, we will not offer, directly or indirectly, any arrangements for financing your initial investment or the operation of the Franchised Business. We are unable to estimate whether you will be able to obtain financing for all or any part of your investment and, if you are able to obtain financing, we cannot predict the terms of such financing.

We have made arrangements where you can lease your Van from us through a third party agreement with Enterprise Fleet Management and your payments would be made through us. A copy of the Van Lease Agreement is attached in Exhibit J. The terms of the lease are as follows:

You must pay a down payment of $5,400.00 to $5,600.00 or 20% of the delivered price of the vehicle. You will pay 48 monthly lease payments at an interest rate of approximately 6%. The amount of interest charged will not exceed the maximum amount allowed by state law. At the end of 48 months, you may buy out the van at a price of $0 to $500. If you do not buy it out, you must return the van to us. In addition, you may be liable for an "additional rent" charge if the Book Value of the van exceeds the greater of (i) the wholesale value as determined by us in good faith, or (ii) 20% of the Delivered Price of the van (Paragraph 3(c) of the Master Van Lease Agreement). You may prepay without a penalty, but you may not be entitled to a refund or reduction in interest.

The above arrangement represents financing of 80% of the Delivered Price of the van.

You are obligated for the cost of all license plates, registrations, fuel, maintenance, upkeep, fines, tickets, penalties, municipal stickers, insurance, repairs, and all other ongoing expenses in operating the van. In addition, if you are delinquent in any monthly payments under the Van Lease Agreement, you must pay us interest on the delinquent amount at the rate of 18% per annum. The amount of interest charged will not exceed the maximum amount allowed by state law. There are no other finance charges in connection with the Van Lease.

Enterprise Fleet Management retains the title to the vehicle as collateral for the van lease. Other than holding title, there is no other security interest you must furnish in connection with the van lease.

We require a personal guarantee of the van lease from all the individual owners of your franchise entity.

If you default the Van Lease Agreement, we will take immediate possession of the van from you, without releasing you from your obligations under the Agreement. You may be obligated to pay our court costs, attorney's fees and expenses if you default the Agreement.

We do not receive direct or indirect payments for placing financing.

Other than the lease arrangements noted above, we do not offer direct or indirect financing. We do guarantee the van lease if leased through Enterprise. We do not receive any consideration for placing financing with the lender.

We may, at your request, assist you in obtaining financing from a third party for all or part of your investment. We will not guarantee any part of your obligation. We will not receive any benefit for this assistance.

We reserve the right to assign, pledge or transfer our rights under the Van Lease Agreement to a third party. If we exercise that right, we will remain primarily obligated to provide you the leased van. You will lose your defenses against our assignee if we assign the Van Lease Agreement.

Unless we assign the Van Lease Agreement to a third party, you do not waive defenses or other legal rights you may have against us.

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

Except as listed below, we need not provide any assistance to you.

PRE-OPENING OBLIGATIONS

Before you open the Franchised Business, we (or our designee) must provide the following assistance and services to you:

Franchise Agreement

1. We will lend you, one copy of the Operations Manual. See Exhibit C to this Franchise Disclosure Document, current Table of Contents of the Operations Manual. (Franchise Agreement Section VII)

2. We will lend you one copy of the Training Manual. See Exhibit D to this Franchise Disclosure Document, current Table of Contents of the Training Manual. (Franchise Agreement Section VII)

3. We will provide you your Start-Up Equipment & Supplies during training. The contents of this package are listed in Exhibit I. (Franchise Agreement Section I.F.)

4. We will provide training as set forth below. (Franchise Agreement Section V.)

5. We will review all of your promotional materials and marketing and you must obtain our approval before using them. (Franchise Agreement Section X.A.)

6. All of the specifications, Approved Supplies List, Approved Supplier List, Training, Operations and Employee Manual will be delivered to you during the initial training class and before your Grand Opening. (Franchise Agreement Section XIV.E.)

7. You may purchase or lease original and replacement vans from any source. If you lease the van through us, we will arrange for the lease to you of your van that will be outfitted with equipment, graphics and interior set-up and woodwork during training. (Franchise Agreement Section IV.A.). If you lease or purchase your van through another source, we will not arrange for the outfitting of your van. We will furnish you the equipment, supplies, and graphics during initial training. You must transport these items back to your location and have your van outfitted with them, as well as with interior set-up and graphics installation, by another supplier.

We do not have to provide any other supervision, assistance, or services before you open the Franchised Business.

Area Development Agreement

1. We will determine your Development Area (Area Development Agreement, Section 1.A.)

2. We will determine your Development Schedule (Area Development Agreement, Section 1.B.)

3. We will approve your business location (Area Development Agreement, Section 8.A.)

Site Selection

You must locate your office, or post office box, within your Area of Primary Responsibility. You may operate your business office from your home. If you decide to relocate your office outside of your home, you must first obtain our written approval. Our primary consideration in approving your site is whether it is within your area of Primary Responsibility and easily accessible to customers. We will advise you within 30 days of our approval or disapproval; if we cannot agree, we will resolve the dispute through arbitration. (Franchise Agreement Section III; Area Development: 8)

Length of Time Before Operation

The typical length of time between the signing of the Franchise Agreement and the beginning of operations of the Franchised Business is approximately 60 to 90 days. Factors affecting this length of time may include ability to arrange financing, meet local ordinances or community requirements, complete delivery of vans and equipment, complete training and other factors. If you fail to begin operations within 90 days of signing the Franchise Agreement, we may terminate the Franchise Agreement. (Franchise Agreement Section XIII.B)

If you enter into an Area Development Agreement, the development schedule for multiple Franchised Businesses (the "Development Schedule") will be agreed to when we sign the respective document. (See Section 4 of the Area Development Agreement.)

CONTINUING OBLIGATIONS

During the ongoing operation of the Franchised Business, we will provide the following assistance and services to you. If the assistance or service is an obligation in the Franchise Agreement, there will be a reference to the Section number. If there is no reference to a Section number, then we are not obligated by the Franchise Agreement.

Franchise Agreement

1. We will provide to you a list of established sources of and specifications for tools, equipment, chemicals, supplies, and services necessary for the operation of the Franchised Business. (Franchise Agreement Section XIV.B)

2. We will keep you updated on information for new methods of operation and new services. (Franchise Agreement Section XIV.B)

3. We will offer advice to you regarding prices for the services and products offered for sale by the business and prices charged for competitive services and products. (Franchise Agreement Section XIV.A)

4. We will give you advice as to the proper administrative, bookkeeping, accounting, supervisory and general operating procedures for the effective operation of the Franchised Business. (Franchise Agreement Section XIV.C)

5. We will use reasonable efforts to make our personnel available to you for telephone consultation and periodic field visits to assist you in all aspects of the operation of the business. We will prepare written reports about these visits outlining any suggested changes or improvements and we will also detail any defaults. A copy of this report will be given to you. (Franchise Agreement Section XIV.D)

6. We will make available further training for the Franchised Products and Services we may introduce at our annual conference and our headquarters in Mokena, Illinois.

We are not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance, or services during the operation of the Franchised Business.

Area Development Agreement

Other than the ongoing support we furnish you in connection with your Franchised Businesses, we do not furnish you any support specifically relating to your Area Development Agreement.

National Accounts

We may enter into agreements with certain customers who have jobs in multiple areas ("National Accounts") under which we and participating franchisees agree to provide certain services at certain specified rates or in accordance with certain procedures. If any National Account has a job in your area of primary responsibility, we will offer you the opportunity to participate under the National Account agreement. Your participation is voluntary, but if you choose not to participate, we may reduce your exclusive territory by excluding the National Account from your area of primary responsibility, and we may allow a franchisee or affiliate to service that customer. We have the right to charge an admin fee up to 5% of the repair charge for National Accounts that require us to handle dispatching and/or billing. (Franchise Agreement Section I.I.)

Marketing

We have a Marketing and Development Fund ("Fund"). The purpose of the Fund is to create, develop, direct and prepare national or regional advertising materials and marketing materials relating to the System and the products and services you offer and to pay for public relations projects intended to enhance the goodwill and public image of the System. CCI is not obligated to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that you or any particular franchisee benefits directly or proportionately from expenditures by the Fund.

All payments to the Fund will be used solely for marketing and development of CCI franchisees and their products and services. "Marketing and development" expenditures will include direct costs of producing, maintaining, administering, directing and placing consumer advertising, including the cost of preparing and conducting television, e-commerce, direct mail, magazine and newspaper print, radio, outdoor advertising, promotional materials and brochures and expenses directly incurred and related to the cost of marketing and administration of the Fund. Neither we nor our Affiliate receives payment for providing goods or services to the Fund other than the services we provide in administrative expenses.

If you wish to use your own marketing material, including telemarketing scripts, newspapers, radio and television advertising, you must submit them to us or our designated agency, for our prior approval. You are permitted to use your own advertising material only after receiving approval from us.

You must advertise continuously your business listing with our approved internet provider. Your expenditure for business listing advertisements will be independent of and in addition to your contributions to the Fund.

We do not require you to participate in a local or regional marketing cooperative.

We have created a Marketing Fund Committee ("Committee") that is designed to provide us with a regular forum to hear advice and counsel from the franchisee network. The Committee will provide you with recognized leaders to whom all franchise owners can turn for advice and offer guidance on advertising development, marketing development and promotional materials. The Committee will offer advice and review advertising themes, marketing development and promotional projects and propose new advertising/marketing materials. The format of this Committee is to advise and help determine the focus and offer direction for the CREATIVE

COLORS INTERNATIONAL Marketing Fund. The Committee will be the voice of franchisees. The Committee is not a decision making board but is advisory only and can make recommendations.

You are prohibited from advertising on the internet unless it is through your customized website, which is linked to our main website, and your advertising is approved by us. You are strictly prohibited from creating a Social Media account or posting anything on Social Media sites involving your Franchised Business or that uses our Marks. We reserve the right to require you to obtain our approval of any message involving your Franchised Business or that uses our Marks that you send or post over Social Media. You are strictly prohibited from creating any email addresses for your business other than the email address(es) we assign and provide to you.

You and all Franchisees must contribute to the Fund, at the same time and in the same manner as the Royalty Fee, 1% of your Gross Sales or a minimum of $50 the first year, $75.00 the second year or $100.00 the third year, derived from each Franchised Business you operate. A separate check needs to be made payable to "CCI Marketing Fund." We may require you to pay all fees via electronic funds transfer.

All of our company owned outlets and our affiliate owned outlets will pay marketing fees in the same manner as you.

If at any time, 50% or more of all other existing Franchised Business owners elect to raise the percentage marketing contribution level, participation will be required of all Franchised Business owners, but your contribution will not exceed 2% of your Gross Sales.

The Fund will not be our asset. Although the Fund is not a trust, we will hold all Fund contributions for the benefit of the contributors and use contributions only for the purposes described in the Franchise Agreement. We do not owe any fiduciary obligation to you for administering the Fund or any other reason.

The Fund's fiscal year will begin on January 1 and end on December 31 of each year. Any amount not expended in the calendar year shall be applied and used for the Fund expenses in the following year. We have the right to terminate the Fund. The Fund will not be terminated until all monies in the Fund have been expended for both marketing and promotional purposes. No contributions you make to the Fund will be returned to you under any circumstances. An unaudited accounting of the income and expenses of the Fund will be prepared annually and be made available to you upon request.

In our most recent fiscal year (ended December 31, 2021), the Fund was expended for the following uses:

Marketing & Promotional	4%
Public Relations Firm	17%
Local Co-Op Reimbursements	19%
Tradeshow	1%
Internet Marketing	46%
Administrative Expense	9%
Other (includes Association & Subscription dues and bad debit & bank charges)	4%
Total	100%

The marketing projects are contracted out, with some projects done in-house. In 2021, 0% of the work (in terms of dollars expended) was done in-house, and the rest was contracted out. Any remaining balance of the fund is carried over to the following years.

The Fund will not be used for research and development of new products or services; the design of new or different trademarks, service marks or logos; or any of our general operating expenses. We will not use Fund contributions to create or place any advertisement that is principally a solicitation for new franchises, but we may include in all advertising prepared from Fund contributions (including Internet advertising) information concerning franchise opportunities.

The following expenses will not be paid for by the Funds for your individual use: Incentive programs; charitable, political, or other contributions or donations; reproduction costs; and conference and educational costs.

Computer Requirements

You must have computer hardware with internet access and specific software meeting our specifications. At present, you need to have a computer that is comparable to, or better than, the following:

Operating System: Windows 7 or Higher
2.4 GHz processor
4 GB of RAM
2.5 GB disk space recommended
1024x768 or higher screen resolution
4x DVD-ROM drive
Internet Access

The specific software that you will need is Quickbooks Desktop Premiere Pro 2021 and Office 365 Business Edition 2021 (or higher). The estimated cost for these purchases is $0 to $750, depending on the software you may already own.

Neither CCI, any affiliate, nor any third party is obligated to provide ongoing maintenance, repairs, upgrades, or updates to your computer system.

You must acquire, maintain, upgrade and update hardware and software during the term of the franchise, at your own expense. There are no limitations on CCI's right to require upgrades and updates. CCI does not currently recommend or require a specific type of maintenance, updating, upgrading or support contract.

You must update the software every 3 years, and the cost to you will not exceed $1,500. You must also have an Internet provider to access our online internet system. The hardware and software will record all Gross Sales, inventory date, sales information, and other information we require. Neither the hardware nor the software is proprietary to us or a third party. We shall have full remote access to all of your computer business data via network connection thru High Speed Internet (LAN Network Connection).

Online Marketing Portal

You will have access to our online marketing portal. The online marketing portal provide you with resources essential to the operation of your business. The online marketing portal is part of the CCI Technology Fee of $750 year that you must pay.

Manuals for Franchised Business

We will lend you 1 copy of our Operations Manual and Training Manual (the "Confidential Manuals") for your Franchised Business. The Confidential Manuals will contain specifications, standards, operating procedures and policies, which you must follow in operating your Franchised Business. We may revise the Confidential Manuals at any time. The Confidential Manuals are strictly confidential and remain our sole property. The master copy is at our principal office and will be controlling if there is a dispute concerning content. The master copy will be available to you on our CCI Internet Portal. Any changes to the manual will be made electronically. (Franchise Agreement Section VII.A.).

A copy of the Table of Contents for the Operations Manual is attached as Exhibit C. The total number of pages in the Operations Manual as of the date of this Franchise Disclosure Document is 227.

A copy of the Table of Contents for the Training Manual is attached as Exhibit D. The total number of pages in the manual as of the date of this Franchise Disclosure Document is 306.

Training Programs

We will provide a CCI Certified Training class to you and your employees. Before opening your Franchised Business, you must attend and successfully complete to our satisfaction a training and familiarization course of 3 weeks at our headquarters and one week in your franchised territory. We will train up to 2 people, including you, at the Initial training program. An airline voucher up to $500.00 and a hotel voucher up to $1,500 will be provided. All other expenses for you and your employees, including travel costs, room and board expenses and employees' salaries, is your responsibility. The CCI Certified Training program will cover techniques and procedures for providing upholstery coloring, repairs, cleaning, protection and restoration; upholstering methods, materials, and techniques; management and operational techniques; safety techniques; marketing and advertising techniques; and maintenance of quality standards. (Franchise Agreement Section V.A and V.C)

The Initial training program for you will be approximately 4 weeks of both classroom instruction, on-the-job training and on-the-job training in your territory, and is scheduled monthly. The Initial training program will be supervised by Ms. Kelli Bollman, who is disclosed in Item 2 and/or Ms. Annetta Teeter. Ms. Bollman has been an employee of CCI since 2000 and an employee of our affiliate, J&J's Creative Colors since 1989, and she has 30 years of experience in the subjects she will be responsible for teaching. Ms. Teeter has been an employee of CCI since 2005, and she has 15 years of experience in the subjects she will be responsible for teaching.

The instructional materials we use include our Operations Manual, Training Manual and Employee Manual.

In certain unique situations (Covid-19), we may have to temporarily suspend our in-person training and convert our training to virtual.

During the Grand Opening of your Franchised Business, one of our representatives will provide on the job training and solicitation of accounts in your area of primary responsibility for 4 business days. (Franchise Agreement Section V.B)

If you designate new or additional managers and employees after the Initial training program, we will provide a one or two week CCI Certified Training program for them if we can accommodate them in our regularly scheduled training course. A $500 non-refundable deposit must be received by us at least two weeks prior to the class. If your technician attends the training class, you will receive a credit for supplies in the amount of $500. There is no fee for the one week CCI Certified Training Class. If you send your technician to the extended two week CCI Certified Training Class, you must pay a training fee of $1,000 at least two weeks prior to the class. (Franchise Agreement Section V.A and V.C)

We will provide required refresher training programs at our conference to be conducted at a location designated by us, at your expense. This training program will be conducted at our annual conference. Your attendance is mandatory, unless we waive the requirement; however, your attendance will not exceed 3 business days. You must pay your travel and living expenses. In addition, we will charge you a registration fee for the conference.

We expend a great deal of time and effort in planning and conducting the annual conferences. We also believe attending the annual conference is vital to you, not only in terms of information and knowledge you gain, but also from networking with the other franchisees. If you do not attend the annual conference two consecutive years in a row, you must pay us a Non-Attendance Fee of $1,000. The only reasons for which you will be excused from attending a conference is in the event of a marriage, birth, or death of an immediate family member, for which you must furnish us written evidence. (Franchise Agreement, Section V.D.)

If you do not attend the annual conference, you will be required to attend training at our headquarters for new Franchised Products and Services not to exceed 3 days in duration. You must pay for any travel and daily living expenses for this extra training. We will charge a fee of $200 per day for this additional training, in addition to the applicable Non-Attendance Fee. (Franchise Agreement, Section V.D.)

TRAINING AGENDA

Franchise Agreement and Area Development Agreement

The subjects covered in the 3 week Initial CCI Certified Training program held in Mokena, Illinois, are described below:

SUBJECT	HOURS OF HANDS-ON CLASS ROOM TRAINING	HOURS OF TRAINING HOMEWORK	HOURS OF ON THE JOB TRAININ G	LOCATION
Pre-Training – Read Sections A, B, C, D, E and complete tests		9 ½		Online – No more than 10 days prior to first day of Training Class
Colors	8	2	0	Workshop – (our headquarters at 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448)
Introduction to Vinyl, Commercial, Furniture and Automotive	8		0	Workshop
Basic Vinyl Repairs	8	1 ½	0	Workshop
RV Repairs	8	3	0	Workshop
Fabric Repairs; Sewing Techniques; Stain Removal	8	2	0	Workshop
Carpet Repair and Dyeing; Hard Plastic; Metallics	8	3	0	Workshop
Introduction to Leather	8		0	Workshop
Leather Repairs	8		0	Workshop
High End Leather	8		0	Workshop
Miscellaneous Repairs	8		0	Workshop
General Business Operations	8		0	Conference Room
Sales and Marketing	8		0	Conference Room
QB's & General Internet Marketing	8		0	Conference Room
On-the-Job Training	0		8	Out in Field
In Territory Training	0		32	In your Territory

The subjects covered in the 1 week CCI Certified Training Program are described below. Employee must be out in field for at least 4 weeks, but not longer than 90 days, to participate in the one week training class.

SUBJECT	HOURS OF HANDS-ON CLASS ROOM TRAINING	HOURS OF TRAINING HOMEWORK	HOURS OF ON THE JOB TRAINING	LOCATION
Pre-Training – Read Sections A, B, C, D, J, K and complete tests		11		Online – No more than 10 days prior to first day of Training Class
Mixing of Colors; Uses of Products; Vinyl Repairs	8	2	0	Workshop – (our headquarters at 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448)
Commercial Vinyl; Furniture Vinyl; Automotive Vinyl	8	3 ½	0	Workshop
Fabric Repairs; Sewing; Carpet Repair	8	2	0	Workshop
Automotive Leather Repairs; Commercial Leather Repairs; Furniture Leather Repairs	8	2	0	Workshop
Miscellaneous Repairs	8		0	Workshop

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The subjects covered in the 2 week Extended CCI Certified Training program are described below:

SUBJECT	HOURS OF HANDS-ON CLASS ROOM TRAINING	HOURS OF TRAINING HOMEWORK	HOURS OF ON THE JOB TRAINING	LOCATION
Pre-Training – Read Sections A, B, C, D and complete tests		8		Online – No more than 10 days prior to first day of Training Class
Colors	8	2	0	Workshop – (our headquarters at 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448)
Introduction to Vinyl, Commercial, Furniture and Automotive	8		0	Workshop
Basic Vinyl Repairs	8	1 1/2	0	Workshop
RV Repairs	8	3	0	Workshop
Fabric Repairs; Sewing Techniques; Stain Removal	8	2	0	Workshop
Carpet Repair and Dyeing; Hard Plastic; Metallics	8	2	0	Workshop
Introduction to Leather	8		0	Workshop
Leather Repairs	8		0	Workshop
High End Leather	8		0	Workshop
Miscellaneous Repairs	8		0	Workshop

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ITEM 12
TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate the Franchised Business within an exclusive Area of Primary Responsibility ("Area of Primary Responsibility" or "Territory"). If you are in compliance with the Franchise Agreement, your Area of Primary Responsibility will be exclusive, and we will not establish a franchised or company-owned business that offers or provides products and services similar to those offered in our System, within your Area of Primary Responsibility under the Marks or different trademark or trade name. We can grant franchises outside of your Area of Primary Responsibility. Both within and outside your Area of Primary Responsibility, we have the right to offer and sell, at wholesale or retail, products and services which make up part of the System and those that do not make up part of the System. The products and services which are a part of the System are in the Operation Manual. The Operation Manual and Training Manual may be amended to reflect changes of these products and services.

You will receive an Area of Primary Responsibility which will vary in size and dimensions which will be agreed upon by you and us. Your Area of Primary Responsibility will be determined by people population and be identified by zip code and/or street boundary. The Area of Primary Responsibility you select will be described in writing and on a map attached to the Franchise Agreement. An Area of Primary Responsibility shall contain a people population of approximately 300,000.

You are strictly prohibited from soliciting and providing services to an account or customer that is outside your Area of Primary Responsibility. Violation of this prohibition is a breach of the Franchise Agreement and it is grounds for termination of the Franchise Agreement.

Continuation of your Area of Primary Responsibility is dependent on your participation in a National Account in your Territory. If you decide not to service a National Account, three days written notice will be given to you and we will reduce your Area of Primary Responsibility by excluding the customers' of the National Account from your exclusive territory. We may allow another franchisee or our affiliate to service the customers of the National Account within your territory without any liability to you. Not all Areas of Primary Responsibility will have a National Account. We have the right to charge an admin fee up to 5% of the repair charge for National Accounts that require us to handle all dispatching and/or billing.

You do not have any options, rights of first refusal or similar rights to acquire additional franchises.

You may not solicit for business, promote the business, and/or offer and sell services or products authorized under the Franchise Agreement through the use of a toll-free number, catalog, smartphone application or any electronic service, including the internet in any manner or Social Media.

We and our affiliate may sell products under the Trademarks within and outside your Territory through any method of distribution other than a dedicated Creative Colors International franchise location, including, sales through such channels of distribution as electronic commerce, internet, websites, catalog sales, telemarketing, or other direct marketing sales (together,

"alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Territory and you will receive no compensation for our sales through alternative distribution channels.

We and our affiliate can use alternative distribution channels to make sales within your Territory of products or services under trademarks different from the Trademarks you will use under the Franchise Agreement, but we and our affiliate have not yet made any sales of this type.

If you wish to relocate your office, you must first obtain our written approval. Our primary consideration in approving your relocated site is whether it is easily accessible to customers. We will advise you within 30 days of our approval or disapproval; if we cannot agree, we will resolve the dispute through arbitration.

Area Development Agreement

The Area Development Agreement grants you certain rights (as described below) within your Development Area. The size of the Development Area may be a single or multi-city area, a single or multi-county area, or another area which is described in the Development Area attached as Attachment A to the Area Development Agreement. The Development Area will contain approximately 300,000 people population times the number of Franchised Businesses your Development Schedule requires you to open. We will determine the Development Area before you sign the Area Development Agreement based on various market and economic factors.

Your Development Area will be exclusive, provided you are (a) in full compliance with the terms and conditions contained in the Area Development Agreement, including the development obligations contained in the Development Schedule and (b) in full compliance with all obligations under Franchise Agreements entered into between us and you under the Area Development Agreement, then during the development periods. Within your exclusive Development Area, we will: (1) grant to you, according to the provisions of the Area Development Agreement, franchises for the ownership and operation of additional Franchised Businesses located within the Development Area and (2) not operate (directly or through our affiliate), nor grant a franchise for the location of, any Franchised Business within the Development Area, except for the franchises granted to you under the Area Development Agreement and as described below.

The territorial rights granted to you under the Area Development Agreement are dependent upon your meeting the development obligations but are not otherwise dependent on the achievement of certain sales volume. Your territorial rights are dependent on having 2 vans in operation beginning on the second anniversary date of your Franchise Agreement.

During the terms of the Area Development Agreement and any extensions, you must at all times faithfully, honestly, diligently and timely develop Franchised Business within the Development Area in compliance with the Development Schedule (Attachment B to the Area Development Agreement). You must have open and in operation certain cumulative numbers of Franchised Businesses at the end of each development period as a prerequisite to the continuation of your rights of exclusivity. The development periods and minimum development standards are determined by Franchised Businesses on the basis of market potential and size of the Development Area.

A Franchised Business which is permanently closed with the approval from us after

having been opened shall be deemed open and in operation for purposes of the Development Schedule if a substitute Franchised Business is open and in operation within 6 months from the date of closing. The replacement Franchised Business shall not otherwise count toward compliance with the Development Schedule.

Continuation of your Area of Primary Responsibility granted in each of the Franchise Agreements you sign under your Area Development Agreement is dependent on your participation in a National Account in your area. If you decide not to service a National Account, three days written notice will be given to you and we will reduce your Area of Primary Responsibility by excluding the customers' of the National Account from your Territory. We may allow another franchisee or our affiliate to service the customers of the National Account within your Territory without any liability to you. Not all Areas of Primary Responsibility will have a National Account. We have the right to charge an admin fee up to 5% of the repair charge for National Accounts that require us to handle dispatching and/or billing.

Continuation of your Development Area is not dependent on your participation in a National Account within your Development Area, other than the possible reduction in one of your Areas of Primary Responsibility as described in the paragraph above.

ITEM 13
TRADEMARKS

J&J's was the original owner of the Marks. J&J's registered the following Marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Trade Mark:	"CREATIVE COLORS INTERNATIONAL"
Registration No.:	1,731,631
Registration Date:	November 10, 1992
Expires:	November 10, 2022
Word Mark:	Creative Colors International

Service Mark:	"CCI"
Registration No.:	4,908,242
Registration Date:	March 1, 2016
Expires:	March 1, 2026
Word Mark:	CCI

On March 25, 1991, J&J's and we entered into a license agreement, which gave us the exclusive right to use and sublicense the Marks for the Franchise Agreement. On May 15, 2020, J&J's assigned the Marks to us, which effectively terminated the License Agreement dated March 25, 1991. The Assignment of Trademark was filed with the United States Patent and Trademark Office on May 20, 2020.

In addition, J&J's has registered the following Mark in Canada:

Canada Trademark:	"CREATIVE COLORS INTERNATIONAL"
Registration No.:	TMA481,805
Registration Date:	May 29, 1995
Expires:	August 28, 2027
Word Mark:	Creative Colors International

Canada Trademark: "CREATIVE COLOURS INTERNATIONAL"
Registration No.: TMA496,693
Registration Date: June 13, 1995
Expires: June 25, 2028
Word Mark: Creative Colours International

We have registered the following Marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Service Mark: "We Can Fix That"
Registration No.: 3186848
Registration Date: December 19, 2006
Expires: December 19, 2026
Word Mark: We Can Fix That

All required affidavits and renewal applications have been filed.

You can use the Marks in the operation of your Franchised Business.

There are no currently effective material determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of this state, or any court nor is there any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the principal Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Trademarks listed in this section in a manner material to you.

CCI agrees to indemnify you against and to reimburse you for all direct, but not consequential (including, but not limited to, loss of revenue and/or profits), damages for which you are held liable in any proceedings arising out of the use of any Mark under and in compliance with the Franchise Agreement, and for all costs reasonably incurred by you in the defense of any such claim brought against it or in any such proceeding in which it is named as a party, provided that you have timely notified CCI of such claim or proceeding and have otherwise complied with the Franchise Agreement.

You must promptly notify CCI in writing of any apparent infringement or of challenge to your use of any Mark, or of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation of the Marks. You may not communicate with any person other than CCI and its counsel in connection with such infringement, challenge or claim. CCI or its affiliate has sole discretion to take such action as it deems appropriate and the right to control exclusively any litigation, U. S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You further agree under the Franchise Agreement to sign any and all instruments and documents, render such assistance and do whatever may be necessary or advisable to protect and maintain the interests of CCI in any such litigation, U. S. Patent and Trademark Office proceeding or other administrative proceedings or otherwise to protect and maintain the interests of CCI in the Marks.

You may not use any of the Marks or portion of any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. You shall not for your own account register the Marks or use the Marks on any form of technology, including, but not limited to, websites, email address, Social Media, or smart phone applications, or use or register the Marks on the internet, as part of an email address, or any electronic service in any other manner. You are strictly prohibited from creating or maintaining a website for your Franchised Business, or a website that uses our Marks. We have the sole right to create, establish, own, and control the website for your Franchised Business. We also have the sole right to create, establish, own and control the email address(es) for your Franchised Business. You agree to display the Marks prominently and in the manner we prescribed on signs, forms, and other materials and articles. You shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by us. You shall give such notices of trademark and service mark registrations as we specify and obtain such fictitious or assumed name registrations as may be required under applicable law. You shall prominently identify your business as "CREATIVE COLORS INTERNATIONAL" in all your advertising, stationery, invoices, telephone directory listings, signage and all other like displays. You may include a corporate name or individual person's name in association with "CREATIVE COLORS INTERNATIONAL," provided that such other name shall not be as prominent as "CREATIVE COLORS INTERNATIONAL" and provided that such other name is accompanied by the words "FRANCHISE OWNER" or "FRANCHISEE."

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any rights in, or licenses to, any patents or registered copyrights that are material to you. We do not have any pending patent applications that are material to you.

There are no current material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding a patent or copyright.

You will not use in advertising, or any other form of promotion, our copyrighted materials without the appropriate copyright designation.

Confidential Manuals

We claim common law rights and copyright protection for our System and Marks. All Confidential Manuals remain our sole property and must be returned upon the expiration or termination of the Franchise Agreement.

You must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Confidential Manuals, you will receive one copy of each on loan from us for the term of the Franchise Agreement upon your completion of our Initial training program to our satisfaction. These manuals are designed to protect our standards, systems, names and marks, and not to control the day-to-day operations of your Franchised Business.

You must treat the Confidential Manuals, any other manuals and their information created for or approved for use in the operation of the Franchised Business as confidential. You

must use all reasonable efforts to maintain this information as secret and confidential. You must not copy or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Confidential Manuals will remain our sole property and must be kept in a secure place in your Franchised Business.

We may revise the contents of the Confidential Manuals, and you must comply with each new standard. You must ensure that the Confidential Manual is kept current at all times. If there are any disputes as to the contents of the Confidential Manuals, the terms of the master copy contained by us at our home office will be controlling.

Confidential Information

J&J's originally owned the Confidential Information and the System and licensed us the exclusive right to use and sublicense the System for the Franchise Agreement.

On May 15, 2020, J&J's assigned the System to us.

There are no agreements currently in effect which limit our right to use or license others to use the System.

You must not, during the term of the Franchise Agreement or after the term of the Franchise Agreement, communicate, or use for the benefit of any other person or business or legal entity any confidential information regarding the operation of the Franchised Business which may be communicated to you or of which you may know because you operate the Franchised Business (including information regarding the specifications, standards, pricing, and operating procedures). You may provide this confidential information only to those of your employees who must have it in order to operate the Franchised Business.

At our request, you must require all of your employees who have access to any of our confidential information to sign a covenant that they will maintain the confidentiality of information they receive during their employment by you at the Franchised Business. The statement must be in a form satisfactory to us, including specific identification of us as an intended third party beneficiary with the independent right to enforce the covenant. Attached to this disclosure document as Exhibit M is our "Agreement for Protection of Trade Secrets of the Creative Colors International, Inc. System," which is our approved form agreement for use by you with your employees.

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

During the term of the Franchise Agreement, except as otherwise approved in writing by us, you or your fully-trained manager must devote full time and best efforts to the operation of your Franchised Business and you must not engage in any business or other activities that will conflict with your obligations under the Franchise Agreement. The Franchised Business must at all times be under the direct supervision of you or a manager who has satisfactorily completed our training program. If you are an individual, we recommend that you be the fully-trained manager.

We do not have the right to approve your manager. The manager will not be required to

have an equity interest in your franchised business. The manager and other employees must attend and complete our training program, as described in Item 11. The manager and other employees must enter into an agreement (i) not to compete with Franchised Businesses while employed by you and for 2 years after, and (ii) not to reveal confidential information obtained during their employment with you. See Item 14 for a description of these obligations. You must keep us informed of the identity of any employee(s) acting as manager(s). You must provide us with a list of current names, addresses and phone numbers of all your employees.

Your personnel who perform the CREATIVE COLORS INTERNATIONAL services to your accounts must be W-2 employees and not independent contractors.

If the Franchisee is a corporation, limited liability company (LLC), or partnership, all owners of the corporation, LLC or partnership must agree jointly and severally to guarantee the obligations of Franchisee under the Franchise Agreement, and must sign Attachment B to the Franchise Agreement (Guaranty and Assumption of Obligations).

If the Area Developer is a corporation, limited liability company (LLC), or partnership, all owners of the corporation, LLC or partnership must agree jointly and severally to guarantee the obligations of Area Developer under the Area Development Agreement, and must sign Attachment D to the Area Development Agreement (Guaranty and Assumption of Obligations).

You and your spouse, or, if you are a corporation, limited liability company or other entity, then each person owning an equity or voting interest in the entity as disclosed in Attachment D to the Franchise Agreement and his or her spouse must sign Attachment B to the Franchise Agreement and, if you are an Area Developer, Attachment D to the Area Development Agreement (Guaranty and Assumption of Obligations).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and use at your Franchised Business all types of services for repair, coloring, cleaning, protection, and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; upholstering furniture, booths, tables and upholstery replacement; and providing services that we authorize. You shall not offer for sale any other category of materials, supplies, merchandise, products or accessories or use the Franchised Business for any purpose other than the operation of a Franchised Business in full compliance with the Franchise Agreement. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes.

We have the right to add additional services that you must offer. You must successfully complete training for any additional products and services. There are no limits on our right to add additional services and you will incur additional costs for all travel and lodging expenses.

You are not limited in the customers to whom you may sell products or services, other than the geographic limitations described in Item 12.

You must not offer and sell products through the use of a toll-free number, catalog, smart phone application or on any internet site including but not limited to Social Media.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	FA: II.A. ADA: Section 3	FA: Term is 10 years. ADA: Term ends on last day of Development Period in Development Schedule.
b. Renewal or extension of the term	FA: II.B. ADA: None	FA: You may acquire a successor franchise provided you are not in default of your Franchise Agreement. We may reduce your Area of Primary Responsibility if you fail to adequately service your customer base or provide service to a National Account. ADA: None)
c. Requirements for Franchisee to renew or extend	FA: II.B. ADA: None	FA: Give notice, sign new franchise disclosure document that may have materially different terms and conditions than your original agreement, comply with current training requirement, execute general release and satisfy all monetary obligations. Pay $5,000.00. The renewal agreement may contain materially different terms and conditions than your original contract, but the royalty fee will not be greater than the royalty fee that we then impose on similarly-situated renewing franchisees. ADA: None
d. Termination by Franchisee	FA: XVII.A. ADA: None	FA: If we are in material breach and fail to cure after notice (subject to state law). ADA: None
e. Termination by	FA: None	FA: None

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
Franchisor without cause	ADA: None	ADA: None
f. Termination by franchisor with cause	FA: XVII.B. and C. ADA: Section 11	FA: We can terminate only if you are in default. ADA: CCI may terminate Area Development Agreement for a material breach of Area Developer and failure of Area Developer to cure certain other material breaches after receiving notice of such default from CCI.
g. "Cause" defined – curable defaults	FA: XVII.C. ADA: Section 11.B	FA: You have 10 days to cure non-payment and 30 days to cure any other default not listed in Section 17.B. ADA: Curable defaults include: meet development requirements, designate qualified Representative, failure to comply with all terms of this Agreement and any executed Franchise Agreement, misuse of unauthorized use of any Licensed Marks, 14 days after notice to pay monetary obligations, failure to correct a deficiency of a health or safety issue after notice of such deficiency.
h. "Cause" defined – non-curable defaults	FA: XVII.B. ADA: Section 14	FA: Fails to equip van, fails to complete training, fails to commence business within 60 days of signing Franchise Agreement; providing false information, conviction of certain crimes, unauthorized use or disclosure of confidential information, abandon or fails to operate business, surrenders or transfers control of the business, understating records by 5% for all fees owed, insolvency, impair goodwill in any Marks, 3 or more defaults, use of unauthorized products or supplies, servicing an account outside your Area of Primary Responsibility, terrorist activities. ADA: Noncurable defaults include: if developer becomes insolvent, makes a general assignment for the benefit of creditors, files a petition or has a petition initiated against him under federal bankruptcy laws, is adjudicated bankrupt, has receiver appointed, proceedings for composition with creditors instituted, final judgment remains unsatisfied or of record for 30 days, is dissolved or

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		signing is levied against business or property, a suit to foreclose a lien or mortgage is levied, an immediate threat or danger to public health or safety, fails 2 or more times within 12 months to comply with a material provision of the Agreement, discloses contents of Operations Manual or other confidential information or makes material misrepresentations on its application or breaches any covenants (also applies to Principal), transfers any rights or obligations to a third party without CCI's written consent (also applies to Principal), repeatedly commits a material event of default (also applies to Principal) or fails to comply with Section 10.B of the Agreement.
i. Franchisee's obligations on termination & nonrenewal	FA: XVIII ADA: Sections 11 and 14	FA: Immediately cease operation of business and use of all marks, payment of amounts due, return all manuals, ship everything with CCI logo back to Creative Colors International, remove stripes from van and send photo of unstriped van, and assign usage of telephone number. ADA: Termination of the Area Development Agreement will end your rights to open Franchised Businesses.
j. Assignment of contract by Franchisor	FA: XIX.A. ADA: Section 13.A	FA: No restrictions. ADA: No restrictions on CCI's right to assign.
k. "Transfer" by Franchisee – definition	FA: XIX.B. ADA: Section 13.B	FA: Includes transfer of contract or ownership change. ADA: Rights or ownership interest voluntarily, involuntarily, directly or indirectly, assigned, sold, conveyed, pledged, sub-franchised or otherwise transferred by Area Developer or its owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest in Area Developer, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Area Developer or in this Agreement in a

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		divorce proceeding, or if Area Developer or an owner of Area Developer dies, by will, declaration of or transfer in trust or the laws of the intestate succession).
l. Franchisor's approval of transfer by Franchisee	FA: XIX.B.2 ADA: Section 13	FA: We must approve all transfers. The approval will not be unreasonably held. ADA: CCI has the right to approve all transfers, but will not unreasonably withhold approval.
m. Conditions for Franchisor's approval of transfer	FA: XIX.B.3 ADA: Section 13.C	FA: Your buyer must meet our standards and satisfactorily complete training and we must be paid a transfer fee of $10,000.00. ADA: CCI has right of first refusal; if not exercised within 30 days then proposed transferee must qualify, all transferee's principals must execute documents assuming all obligations of Developer under the Area Development Agreement and sign the then-current Franchise Agreement, Developer and all principals must not be in material default of any obligations, execute general release, pay transfer fee and pay any referral fees or commissions that may be due to any franchise broker, seller or other third party.
n. Franchisor's right of first refusal to acquire Franchisee's business	FA: XXI ADA: Section 13.E	FA: We can match any offer for your franchise. ADA: CCI has the right to match any bona fide offer from a third-party.
o. Franchisor's option to purchase Franchise's business	FA: XVIII.I. ADA: None	FA: Upon termination or expiration, we can buy all marketing materials and all items bearing our marks at your cost or fair market value. ADA: None
p. Franchisee's death or disability	FA: XX ADA: Section 13.F	FA: Heirs may apply for right to operate business or transfer your interest in accordance with contract. ADA: Executor of estate must appoint a competent manager within 30 days from the date of death or CCI may then appoint a manager to manage your Franchised Business.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	FA: XVI.C. ADA: Section 10.B	FA: You cannot divert business to any competitor, employ our employees or other Franchised Business owners or have any interest in a Competitive Business (subject to state law). ADA: You cannot divert business to any competitor, employ our employees or other Franchised Business owners or have any interest in a Competitive Business (subject to state law).
r. Non-competition -+covenants after the franchise is terminated or expires	FA: XVI.D. ADA: Section 10.B	FA: No competing business for 2 years after termination or expiration to any accounts serviced by you or any other Franchised Business or within a 10 mile radius of any Franchised Business Owner or J&J's or within your Area of Primary Responsibility (subject to state law). ADA: No competing business for 2 years after termination or expiration to any accounts serviced by you or any other Franchised Business or within a 10-mile radius of any Franchised Business Owner or J&J's or within your Area of Primary Responsibility (subject to state law).
s. Modification of the agreement	FA: XXVI ADA: Section 16.C	FA: We may amend and use new or modified products, equipment or techniques and you agree to comply with the modifications even if these modifications change the license. ADA: CCI has and may at different times approve exceptions or changes from the uniform standards of the System in Franchisor's absolute sole discretion, which Franchisor deems desirable or necessary under particular circumstances.
t. Integration/merger clause	FA: XXVI ADA: None	FA: Only the terms of the Franchise Agreement are binding (subject to state law). Any promises or representations outside the franchise disclosure document and franchise agreement may not be enforceable. ADA: None
u. Dispute resolution by arbitration	FA: XXIX ADA: Section	FA: All disputes must be submitted to arbitration. ADA: All disputes must be submitted by

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
	10.B.	arbitration.
v. Choice of forum	FA: XXVIII.B., XXIX ADA: Section 10.B.	FA: Arbitration will be conducted in the city where our principal business address is then located (currently Chicago, Illinois). ADA: Arbitration will be conducted in the city where our principal business address is then located (currently Chicago, Illinois).
w. Choice of law	FA: XXVIII ADA: Section 10.B.	FA: Illinois law applies. ADA: Illinois law applies

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit K.

ITEM 18
PUBLIC FIGURES

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

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ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

There are 3 types of financial performances representations in this Item 19:

Chart 1: Overview of Franchise and Company-Owned Van performance by Model for calendar year ending December 31, 2021;
Chart 2: Annual revenue in 2021, which includes revenue comparisons for 2020 vs 2021, for each of the 71 Franchise owners and 2 company stores, including data for each van (referenced by Multi Van Model and Single Van Model); and
Chart 3: Spreadsheet showing annual revenue history by calendar year in business, for each Area Developer/Multi Territory Franchise Owner and for each Single Territory Franchise Owner, from the beginning of the franchised business.

The sales experience included in Charts 1, 2 and 3 of this Item 19 represents the annual revenue, subject to the assumptions outlined below, of 71 franchised businesses and 2 company stores in operation for the entire year from January 1 through December 31, 2021. One franchised business was terminated on January 21, 2022. There are 70 franchised businesses in in operation as of April 1, 2022. As of December 31, 2021, there were 119 franchised vans and 6 Company-Owned vans operating throughout the United States and 1 franchised van operating in Canada.

During 2021, 2 franchised units closed. The 2 franchised units that closed were excluded from the tables in this Item 19.

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Chart 1

Overview of Franchise and Company Store referenced by model for calendar year ending December 31, 2021.

Multi-Van Model: 2 or more Vans
Single Van Model: 1 Van

Overview of Franchise Van Performance								
Model	FA Owner	2021 Revenue	Vans	Van Revenue	Low Van Revenue	High Van Revenue	# of owners who attained Van Revenue	% of owners who attained Van Revenue
Multi Van Model	42	$16,435,888	94	$ 174,850	$ 57,746	$ 341,418	5	12%
Average		$ 632,150	3.62	$ 137,004			11	26%
Median		$ 289,583	2	$ 120,982			13	31%
Single Van Model	29	$ 3,282,723	26	$ 126,259	$ 16,448	$ 234,305	12	41%
Average		$ 126,259	1	$ 126,259			12	41%
Median		$ 119,244	1	$ 119,244			13	45%
Systemwide Total	71	$19,718,611	120					
CCI Company Store	Stores	2020 Revenue	Vans	Van Revenue			# attained avg van revenue	% attained avg van revenue
Multi Van Model	1	$ 571,501	5	$ 114,300			1	100%
Single Van Model	1	$ 53,922	1	$ 53,922			1	100%
Company Store Total	2	$ 625,423	6					

Overview of Franchise Vans								
Model	FA Owner	% of System Owners	Total Vans	Owner Vans	Low Vans	High Vans	# of owners who attained vans	% of owners who attained vans
Multi Van Model	42	59.2%	94	2.24	2	22	11	26%
			Average	3.62			7	17%
			Median	2			42	100%
Single Van Model	29	40.8%	26	0.90	0	1	26	90%
			Average	0.9			26	90%
			Median	0.95			26	90%
Systemwide Total	71	100.0%	120					
Overview of Company Stores Vans			Total				# of stores who	% of stores who
	Stores	% of Stores	Vans				attained vans	attained vans
Multi Van Model	1	50.0%	5				1	100%
Single Van Model	1	50.0%	1				1	100%
Systemwide Total	2	100.0%	6					

Chart 2

Annual revenue in 2021 compared with 2020 annual revenue for each of the 71 Franchise owners and 2 company stores, including data for each Van (Referenced by Model and Franchisee)

FRANCHISEE and COMPANY OWNED BUSINESSES
FOR THE PERIOD OF JANUARY 1 THROUGH DECEMBER 31, 2021
COMPARED WITH 2020 ANNUAL REVENUE

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MULTI VAN MODEL

FA	Multi Van Model	Major Market	Year Started	2021 Revenue	Vans	AVG Van	2020 Revenue	Vans	AVG Van	2021 Revenue vs 2020 Revenue
3	Neff, Zebrauskas, Kaiser	South Bend, Elkhart, Indianapolis, IN, Ft Lauderdale, FL	1991	$6,326,449	22	$287,566	$4,180,041	21	$199,050	51.35%
6	Waitekus	Chicago, IL; Jacksonville, FL; Brunswick-Savannah, GA	1991	$2,194,077	10	$219,408	$2,170,231	11	$197,294	1.10%
1	Hunt, Dave	Sandusky, Cleveland, OH	1994	$283,817	2	$141,909	$239,953	2	$119,977	18.28%
2	McCoy, Andy	Phoenix, Mesa, Scottsdale, AZ	1995	$444,840	4	$111,210	$443,049	5	$88,610	0.40%
1	Shreve, Jesse	Peoria	1995	$521,365	4	$130,341	$526,021	5	$105,204	-0.89%
1	Bocian, Joe	Boulder, Greeley, Ft. Collins, CO	1997	$556,566	3	$185,522	$452,825	4	$113,206	22.91%
1	Walker, Steve	Pensacola, Deston, FL	1997	$251,940	2	$125,970	$242,580	2	$121,290	3.86%
1	Seo, Ben	Orlando, FL	2002	$309,682	2	$154,841	$285,765	3	$95,255	8.37%
1	Koselke/Mendez	Tucson, AZ	2005	$190,375	2	$95,188	$178,600	2	$89,300	6.59%
1	Malcolm, Steve	Charlotte, NC	2009	$156,469	2	$78,235	$142,821	2	$71,411	9.56%
1	Strosinski, Jeff	Omaha-Council Bluffs, NE	2009	$682,835	2	$341,418	$566,747	2	$283,374	20.48%
1	Crowe, Jim	Fort Payne, AL	2012	$353,312	4	$88,328	$216,837	3	$72,279	62.94%
4	Boyer, Jeff	Frisco, TX	2014	$744,997	4	$186,249	$580,702	4	$145,176	28.29%
1	Earnest, Frank & Lena	Northern Oklahoma City, OK	2015	$330,691	3	$110,230	$233,845	3	$77,948	41.41%
1	Fishman, Robert	Westchester, NY	2015	$311,214	3	$103,738	$204,145	2	$102,073	52.45%
3	Bennett, Jeff	St. Louis, MO	2015	$231,697	2	$115,849	$203,970	2	$101,985	13.59%
3	Mulheran, Mike	Minneapolis, MN	2015	$280,391	2	$140,196	$228,386	2	$114,193	22.77%
1	Martin, Curtis	Hershey, PA	2016	$115,491	2	$57,746	$80,729	1	$80,729	43.06%
1	McNairy, Lynette	Douglas County, CO	2016	$229,478	2	$114,739	$168,602	2	$84,301	36.11%
1	Hebekeuser, Adam	Lansing, MI	2016	$630,865	4	$157,716	$512,962	4	$128,241	22.98%
1	Weber, Jeremy	Grand Rapids, MI	2016	$295,349	2	$147,675	$189,117	2	$94,559	56.17%
2	German, Patrick	Clearwater, FL	2016	$173,703	3	$57,901	$198,557	3	$66,186	-12.52%
1	Chu, Florence - Scott, Joe	San Jose, CA	2017	$231,987	2	$115,994	$175,524	2	$87,762	32.17%
1	Rozsypal, John & Mary-Shea	Ann Arbor, MI	2017	$274,531	2	$137,266	$201,390	2	$100,695	36.32%
1	Weil, Eric and Karen	Portland, OR	2017	$165,646	2	$82,823	$140,813	1	$140,813	17.64%
1	Smith, Anthony	Colorado Springs, CO	2018	$148,121	2	$74,061	$123,628	2	$61,814	19.81%
42	**Totals**			**$16,435,888**	**94**		**$12,887,840**	**94**		
			Average	$632,150	3.615	$137,004	$495,686	3.61538	$113,182	23.66%
			Median	$289,583	2	$120,982	$222,612	2	$101,340	21.63%

	Multi Van Model	Major Market	Year Started	2021 Revenue	Van(s)	AVG Van	2020 Revenue	Vans	AVG Van	2020 Revenue vs 2019 Revenue
1	CCI company store	Milw, WI; Rockford-Rochelle, IL	1999	$571,501	5	$114,300	$574,811	5	$114,962	-0.58%
1	**Totals**			**$571,501**	**5**		**$574,811**	**5**		
			Average	$571,501	5	$114,300	$574,811	5	$114,962	-0.58%
			Median	$571,501	5	$114,300	$574,811	5	$114,962	-0.58%

SINGLE VAN MODEL

FA	Single Van Model	Major Market	Year Started	2021 Revenue	Van(s)	AVG Van	2020 Revenue	Vans	AVG Van	2020 Revenue vs 2019 Revenue
1	Baer, Fred	Ashville, NC; Greenfield, SC	1995	$107,050	1	$107,050	$94,988	1	$94,988	12.70%
1	Selkirk, Graeme	Ontario, Canada	1995	$105,464	1	$105,464	$132,785	2	$66,393	-20.58%
1	Hoehne, Bernice	Gulfport-Hattiesburg, MS	1996	$142,767	1	$142,767	$129,918	1	$129,918	9.89%
1	Valdivia, Stacy	Tampa, FL	1996	$122,106	1	$122,106	$99,512	1	$99,512	22.70%
1	Aridjian, Arthur	Los Angeles, CA	1999	$193,716	1	$193,716	$150,057	1	$150,057	29.09%
1	Leavene, Jeremy	Columbia, Jefferson, MO	2002	$88,065	1	$88,065	$78,475	1	$78,475	12.22%
1	Cahill, Pat	Cape Coral-Ft. Myers, FL	2005	$158,235	1	$158,235	$155,984	1	$155,984	1.44%
1	Faber, Jim	Richmond, VA	2006	$139,808	1	$139,808	$158,652	1	$158,652	-11.88%
1	Green, Kevin	Raleigh, NC	2006	$110,574	1	$110,574	$77,092	1	$77,092	43.43%
1	Kelliehan, Mark	Philadelphia, PA	2008	$51,724	1	$51,724	$42,894	1	$42,894	20.59%
1	Olin, Earnie	Atlanta, GA	2013	$89,482	1	$89,482	$95,687	1	$95,687	-6.48%
1	Preston, Rebecca	Ft. Worth, TX	2014	$150,347	1	$150,347	$111,481	1	$111,481	34.86%
1	Parnell, Lee	Austin, TX	2014	$99,383	1	$99,383	$75,991	1	$75,991	30.78%
2	Carro, Mark	Columbus, OH	2015	$165,201	1	$165,201	$148,445	1	$148,445	11.29%
1	Lawrence, Tim	New Orleans, LA	2015	$66,419	1	$66,419	$42,102	1	$42,102	57.76%
2	Perry, Warren	Westchester, PA	2015	$159,603	1	$159,603	$100,852	1	$100,852	58.25%
1	Bush, Tim	Lowville, NY	2016	$16,448	1	$16,448	$18,955	1	$18,955	-13.23%
1	Leimone, Susan	Houston, TX	2016	$200,494	1	$200,494	$179,139	1	$179,139	11.92%
1	Budel, Franz	Miami, FL	2016	$94,163	1	$94,163	$115,757	1	$115,757	-18.65%
1	Bensimon, Andrew	Leesburg, VA	2017	$155,400	1	$155,400	$116,911	1	$116,911	32.92%
1	Francis, Tom	Thomaston, CT	2017	$70,279	1	$70,279	$60,646	1	$60,646	15.88%
2	Wein, Jeremy & Heather	Atlanta, GA	2017	$164,436	1	$164,436	$131,011	1	$131,011	25.51%
1	Batchelder, Paul	Mobile, AL	2018	$187,535	1	$187,535	$131,861	1	$131,861	42.22%
1	Lui, Heather	NE Minneapolis	2018	$234,305	1	$234,305	$150,779	1	$150,779	55.40%
1	Smith, Paul	Erie, PA	2018	$93,337	1	$93,337	$65,146	1	$65,146	43.27%
1	Cruz, Anthony & Renaldo	Bethlehem, PA	2018	$116,382	1	$116,382	$103,376	1	$103,376	12.58%
29	**Totals**			**$3,282,723**	**26**		**$2,768,496**	**27**		
			Average	$126,259	1	$126,259	$106,481	1.03846	$103,927	19.77%
			Median	$119,244	1	$119,244	$107,429	1	$102,114	18.23%

	Single Van Model	Major Market	Year Started	2021 Revenue	Van(s)	AVG Van	2020 Revenue	Vans	AVG Van	2020 Revenue vs 2019 Revenue
1	CCI company store	Cleves, OH	2019	$53,922	1	$53,922	$40,519	1	$40,519	33.08%
1	**Totals**			**$53,922**	**1**	**$53,922**	**$40,519**	**1**	**$40,519**	
			Average	$53,922	1	$53,922	$40,519	1	$40,519	33.08%
			Median	$53,922	1	$53,922	$40,519	1	$40,519	33.08%

1/ Warren Perry, Jeremy & Heather Wein and Mark Carro have two Franchise Agreements but only one van was in operation for both Franchise Agreement Territories for the year ending 2021. This explains why there are 29 franchise owners and only 26 vans.

Chart 2: Basis of Compilation

The sales experience included above in Chart 1 and 2 of this Item 19 represents the annual revenue, subject to the assumptions outlined below, of 73 businesses (71 franchised and 2 company owned) in operation for the entire year from January 1 through December 31, 2021. One franchised business was terminated on January 1, 2022. There are 72 businesses in operation as of April 1, 2022. As of December 31, 2021, there were 119 franchised vans and 6 Company-Owned vans operating throughout the United States and 1 franchised van operating in Canada.

Of the 73 businesses operating for the full 12 month period from January 1 through December 31, 2021, there were 43 businesses that operated with two and more vans referenced as the Multi Van Model, and 30 businesses that operated with one van referenced to as the Single Van Model.

Chart 3

Spreadsheet showing annual revenue history for Multi Territory Franchise Owners and Single Territory Franchise Owners, with Company Store operations listed separately

STATEMENT OF ACTUAL HISTORICAL REVENUE
FOR EACH FULL CALENDAR YEAR

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MULTI TERRITORY FRANCHISE OWNERS

Start Date	FA	Last Name	Market	Model	First Full Calendar Year as described (or disclosed) in this Item 19 1 Year	2 Years	3 Years	4 Years	5 Years
Jul-91	6	Waitekus	Chicago, IL; Jacksonville, FL; Brunswick-Savannah,	Multi Territory	[2] $125,005	$196,578	$281,208	$402,221	$467,353
Jul-91	3	Neff, Kaiser,	South Bend, Elkhart, Goshen, Ft. Wayne,	Multi Territory	$80,285	$208,536	$268,475	$330,237	$331,428
Aug-95	2	McCoy	Phoenix, Mesa, Scottsdale, AZ	Multi Territory	$212,872	$275,988	[2] $372,141	$527,155	$677,385
Feb-15	4	Boyer	Frisco, TX	Area Developer	$70,469	$255,139	$425,631	[2,3] $630,016	[4] $580,702
Mar-15	3	Mulheran	Minneapolis, MN	Multi Territory	$101,002	$197,493	[2,3] $235,592	$223,880	$228,386
Mar-15	3	Bennett	St Louis, MO	Area Developer	$104,343	[2] $145,966	$200,857	$190,611	$203,970
Jun-15	2	Perry	Brandywine, PA	Multi Territory	$114,762	[2] $125,411	$106,714	$102,650	$100,852
Jun-15	2	Carro	Columbus, OH	Multi Territory	[2] $170,639	$240,395	$225,058	$205,135	$148,445
Aug-16	2	German	Clearwater, FL	Multi Territory	$126,228	$131,796	[2] $207,665	$198,557	$173,703
Aug-17	2	Wein	Atlanta, GA	Multi Territory	[2] $75,839	$148,659	$131,011	$164,436	
	29			**Average Sales**	$118,144	$192,596	$245,435	$297,490	$323,580
		# Owners who Attained Average Sales			4	6	4	4	4
		% Owners who Attained Average Sales			40%	60%	40%	40%	44%
				Median Sales	$109,553	$197,036	$230,325	$214,508	$228,386
Dec-99		Company	Milwaukee, WI; Rockford-Rochelle,	Multi Territory	$221,098	$319,287	$359,941	$424,479	$483,742
		# Stores who Attained Average Sales			1	1	1	1	1
		% Stores who Attained Average Sales			100%	100%	100%	100%	100%

Start Date	FA	Last Name	6 Years	7 Years	8 Years	9 Years	10 Years	11 Years	12 Years	13 Years	14 Years
Jul-91	6	Waitekus	$486,595	$694,763	$941,191	$924,913	$1,090,500	$1,013,993	[3] $1,326,976	$1,453,617	$1,458,016
Jul-91	3	Neff, Kaiser,	$330,875	$353,570	$356,400	$355,665	$365,950	$453,953	$568,108	$762,686	$961,383
Aug-95	2	McCoy	$730,042	$712,988	$769,415	$743,592	$825,710	$1,033,568	$1,058,864	$883,834	$662,528
Feb-15	4	Boyer	$744,997								
Mar-15	3	Mulheran	$280,391								
Mar-15	3	Bennett	$231,697								
Jun-15	2	Perry	$159,603								
Jun-15	2	Carro	$165,201								
Aug-16	2	German									
Aug-17	2	Wein									
	29		$391,175	$587,107	$689,002	$674,723	$760,720	$833,838	$984,649	$1,033,379	$1,027,309
		# Owners v	3	2	2	2	2	2	2	1	1
		% Owners v	38%	67%	67%	67%	67%	67%	67%	33%	33%
			$305,633	$694,763	$769,415	$743,592	$825,710	$1,013,993	$1,058,864	$883,834	$961,383
Dec-99		Company	$475,244	$515,750	$676,768	$738,056	$693,157	$651,524	$624,036	$727,680	$805,727
		# Stores v	1	1	1	1	1	1	1	1	1
		% Stores v	100%	100%	100%	100%	100%	100%	100%	100%	100%

MULTI TERRITORY FRANCHISE OWNERS

Start Date	FA	Last Name	15 Years	16 Years	17 Years	18 Years	19 Years	20 Years	21 Years	22 Years
Jul-91	6	Waitekus	$1,560,022	$1,881,843	$1,630,335	$1,461,645	$1,509,892 [4]	$1,732,663 [5]	$1,967,724	$2,070,418
Jul-91	3	Neff, Kaiser,	$953,511	$814,458	$537,215	$375,906	$545,285	$488,056	$854,513	$1,441,544
Aug-95	2	McCoy	$703,409	$728,999	$695,244	$716,905	$690,139	$669,830	$679,215	$675,640
Feb-15	4	Boyer								
Mar-15	3	Mulheran								
Mar-15	3	Bennett								
Jun-15	2	Perry								
Jun-15	2	Carro								
Aug-16	2	German								
Aug-17	2	Wein								
	29		$1,072,314	$1,141,767	$954,265	$851,485	$915,105	$963,516	$1,167,151	$1,395,867
		# Owners	1	1	1	1	1	1	1	2
		% Owners	33%	33%	33%	33%	33%	33%	33%	67%
			$953,511	$814,458	$695,244	$716,905	$690,139	$669,830	$854,513	$1,441,544
Dec-99		Company	$819,681	$746,725	$700,244	$671,053	$716,769	$645,945	$574,811	$571,501
		# Stores	1	1	1	1	1	1	1	1
		% Stores	100%	100%	100%	100%	100%	100%	100%	100%

Start Date	FA	Last Name	23 Years	24 Years	25 Years	26 Years	27 Years	28 Years	29 Years	30 Years
Jul-91	6	Waitekus	$2,068,914	$2,182,217	$2,227,306	$2,388,757 [6]	$2,469,407	$2,475,405	$2,170,231	$2,194,077
Jul-91	3	Neff, Kaiser,	$2,339,629	$2,512,394 [2]	$3,981,855	$5,146,801 [3]	$5,392,251	$4,551,291	$4,180,041	$6,326,449
Aug-95	2	McCoy	$690,378	$599,380	$443,049	$444,840				
Feb-15	4	Boyer								
Mar-15	3	Mulheran								
Mar-15	3	Bennett								
Jun-15	2	Perry								
Jun-15	2	Carro								
Aug-16	2	German								
Aug-17	2	Wein								
	29		$1,699,640	$1,764,664	$2,217,403	$2,660,133	$3,930,829	$3,513,348	$3,175,136	$4,260,263
		# Owners	2	2	2	1	1	1	1	1
		% Owners	67%	67%	67%	33%	50%	50%	50%	50%
			$2,068,914	$2,182,217	$2,227,306	$2,388,757	$3,930,829	$3,513,348	$3,175,136	$4,260,263
Dec-99		Company								
		# Stores								
		% Stores								

SINGLE TERRITORY FRANCHISE OWNERS

Start Date	FA	Last Name	Market	First Full Calendar Year as described (or disclosed) in this Item 19 Model	1 Year	2 Years	3 Years	4 Years
Apr-94	1	Hunt	Sandusky, Cleveland, (	Single Territory	$29,536	$61,798	$56,645	$75,895
May-95	1	Shreve	Peoria, IL	Single Territory	$156,895	$242,109	$336,005	$382,941
May-95	1	Baer	Ashville, NC; Greenfiel	Single Territory	$82,404	$97,981	$98,925	$86,235
Jul-95	1	Selkirk	Ontario, Canada	Single Territory	$89,100	$92,356	$141,776	$197,335
Jul-96	1	Hoehne	Gulfport-Hattiesburg, M	Single Territory	$76,190	$138,946	$182,620	$237,178
Oct-96	1	Valdivia	Tampa, FL	Single Territory	$135,372	$70,120	$171,905	$185,511
Jul-97	1	Bocian	Boulder, Greeley, Ft. C	Single Territory	$102,413	$204,567	$285,512	$354,433
Aug-97	1	Walker	Pensacola, Deston, FL	Single Territory	$64,055	$86,080	$109,330	$139,030
Sep-99	1	Aridjian	Los Angeles, CA	Single Territory	$82,902	$164,493	$275,340	$239,795
Feb-02	1	Seo	Orlando, FL	Single Territory	$225,702	$283,279	$317,845	$256,939
Feb-02	1	Leavene	Columbia, Jefferson, M	Single Territory	$24,862	$23,550	$22,221	$24,894
Jan-05	1	Cahill	Cape Coral-Ft. Myers,	Single Territory	$67,690	$42,117	$110,175	$137,009
May-05	1	Koselke	Tucson, AZ	Single Territory	$158,043	$196,509	$221,098	$209,834
Sep-06	1	Faber	Richmond, VA	Single Territory	$174,802	$203,679	$222,231	$135,148
Oct-06	1	Green	Raleigh, NC	Single Territory	$28,805	$80,458	$140,883	$88,011
Jun-08	1	Kelliehan	Philadelphia, PA	Single Territory	$37,655	$54,675	$65,085	$69,956
May-09	1	Malcolm	Charlotte, NC	Single Territory	$131,150	$130,793	$144,957	$155,569
Aug-09	1	Strosinski	Omaha-Council Bluffs	Single Territory	$332,855	$351,335	$390,285	$390,585
Feb-12	1	Crowe	Fort Payne, Alabama	Single Territory	$153,913	$157,682	$127,376	$134,623
Dec-13	1	Olin	Alpharetta, Atlanta, GA	Single Territory	$35,511	$89,094	$116,993	$136,800
May-14	1	Preston	Cleburne, TX	Single Territory	$90,197	$122,006	$132,178	$99,949
Feb-15	1	Parnell	Austin, TX	Single Territory	$49,828	$59,825	$51,530	$74,680
May-15	1	Lawrence	New Orleans, LA	Single Territory	$91,723	$93,462	$78,952	$51,596
Jun-15	1	Fishman	Westchester, NY	Single Territory	$142,022	$151,110	$194,930	$197,093
Aug-15	1	Earnest	Oklahoma City, OK	Single Territory	$47,521	$122,940	$227,585	$304,852
Feb-16	1	Bush	Lowville, NY	Single Territory	$36,840	$45,862	$20,284	$18,955
Feb-16	1	McNairy	Douglas County, CO	Single Territory	$88,582	$94,544	$182,296	$168,602
Feb-16	1	Leimone	Houston, TX	Single Territory	$144,259	$110,229	$125,922	$179,139
Apr-16	1	Hebekeuser	Lansing, MI	Single Territory	$435,760	$594,960	$615,693	$512,962
May-16	1	Martin	Hershey, PA	Single Territory	$40,188	$37,461	$73,715	$80,729
May-16	1	Weber	Grand Rapids, MI	Single Territory	$223,503	$318,791	$296,752	$189,117
Aug-16	1	Budel	N. Miami, FL	Single Territory	$103,231	$133,918	$130,173	$115,757
Feb-17	1	Bensimon	Leesburg, VA	Single Territory	$134,695	$146,444	$116,911	$155,400
Mar-17	1	Chu	San Jose, CA	Single Territory	$109,679	$144,498	$175,524	$231,987
Mar-17	1	Francis	Thomaston, CT	Single Territory	$61,526	$61,491	$60,646	$70,279
Apr-17	1	Rozsypal	Ann Arbor, MI	Single Territory	$205,888	$252,286	$201,390	$274,531
Sep-17	1	Weil	Portland, OR	Single Territory	$115,717	$138,835	$140,813	$165,646
Jun-18	1	Smith, A	Colorado Springs, CO	Single Territory	$122,672	$123,628	$148,121	
Jan-18	1	Cruz	Bethlehem, PA	Single Territory	$69,565	$103,376	$116,382	
May-18	1	Batchelder	Mobile, AL	Single Territory	$122,459	$131,861	$187,535	
Jan-18	1	Lui	NE Minneapolis	Single Territory	$116,714	$150,779	$234,305	
Oct-18	1	Smith, P	Erie, PA	Single Territory	$65,186	$65,146	$93,337	
	42			Average Sales	$114,467	$142,264	$170,052	$176,459
	# Owners who Attained Average Sales				18	15	18	16
	% Owners who Attained Average Sales				43%	36%	43%	43%
			Median Sales		$97,068	$123,284	$141,329	$155,569
Aug-21		cclOhio	Cleves, OH	Single Territory	$40,519	$53,922		
	# Stores that Attained Average Sales				0	0		
	% Stores that Attained Average Sales				0%	0%		

SINGLE TERRITORY FRANCHISE OWNERS

Start Date	FA	Last Name	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years	11 Years
Apr-94	1	Hunt	$74,225	$55,020	$50,185	$46,997	$26,941	$32,272	$38,466
May-95	1	Shreve	$494,201	$271,218	$242,401	$386,625	$387,758	$381,445	$283,797
May-95	1	Baer	$131,700	$136,980	$103,500	$73,792	$66,450	$66,748	$81,279
Jul-95	1	Selkirk	$197,324	$165,203	$155,716	$152,875	$154,115	$157,341	$162,585
Jul-96	1	Hoehne	$302,276	$253,280	$250,148	$270,621	$356,156	$430,859	$357,898
Oct-96	1	Valdivia	$298,174	$283,378	$261,961	$156,251	$134,385	$130,154	$131,167
Jul-97	1	Bocian	$411,024	$336,948	$253,344	$204,807	$192,550	$238,043	$189,877
Aug-97	1	Walker	$143,675	$144,650	$160,718	$170,037	$174,485	$159,841	$137,244
Sep-99	1	Aridjian	$250,060	$340,310	$343,863	$317,710	$290,055	$185,845	$224,975
Feb-02	1	Seo	$192,764	$173,896	$109,480	$228,785	$228,520	$229,665	$294,763
Feb-02	1	Leavene	$28,195	$22,852	$27,783	$38,035	$40,639	$40,629	$53,717
Jan-05	1	Cahill	$91,634	$111,810	$122,618	$174,000	$249,330	$155,439	$170,538
May-05	1	Koselke	$270,868	$167,176	$193,485	$237,735	$218,080	$178,060	$154,690
Sep-06	1	Faber	$98,465	$92,189	$92,449	$71,916	$123,417	$128,491	$160,591
Oct-06	1	Green	$103,628	$94,733	$75,456	$50,577	$91,608	$85,184	$99,134
Jun-08	1	Kelliehan	$70,655	$71,819	$70,045	$62,702	$64,335	$65,871	$72,246
May-09	1	Malcolm	$148,467	$173,922	$239,941	$232,084	$177,001	$187,846	$142,821
Aug-09	1	Strosinski	$478,132	$506,986	$510,546	$470,945	$510,097	$537,805	$566,747
Feb-12	1	Crowe	$182,535	$219,689	$212,795	$216,837	$353,312		
Dec-13	1	Olin	$117,838	$96,012	$95,687	$89,482			
May-14	1	Preston	$122,345	$111,481	$150,347				
Feb-15	1	Parnell	$75,991	$99,383					
May-15	1	Lawrence	$42,102	$66,419					
Jun-15	1	Fishman	$204,145	$311,214					
Aug-15	1	Earnest	$233,845	$330,691					
Feb-16	1	Bush	$16,448						
Feb-16	1	McNairy	$229,478						
Feb-16	1	Leimone	$200,494						
Apr-16	1	Hebekeuser	$630,865						
May-16	1	Martin	$115,491						
May-16	1	Weber	$295,349						
Aug-16	1	Budel	$94,163						
Feb-17	1	Bensimon							
Mar-17	1	Chu							
Mar-17	1	Francis							
Apr-17	1	Rozsypal							
Sep-17	1	Weil							
Jun-18	1	Smith, A							
Jan-18	1	Cruz							
May-18	1	Batchelder							
Jan-18	1	Lui							
Oct-18	1	Smith, P							
	42		$198,330	$185,490	$177,260	$182,641	$202,065	$188,419	$184,585
	# Owners who Att		13	9	9	9	8	5	6
	% Owners who Att		41%	36%	43%	45%	42%	28%	33%
			$165,501	$165,203	$155,716	$172,019	$177,001	$158,591	$157,641
Aug-21		CCI Ohio							
	# Stores that Att								
	% Stores that Att								

SINGLE TERRITORY FRANCHISE OWNERS

Start Date	FA	Last Name	12 Years	13 Years	14 Years	15 Years	16 Years	17 Years	18 Years
Apr-94	1	Hunt	$53,171	$59,253	$71,978	$106,901	$114,304	$108,604	$122,190
May-95	1	Shreve	$236,285	$207,381	$233,328	$250,761	$255,952	$266,085	$239,509
May-95	1	Baer	$84,319	$70,917	$97,372	$97,590	$122,075	$138,268	$170,115
Jul-95	1	Selkirk	$165,310	$164,470	$177,248	$176,206	$177,919	$173,120	$178,973
Jul-96	1	Hoehne	$281,580	$188,554	$187,684	$222,571	$229,620	$270,207	$274,216
Oct-96	1	Valdivia	$104,544	$81,775	$78,485	$74,127	$71,570	$84,393	$90,719
Jul-97	1	Bocian	$177,820	$218,545	$178,908	$376,890	$308,225	$382,129	$533,748
Aug-97	1	Walker	$88,375	$121,270	$166,224	$187,325	$186,480	$201,215	$202,678
Sep-99	1	Aridjian	$216,940	$293,455	$267,545	$277,110	$247,040	$221,655	$204,600
Feb-02	1	Seo	$305,379	$192,295	$226,719	$261,722	$363,285	$322,596	$285,765
Feb-02	1	Leavene	$61,023	$74,068	$84,910	$78,630	$88,479	$89,618	$78,475
Jan-05	1	Cahill	$170,593	$119,910	$153,412	$155,038	$155,984	$158,235	
May-05	1	Koselke	$165,265	$157,835	$185,815	$178,600	$190,375		
Sep-06	1	Faber	$154,698	$173,405	$158,652	$139,808			
Oct-06	1	Green	$100,245	$97,753	$77,092	$110,574			
Jun-08	1	Kelliehan	$42,894	$51,724					
May-09	1	Malcolm	$156,469						
Aug-09	1	Strosinski	$682,835						
Feb-12	1	Crowe							
Dec-13	1	Olin							
May-14	1	Preston							
Feb-15	1	Parnell							
May-15	1	Lawrence							
Jun-15	1	Fishman							
Aug-15	1	Earnest							
Feb-16	1	Bush							
Feb-16	1	McNairy							
Feb-16	1	Leimone							
Apr-16	1	Hebekeuser							
May-16	1	Martin							
May-16	1	Weber							
Aug-16	1	Budel							
Feb-17	1	Bensimon							
Mar-17	1	Chu							
Mar-17	1	Francis							
Apr-17	1	Rozsypal							
Sep-17	1	Weil							
Jun-18	1	Smith, A							
Jan-18	1	Cruz							
May-18	1	Batchelder							
Jan-18	1	Lui							
Oct-18	1	Smith, P							
	42		$180,430	$142,038	$156,358	$179,590	$193,178	$201,344	$216,453
	# Owners who Att		5	8	9	6	5	5	4
	% Owners who Att		28%	50%	60%	40%	38%	42%	36%
			$160,867	$139,553	$166,224	$176,206	$186,480	$187,168	$202,678
Aug-21		CCI Ohio							
	# Stores that Att								
	% Stores that Att								

SINGLE TERRITORY FRANCHISE OWNERS

Start Date	FA	Last Name	19 Years	20 Years	21 Years	22 Years	23 Years	24 Years	25 Years	26 Years
Apr-94	1	Hunt	$125,769	$107,065	$120,404	$131,595	$219,545	$240,929	$249,200	$239,953
May-95	1	Shreve	$251,310	$261,460	$288,559	$313,782	$403,320	$562,275	$526,021	$521,365
May-95	1	Baer	$205,989	$168,245	$146,820	$134,622	$113,154	$117,107	$94,988	$107,050
Jul-95	1	Selkirk	$168,339	$162,109	$158,860	$149,799	$157,782	$156,429	$132,785	$105,464
Jul-96	1	Hoehne	$266,407	$249,694	$210,345	$202,481	$184,555	$129,918	$142,767	
Oct-96	1	Valdivia	$93,246	$113,193	$130,509	$130,214	$99,512	$122,106		
Jul-97	1	Bocian	$443,391	$408,023	$418,037	$658,514	$452,825	$556,566		
Aug-97	1	Walker	$207,775	$216,160	$229,915	$246,490	$242,580	$251,940		
Sep-99	1	Aridjian	$184,805	$192,530	$150,057	$193,716				
Feb-02	1	Seo	$309,682							
Feb-02	1	Leavene	$88,065							
Jan-05	1	Cahill								
May-05	1	Koselke								
Sep-06	1	Faber								
Oct-06	1	Green								
Jun-08	1	Kelliehan								
May-09	1	Malcolm								
Aug-09	1	Strosinski								
Feb-12	1	Crowe								
Dec-13	1	Olin								
May-14	1	Preston								
Feb-15	1	Parnell								
May-15	1	Lawrence								
Jun-15	1	Fishman								
Aug-15	1	Earnest								
Feb-16	1	Bush								
Feb-16	1	McNairy								
Feb-16	1	Leimone								
Apr-16	1	Hebekeuser								
May-16	1	Martin								
May-16	1	Weber								
Aug-16	1	Budel								
Feb-17	1	Bensimon								
Mar-17	1	Chu								
Mar-17	1	Francis								
Apr-17	1	Rozsypal								
Sep-17	1	Weil								
Jun-18	1	Smith, A								
Jan-18	1	Cruz								
May-18	1	Batchelder								
Jan-18	1	Lui								
Oct-18	1	Smith, P								
	42		$213,162	$208,720	$205,945	$240,135	$234,159	$267,159	$229,152	$243,458
	# Owners who Att		4	4	4	3	3	2	2	1
	% Owners who Att		36%	44%	44%	33%	38%	25%	40%	25%
			$205,989	$192,530	$158,860	$193,716	$202,050	$198,679	$142,767	$173,502
Aug-21		CCI Ohio								
	# Stores that Att									
	% Stores that Att									

SINGLE TERRITORY FRANCHISE OWNERS

Start Date	FA	Last Name	27 Years
Apr-94	1	Hunt	$283,817
May-95	1	Shreve	
May-95	1	Baer	
Jul-95	1	Selkirk	
Jul-96	1	Hoehne	
Oct-96	1	Valdivia	
Jul-97	1	Bocian	
Aug-97	1	Walker	
Sep-99	1	Aridjian	
Feb-02	1	Seo	
Feb-02	1	Leavene	
Jan-05	1	Cahill	
May-05	1	Koselke	
Sep-06	1	Faber	
Oct-06	1	Green	
Jun-08	1	Kelliehan	
May-09	1	Malcolm	
Aug-09	1	Strosinski	
Feb-12	1	Crowe	
Dec-13	1	Olin	
May-14	1	Preston	
Feb-15	1	Parnell	
May-15	1	Lawrence	
Jun-15	1	Fishman	
Aug-15	1	Earnest	
Feb-16	1	Bush	
Feb-16	1	McNairy	
Feb-16	1	Leimone	
Apr-16	1	Hebekeuser	
May-16	1	Martin	
May-16	1	Weber	
Aug-16	1	Budel	
Feb-17	1	Bensimon	
Mar-17	1	Chu	
Mar-17	1	Francis	
Apr-17	1	Rozsypal	
Sep-17	1	Weil	
Jun-18	1	Smith, A	
Jan-18	1	Cruz	
May-18	1	Batchelder	
Jan-18	1	Lui	
Oct-18	1	Smith, P	
	42		$283,817
	# Owners who Att		1
	% Owners who Att		100%
			$283,817
Aug-21		CCI Ohio	
	# Stores that Att		
	% Stores that Att		

Chart 3: Basis of Compilation

Chart 3 in this Item 19 shows the actual annual revenue history of Franchisee performance and company owned Creative Colors International businesses (collectively, "Businesses") that were in operation for the full calendar year ending December 31, 2021. The Businesses are listed in chronological order, beginning with the one that opened first. The first chart shows the performance for Franchisee's with Multi Territories and the second chart shows the performance for Franchisee's who are Single Territory Owners. The company owned Creative Colors International businesses are listed separately.

The columns do not represent the same calendar years for each Business. Instead, the columns represent the specific chronological period for each Business that corresponds to its longevity in business – 1st calendar year in business, 2nd calendar year in business, etc. The last number in each row is the actual annual revenue in calendar year 2021 that each Business owner generated.

The Average Sales in the final row of each column are averages of revenue that occurred in different calendar time periods. For example, the average revenues for the 1st calendar year in business is $118,144. That average includes the 1st Business for which we have its 1st year's annual revenue, (whose 1st calendar year in business was 1991), as well as the last Business opened in 2018.

Some franchise owners purchased additional territory throughout their term, as is noted by a 2, 3 or 4, in the Annual Revenue column of the year they purchased additional territory. Some franchise owners purchased an existing franchised business. The yellow, green and blue highlighted rows signify the purchases of existing territory(ies) from previous owners.

The spreadsheet has been compiled from figures that have been reported from CREATIVE COLORS INTERNATIONAL franchisees and company owned operation for the periods represented.

The spreadsheet does not include any expenses related to the operation of the business.

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The annual revenue included in Charts 1, 2, and 3 of this Item 19 have been compiled from figures that have been reported from CREATIVE COLORS INTERNATIONAL businesses for the 12 months ending December 31, 2021. The annual revenue figures are gross sales only and do not include any expenses related to the operation of the business.

The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Creative Colors International franchised business. Franchisees or former Franchisees, listed in this Franchise Disclosure Document, may be one source of this information.

The common characteristics of the outlets represented in this Item 19 are: they are operated on a mobile basis with no fixed location where services are provided; they are all conducting services within exclusive territories; they provide the same services that include the repair, coloring, cleaning, protection, and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; upholstering furniture, booths, tables and upholstery replacement; they all use Proprietary Products obtained from the Franchisor; and they all face competition from other vinyl repair service businesses and other businesses specializing in upholstery repair and related services. The characteristics that differ among the outlets represented in this Item 19 are: their length of time in business, as shown in Chart 3; the size of their territory (depending on population increase or decrease from when they signed their franchise agreements and whether they purchased additional territories); the number of their vans, as shown in Chart 2; and their status as franchised outlets (71) and company-owned outlets (2).

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

Written substantiation for the financial performance representation will be made available to the prospective Franchisee upon reasonable request.

Other than the financial performance representation in Item 19, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Terri L. Sniegolski, Senior Vice President, 19015 S, Jodi Road, Suite E, Mokena, Illinois 60448, 1-8800-933-2656 ext. 224, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary
For Years 2019 to 2021
(As of December 31st of each year)

(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	2019	80	76	-4
	2020	76	73	-3
	2021	73	71	-2
Company Owned1/	2019	3	3	0
	2020	3	3	0
	2021	3	3	1
Total Outlets	2019	83	79	-4
	2020	79	76	-3
	2021	76	74	-2

1/ Includes Affiliate

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 to 2021
(As of December 31st of each year)

(Column 1) State	(Column 2) Year	(Column 3) Number of Transfers
California	2019	1
	2020	0
	2021	0
Florida	2019	1
	2020	0
	2021	0
North Carolina	2019	0
	2020	0
	2021	1
Texas	2019	2
	2020	0
	2021	0
Total Outlets	2019	4
	2020	0
	2021	1

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Table No. 3
Status of Franchised Outlets
For Years 2019 to 2021
(As of December 31st of each year)

(Column 1) State	(Column 2) Year	(Column 3) **Outlets at Start of Year**	(Column 4) Outlets Opened	(Column 5) Terminations	(Column 6) Non-Renewals	(Column 7) Reacquired by Franchisor	(Column 8) Ceased Operations – Other Reasons	(Column 9) Outlets at End of the Year
Alabama	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Arizona	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Arkansas	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
California	2019	5	0	2	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	2
Colorado	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Connecticut	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Delaware	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	11	0	0	1	0	0	10
	2020	10	0	0	0	0	1	9
	2021	9	0	0	0	0	0	9
Georgia	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Illinois	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Indiana	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Kansas	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
Kentucky	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Michigan	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Mississippi	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Missouri	2019	3	1	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Minnesota	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4

(Column 1) State	(Column 2) Year	(Column 3) **Outlets at Start of Year**	(Column 4) Outlets Opened	(Column 5) Terminations	(Column 6) Non-Renewals	(Column 7) Reacquired by Franchisor	(Column 8) Ceased Operations – Other Reasons	(Column 9) Outlets at End of the Year
Louisiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nebraska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
N. Carolina	2019	4	0	1	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Ohio	2019	4	0	1	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Oklahoma	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Oregon	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Pennsylvan	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
S. Carolina	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	1	0	0	0	0
Texas	2019	6	1	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Tennessee	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Virginia	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Washington	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
CANADA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TOTAL	2019	80	2	5	1	0	0	76
	2020	76	0	1	0	0	2	73
	2021	73	0	1	0	0	1	71

Table No. 4

Status of Company-Owned Outlets
For Years 2019 to 2021
(As of December 31st of each year)

(Column 1) State	(Column 2) Year	(Column 3) Outlets at Start of Year	(Column 4) Outlets Opened	(Column 5) Outlets Reacquired from Franchisee	(Column 6) Outlets Closed	(Column 7) Outlets Sold to Franchisee	(Column 8) Outlets at End of the Year
Florida	2019	1	0	0	0	0	1
	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
Ohio	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
Wisconsin	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Illinois1/	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	2019	3	0	0	0	0	3
	2020	3	1	0	1	0	3
	2021	3	0	0	0	0	3

1/ Includes the affiliate-owned company.

Table No. 5
Projected Openings as of December 31, 2021
(As of December 31st of each year)

(Column 1) State	(Column 2) Franchise Agreement Signed But Outlet Not Opened	(Column 3) Projected New Franchised Outlet in The Next Fiscal Year	(Column 4) Projected New Company-Owned Outlet in the Next Fiscal Year
Hawaii	1	0	0
Texas	0	1	0
Total	1	1	0

The names, addresses, and telephone numbers of the Franchised Business owners and their outlets are as follows:

Alabama

Paul & Jennifer Batchelder
2200 Hwy 98 Ste 4 PMB 346
Daphne, AL 36532
(251) 517-7740

Jim Crowe
1948 Gray Road NE
Fort Payne, Alabama 35967
(256) 273-4950

Arizona

Christen Koselke & Vanessa Mendez
1627 E. Bluebell Street
Casa Grande, AZ 85222
(520) 829-9777

Andy McCoy
5547 E. Dolphin
Mesa, Arizona 85206
(480) 830-2199
(OWNS TWO FRANCHISED TERRITORIES)

California

Arthur Aridjian
26830 Palacete Drive
Valencia, CA 91354
(818) 761-1111

Florence Chu
1927 Borchers Drive
San Jose, CA 95124
888-952-5665

Colorado

Joe Bocian
10448 Olathe Way
Commerce City, CO 80022
(303) 286-3643

Mike and Lynette McNairy
834-F S. Perry Street
Castle Rock, CO 80104
(303) 400-0757

Anthony & LaDawna Smith
PO Box 62896
Colorado Springs, CO 80962
(719) 344-5004

Connecticut

Tom Francis
76 Grabherr Road
Thomaston, CT 06787
860-484-2247

Delaware

Warren Perry
1687 Waterglen Drive
West Chester, PA 19382
(610) 793-2197

Florida

Franz Budel
331 Bird Road
Coral Gables, FL 33146
(786) 781-9494

Pat Cahill
634 N.E. 3rd Avenue
Cape Coral, FL 33909
(239) 242-6643

Patrick German
1302 Wallwood Drive
Brandon, FL 33510
(727) 251-3015
(OWNS TWO FRANCHISED TERRITORIES)

Dick & Jean Neff
Kevin Kaiser & Scott Zebrauskas
203 Cheshire Circle
Noblesville, IN 46062
(800) 487-4163
(Ft. Lauderdale, FL)
(TERMINATED JANUARY 31, 2022)

Ben Seo
1000 Douglas Ave. Apt. 26
Altamonte Springs, FL 32716
(407) 999-5117

Stacy Valdivia
4207 S. Munro Street
Tampa, FL 33603
(813) 236-1106
(Furniture Only)

Jim & Linda Waitekus
Doug & Jill Waitekus
2216 Salt Myrtle Lane
Fleming Island, Florida 32003
(904) 215-3520

Steve Walker
132 Menzel Street
Valparaiso, Florida 32580
(904) 678-0049

Georgia

Earnie Olin
1815 Hembree Road – Suite 418
Alpharetta, Georgia 30009
(770) 990-7687

Jim & Linda Waitekus
Doug & Jill Waitekus
2216 Salt Myrtle Lane
Fleming Island, Florida 32003
(904) 215-3520
(Savannah, GA)

Jeremy & Heather Wein
2727 Fort Hampton Court
Dacula, GA 30019
(770) 456-5333
(OWNS (2) FRANCHISED TERRITORIES)

Hawaii

Greg and Lara Yamamoto
1433 Kanihi Street
Pearl City, Hawaii 96782
(808) 220-7458
(FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPENED AS OF 5/1/21)

Illinois

Jesse Shreve
710 W Randolph St.
Roanoke, IL 61561
(800) 300-1770

Jim, Linda, Doug & Jill Waitekus
9435 Nicklaus Lane
Crystal Lake, IL 60039
(904) 215-3520
(OWNS (4) FRANCHISES in IL)

Indiana

Dick & Jean Neff
Kevin Kaiser & Scott Zebrauskas
203 Cheshire Circle
Noblesville, IN 46062
(800) 487-4163
(OWNS (2) FRANCHISED TERRITORIES)

Louisiana

Tim & Melissa Lawrence
225 Old Mill Loop
Pearl River, LA 70452
(504) 858-3533

Michigan

Adam Hebekeuser
5854 Lounsbury Road
Williamston, MI 48895
(888) 891-6131

John & Mary-Shea Rozsypal
3883 Leroy Blvd
Ann Arbor, MI 48106
(888) 805-7731

Jeremy Weber
4767 7th Street
Caledonia, Michigan 49316
(616) 318-4363

Minnesota

Heather Lui
1157 Hidden Lane #202
New Richmond, WI 54017
(612) 349-6623
(Northeast MN territory)

Mike Mulheran
1530 Calvaletti Court
Victoria, MN 55386
(952) 283-1360
(OWNS (3) FRANCHISED TERRITORIES)

Mississippi

Bernice Hoehne
875 Spring Hill Road
Poplarville, MS 39470
(601) 795-2751

Missouri

Jeff Bennett*
5201 Hatteras Drive
Columbia, MO 65202
(636) 248-5478
(OWNS (3) FRANCHISED TERRITORIES)

---

* Area Developer

Jeremy Leavene
3904 Snow Leopard Drive
Columbia, MO 65202
(573) 268-8876

Nebraska

Jeff & Nancy Strosinski
2105 Ridgeview Drive
Papillion, NE 68046
(402) 505-8030

New York

Tim and Janice Bush
7772 Summit Avenue
Lowville, NY 13367
(315) 778-8418

Robert Fishman
33207 Town Green Drive
Elmsford, NY 10523
(914) 330-9192

North Carolina

Kevin and Melinda Greene
198 Coalyard Drive
Raleigh, NC 27615
(919) 803-1570

Donna & Steve Malcolm
4312 McKendree Way
Charlotte, NC 28269
(704) 780-4622

Logan Parce
416 Lake Rugby Drive
Hendersonville, NC 28791
(828) 215-4882

Ohio

Dave Hunt
4543 Patricia Drive
Brunswick, OH 44212
(216) 407-0881

Mark Carro & Tim Logan
6223 Deeside Drive
Dublin, OH 43017
(614) 205-6302
(OWNS TWO FRANCHISED TERRITORIES)

Oklahoma

Frank & Lena Earnest
375033 E. 1020 Road
Okemah, OK 74859
(405) 227-4142

Oregon

Eric & Karen Weil
3519 NE 15th Ave
Portland, OR 97212
(971) 777-2238

Pennsylvania

Anthony & Rolando Cruz
1874 Catasauqua Road – PMB#510
Allentown, PA 18109
(610) 442-4666

Mark Kelliehan
3959 Welsh Road – Suite 141
Willow Grove, PA 19090
(215) 888-0770

Curtis, Dolly & Andrew Martin
320 Chestnut Hill Road
Palmyra, PA 17078
(717) 833-4545

Warren Perry
1687 Waterglen Drive
West Chester, PA 19382
(610) 793-2197

Paul & Trisha Smith
104 Longacre Ave
Erie, PA 16509
(814) 602-4361

Texas

Jeff Boyer*
4657 Childress Trail
Frisco, TX 75034
(972) 816-5383
(OWNS (4) FRANCHISED TERRITORIES)
(Area Development Agreement: One outlet not opened or signed Franchise Agreement)

Susan Leimone
15003 Prairie Rose Drive
Houston, TX 77070
(713) 398-5271

*Area Developer

Lee Parnell
12311 Stoneridge Gap Lane
Manor, TX 78653
(512) 717-0447

Rebecca Preston
6620 Castle Royal
Cleburne, TX 76033
(817) 202-8177

Virginia

Andrew & Kim Bensimon
41320 Wilton Ave
Leesburg, VA 20175
(571) 376-0975

Jim Faber
9419 Sir Michael Lane
Mechanicsville, VA 23116
(804) 389-5928

CANADA

Dave and Liz Selkirk
16007 Plover Mills Road
R.R. #3
Ilderton, Ontario
Canada NOM 2AO
(519) 461-1910

The name and last known city, state and telephone number of every Franchised Business owner who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased doing business under their Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure are as follows:

California

Jorge Cuervo
14551 Hollyoak Avenue
Irvine, CA 92606
(877) 939-9777
TERMINATION – ABANDONMENT
September 30, 2021

Florida

Dick & Jean Neff
Kevin Kaiser & Scott Zebrauskas
203 Cheshire Circle
Noblesville, IN 46062
(800) 487-4163
(Ft. Lauderdale, FL)
(TERMINATION - ABANDONMENT
January 31, 2022)

South Carolina

Joseph & Glinda Moorer
332 Bumble Way
Summerville, SC 29485
(843) 998-1995
TERMINATION – ABANDONMENT
February 28, 2021

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

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We have not created, sponsored, or endorsed any franchisee associations. There are no franchisee associations that have asked to be disclosed in our Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

The financial statements listed below are attached as Exhibit G in the following order:

1. Our Audited balance sheets as of December 31, 2020 and December 31, 2021, and related statements of operations, shareholders equity and cash flows as of December 31, 2019, December 31, 2020 and December 31, 2021.

ITEM 22
CONTRACTS

The following contracts are attached to this Franchise Disclosure Document:

Exhibits:

E. Franchise Agreement
F. Area Development Agreement
J. Van Lease Agreement
L. Addenda to the Franchise Agreement, Area Development Agreement, for certain states
N. Form General Release

ITEM 23
RECEIPT

The last page of the Franchise Disclosure Document is a document acknowledging receipt of the Franchise Disclosure Document by you. Please return one copy to us and retain the other for your records.

EXHIBIT A
LIST OF ADMINISTRATORS

CALIFORNIA
Commissioner of Financial Protection & Innovation
320 West 4th Street - Suite 750
Los Angeles, CA 90013-2344
866-275-2677

HAWAII
Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA
Indiana Secretary of State
302 West Washington
Room E-111
Indianapolis, Indiana 46204

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

MICHIGAN
Michigan Department of Commerce
Corporations and Securities Bureau
670 Law Building
Lansing, Michigan 48913

MINNESOTA
Commissioner of Commerce
85 7th Place East – Suite 280
St. Paul, Minnesota 55101

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street – 21st Floor
New York, New York 10005
212-416-8222

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

RHODE ISLAND
Director of Department of Business Regulation
1511 Pontiac Avenue – Bldg 68-2
Cranston, Rhode Island 02920

SOUTH DAKOTA
Director of Division of Securities
118 West Capitol Avenue
Pierre, South Dakota 57501

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street - 9th Floor
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
150 Israel Rd SW
Tumwater, WA 98501

WISCONSIN
Commissioner of Securities
Fourth Floor
101 East Wilson Street
Madison, Wisconsin 57302

EXHIBIT B
LIST OF AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Financial Protection & Innovation
Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(Toll Free: (866) 275-2677)

HAWAII
Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA
Secretary of State
Room 201 Statehouse
200 West Washington Street
Indianapolis, Indiana 46204

MARYLAND
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Department of the Attorney General's Office
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913

MINNESOTA
Department of Commerce
85 7th Place East – Suite 280
St. Paul, Minnesota 55101

NEBRASKA
Nebraska Department of Banking and Finance
1200 N Street
P.O. box 95006
Lincoln, Nebraska 68509-5006

NEW YORK
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA
Securities Commission
State of North Dakota Capitol Building
Bismarck, North Dakota 58505

OREGON
Director
Department of Consumer and Business Services
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND
State of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue – Bldg. 68-2
Cranston, RI 02920

SOUTH DAKOTA
Department of Commerce and Regulation
Division of Securities
118 West Capitol Avenue
Pierre, South Dakota 57501-2017

TEXAS
Secretary of State
P.O. Box 12887
Austin, Texas 78711

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
150 Israel Rd SW
Tumwater, WA 98501

WISCONSIN
Commissioner of Securities
Franchise Investment Division
Fourth Floor
101 East Wilson Street
Madison, Wisconsin 53702

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CREATIVE COLORS INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT E

TO THE FRANCHISE DISCLOSURE DOCUMENT

THIS CONTRACT IS SUBJECT TO ARBITRATION.

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CREATIVE COLORS INTERNATIONAL, INC.,
FRANCHISE AGREEMENT

This Franchise Agreement ("this Agreement"), made this ___ day of _____, 20__, by and between CREATIVE COLORS INTERNATIONAL, INC., an Illinois corporation, having its principal place of business at 19015 South Jodi Road, Suite E, Mokena, Illinois, 60448 ("Franchisor"), and

_____

_____

_____("Franchisee").

WITNESSETH:

WHEREAS, Franchisor or its affiliate, over a period of time and as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system ("System"), identified by the mark "CREATIVE COLORS INTERNATIONAL" relating to the establishment, development and operation of businesses specializing in providing services for the repair, coloring, cleaning, protection, and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; upholstering furniture, booths, tables and upholstery replacement; and providing related services on a mobile basis, primarily to automobile, furniture, and commercial customers; and

WHEREAS, the distinguishing characteristics of the System include, without limitation, exclusively designed signage, equipment, solvents, chemicals and materials; specially equipped vans; procedures and techniques for providing upholstery repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, and upholstering furniture, booths, tables and related services; the CREATIVE COLORS INTERNATIONAL Confidential Operations Manual; the CREATIVE COLORS INTERNATIONAL Proprietary Products; uniform operating methods, procedures and techniques; other confidential operations procedures; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion, marketing and advertising; all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the owner of the trade name, trademark and service mark "CREATIVE COLORS INTERNATIONAL," "CREATIVE COLORS INTERNATIONAL, plus the design," associated logos and commercial symbols, and such other trade names, trademarks and service marks as are now designated (and may be designated in writing by Franchisor) as an integral part of the System (the "Mark(s)"), together with the right, title, and interest and all the goodwill connected with the Marks; and

WHEREAS, Franchisor is the owner of the right, title and interest in the System; and

WHEREAS, Franchisor grants to qualified persons franchises to own and operate CREATIVE COLORS INTERNATIONAL businesses providing services authorized and approved by Franchisor in utilizing the System and Marks. Franchisee desires to operate a CREATIVE COLORS INTERNATIONAL business under the System and using the Marks and has applied for a franchise and such application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations, and service and the necessity of operating the Franchised Business in strict conformity with Franchisor's standards and specifications; and

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

I. APPOINTMENT AND FRANCHISE FEE

A. Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right, license and privilege to use the Mark "CREATIVE COLORS INTERNATIONAL," and the other Marks, and Franchisee undertakes the obligation, to operate a CREATIVE COLORS INTERNATIONAL business providing services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; providing upholstering of furniture, booths, tables and similar items; and providing related services on a mobile basis ("Franchised Business"), all as designated or approved from time to time by Franchisor, and to use solely in connection therewith the System, as it may be changed, improved and further developed from time to time, from one (1) location only, such location to be determined on or before the day of signing this agreement and attached as Attachment A ("Area of Primary Responsibility").

B. Franchisee receives an exclusive Area of Primary Responsibility which will vary in size and dimensions from the Areas of Primary Responsibility of other franchisees. The boundaries of Franchisee's Area of Primary Responsibility shall be determined by approximately 300,000 in people population located within the area and be identified by zip code and/or street boundary. The determination of the Area of Primary Responsibility shall be made and agreed upon between Franchisor and Franchisee, and shall be set forth in Attachment A.

C. Franchisor will not, so long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof or except as provided in this Paragraph C. and in Paragraph H below, franchise or operate any other business that provides similar services under the CREATIVE COLORS INTERNATIONAL marks or under different marks, within the Area of Primary Responsibility which is described in Attachment A of this Agreement. However, Franchisor has the right to grant such other franchises outside of the Area of Primary Responsibility as Franchisor, in its sole and exclusive discretion, deems appropriate. Further, both within and outside of the Area of Primary Responsibility, Franchisor reserves the right to offer and sell at wholesale or retail (or any other species of retail vendor whatsoever) products and services, and CREATIVE COLORS INTERNATIONAL Proprietary Products, if any, as defined in Paragraph XIII.G. hereof, which comprise, or may in the future comprise a part of the System, which products may be resold at retail to the general public by such entities. Franchisor further reserves the right both within and outside the Area of Primary Responsibility to sell at both wholesale and retail all products and services which do not comprise a part of the System. Those products and services which comprise a part of the System are delineated and set forth in detail in the CREATIVE COLORS INTERNATIONAL Confidential Operations and Training Manual ("Confidential Operations and Training Manual"), which Confidential Operations and Training Manual may be amended from time to time to reflect additions to, deletions from and modifications to the specification of those services and products which comprise a part of the System. Further, Franchisee acknowledges that any website, e-commerce, Internet or other cyberspace

application is by its very nature a potential encroachment beyond and within the Area of Primary Responsibility granted herein. Franchisee therefore agrees that the manner and content of any Franchisee advertising, marketing and/or selling on any website, e-commerce, Internet or other cyberspace application is subject to the prior written permission of Franchisor and must be done in strict compliance with the standards, policies and procedures established from time to time by Franchisor.

D. At the time of execution of this Agreement, Franchisee acknowledges that upon its own independent investigation of its Area of Primary Responsibility that it contains approximately 300,000 in people population as determined by the most recent census listed on US Census Bureau. Franchisor makes no representation that such number of people population shall remain in the Area of Primary Responsibility throughout the term of this Agreement.

E. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor a franchise fee of Forty-Nine Thousand Five Hundred Dollars ($49,500.00) upon execution of this Agreement. Said fee shall be non-refundable upon payment thereof. Franchisee is prohibited from opening a Franchised Business until the Initial Franchise Fee for that Franchised Business has been paid by Franchisee to Franchisor.

F. In addition to the franchise fee, you are required to pay Thirty-Four Thousand, Five Hundred Dollars ($34,500.00) for the start-up fee upon execution of this Agreement. The start-up fee includes the initial training costs for up to two people, an airline voucher up to the amount of Five Hundred Dollars ($500.00), a hotel voucher up to the amount of One Thousand Five Hundred Dollars ($1,500.00), stationary, marketing presentation pieces, graphics for one van, the initial inventory (see Exhibit I for a list of supplies and equipment), unlimited one week CCI Certified Training class and legal and administrative costs.

G. Franchisee is strictly prohibited from soliciting and/or providing services to an account that is located outside Franchisee's Area of Primary Responsibility. Violation of this prohibition is a material breach of this Agreement and constitutes grounds for termination of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall be construed as prohibiting Franchisee from servicing an account located outside of Franchisee's Area of Primary Responsibility on condition that such account is not located in another CCI franchisee's Area of Primary Responsibility. Provided further, Franchisee agrees that if another CCI franchisee acquires the territory in which the account serviced by Franchisee is located, Franchisee must relinquish to said other franchisee all rights to service such account.

H. Franchisor may, but is under no obligation to, actively or passively obtain National/Regional Accounts which have more than one place of business that wish to utilize the services of Creative Colors International.

In the event a National/Regional Account is obtained, Franchisor or Franchisor's affiliate will have the right to provide service to any customers as directed or requested by the National/Regional Account, even if said customers are located in Franchisee's Area of Primary Responsibility. Franchisee shall have a limited, conditional, revocable right to service customers of National/Regional Accounts upon the following conditions:

1. Franchisee shall attend and satisfactorily complete any additional training required by Franchisor in order to master the services required by the National/Regional Account; and

2. Within three (3) days following receipt of notification from Franchisor of an offer to service a National/Regional Account (including the terms, conditions and prices which Franchisor and National/Regional Account have contracted to) Franchisee shall notify Franchisor in writing whether it will service the account; and

3. Franchisee agrees to accept the duties, obligation and rights under Franchisor's contract; and

4. Franchisor has the right to charge an admin fee up to 5% of the repair charge for National Accounts that require us to handle dispatching and/or billing.

5. Franchisee agrees to render such services to a National/Regional Account at the prices set forth in Franchisor's contract (such prices possibly being less than the prices charged by Franchisee to its customers). In the event Franchisee elects to service a National/Regional Account, Franchisee shall be bound by the terms and conditions of the Franchisor's contract with said National/Regional Account. In the event Franchisee at any time fails to meet or comply with the conditions set forth in this Paragraph H, Franchisee's right to service any or all National/Regional Accounts may be revoked by Franchisor without any compensation to Franchisee. If Franchisee elects not to service a National/Regional Account, Franchisor or its representative may service said National/Regional Account within Franchisee's Area of Primary Responsibility.

Continuation of Franchisee's Area of Primary Responsibility is dependent on Franchisee's participation in a National Account in Franchisee's Territory. If Franchisee decides not to service a National Account, three days written notice will be given to Franchisee and Franchisor will reduce your Area of Primary Responsibility by excluding the customers' of the National Account from Franchisee's exclusive territory. Franchisor may allow another franchisee or Franchisor's affiliate to service the customers of the National Account within Franchisee's territory without any liability to Franchisee. Not all Areas of Primary Responsibility will have a National Account

II. TERM AND GRANT OF A SUCCESSOR FRANCHISE.

A. This Agreement shall be effective and binding for an initial term equal to ten (10) years from the date of its execution.

B. Grant of a Successor Franchise. Franchisee shall have the right to acquire a grant of a successor franchise at the expiration of the initial term of the franchise, for successive terms of ten (10) years each, and provided that all of the following conditions have been fulfilled:

1. Franchisee has, during the entire term of this Agreement, substantially complied with all its provisions;

2. Franchisee has brought the Franchised Business into full compliance with the specifications and standards then applicable for new or successor CREATIVE COLORS INTERNATIONAL businesses;

3. Franchisee has given notice of his election to acquire a successor franchise to Franchisor as provided below in Paragraph II.C;

4. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and its subsidiaries and affiliates and has timely met these obligations throughout the term of this Agreement;

5. Franchisee has executed upon the grant of a successor franchise Franchisor's then-current form of this Agreement (with appropriate modifications to reflect the fact that the agreement relates to the grant of a successor franchise), which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement, including, without limitation, a different percentage Royalty Fee and advertising contribution; a different territorial grant; or a requirement for the operation of additional number of vans; provided, however, Franchisee shall not be required to pay the then-current initial franchise fee or its equivalent. Franchisor may reduce the Area of Primary Responsibility upon grant of a successor franchise if Franchisee has failed during the previous term to adequately service the customer base located within the Area of Primary Responsibility;

6. Franchisee shall pay to Franchisor a successor franchise fee in the amount of Five Thousand Dollars ($5,000.00);

7. Franchisee has complied with Franchisor's then-current qualification and training requirements; and

8. Franchisee has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, agents and employees.

C. If Franchisee desires to acquire a successor franchise at the expiration of this Agreement, Franchisee shall give Franchisor written notice at least six (6) months, but not more than twelve (12) months, prior to the expiration of the initial term of this Agreement. Within thirty (30) days after its receipt of such timely notice to acquire a successor franchise, if Franchisor does not consent to the grant of a successor franchise, Franchisor shall furnish Franchisee with written notice of: (1) reasons which could cause Franchisor not to grant a successor franchise to Franchisee, including any deficiencies which require correction and a schedule for correction thereof by Franchisee; and (2) Franchisor's then current requirements relating to the image, appearance, decoration, furnishing, equipping and stocking of CREATIVE COLORS INTERNATIONAL businesses, and a schedule for effecting such upgrading or modifications in order to bring the Franchised Business in compliance therewith, as a condition of the grant of a successor franchise. The grant of a successor franchise shall be conditioned upon Franchisee's compliance with such requirements and continued compliance with all the terms and conditions of this Agreement up to the date of termination of the initial term, provided, however, that in the event Franchisee is curing any deficiencies as required by Franchisor, the term of this Agreement shall be extended for a period of time equal to the number of days granted under the notice provision of

Paragraph II.C. herein.

D. In the event the Franchisee is not granted a successor franchise for any reason, Franchisee shall be required to comply with all covenants contained in Paragraph XVI.D. of this Agreement upon non-renewal.

E. Franchisor may extend this Agreement's term for the time period necessary to give Franchisee either reasonable time to correct deficiencies or the thirty (30) days' notice of Franchisor's refusal to grant a successor franchise. If Franchisee fails to notify Franchisor of Franchisee's election to acquire a successor franchise within the prescribed time period, Franchisor need not grant a successor franchise.

F. If Franchisee does not execute a Successor Agreement after the expiration of the Initial Term, and Franchisee continues to accept the benefits of this Agreement after the expiration of the Initial Term, then at Franchisor's option, this Agreement may be treated either as: (i) expired as of the date of the expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's right; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with written notice of such party's intention to terminate the Interim Term. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Term.

III. BUSINESS LOCATION

Franchisee must locate an office, or post office box, within Franchisee's Area of Primary Responsibility. Franchisee may operate the business office out of Franchisee's home as long as Franchisee's residence is within the Area of Primary Responsibility. If Franchisee decides to relocate the office outside of Franchisee's home, Franchisee must first obtain Franchisor's written approval of such location. Franchisor's primary consideration in approving Franchisee's site is whether it is within Franchisee's Area of Primary Responsibility and easily accessible to customers. Franchisor will advise Franchisee within 30 days of Franchisor's approval or disapproval of Franchisee's site; if the parties cannot agree, they shall resolve the dispute through arbitration.

IV. VANS

A. Franchisee must own, lease or purchase a white Cargo van. Franchisee may purchase or lease original and replacement vans from any source provided they meet standards established by Franchisor.

B. Beginning with the first day of operation, Franchisee is obligated to operate at least one (1) van during all weekdays, a minimum of eight (8) hours per day.

C. Franchisee will operate at least one van and grow territory into all markets by adding on additional vans as services are needed.

D. Franchisee at its expense shall at all times during the term of this Agreement, maintain the interior and exterior of the vans utilized in the Franchised Business in good repair, attractive appearance, sound operating condition and equipped in accordance with Franchisor's standards and specifications. Franchisee, at the request of Franchisor, shall make necessary repairs and equipment modifications or additions to Franchisee's vans used in the Franchised Business in order to maintain the reputation of the System within a reasonable period of time after requested by Franchisor do so.

E. It shall be the sole responsibility of Franchisee to investigate all applicable licensing, leasing and other requirements for the maintenance of Franchisee's vans and to insure ongoing compliance with all such requirements throughout the term of this Agreement.

F. The vans used by Franchisee in conducting the Franchised Business must be capable of prominently providing the external display of CREATIVE COLORS INTERNATIONAL advertising copy, including the CREATIVE COLORS INTERNATIONAL logo graphics supplied and/or approved by Franchisor, and further, such logo and graphics must be maintained in good appearance. Additional sales, advertising or display information can be placed on the vans only with the prior written approval of Franchisor.

V. TRAINING AND ASSISTANCE

A. Franchisor shall make training available to Franchisee and to employees employed by Franchisee. Franchisee is required to attend and successfully complete to Franchisor's satisfaction prior to opening for business, a training and familiarization course of approximately three (3) weeks in duration to be conducted at Franchisor's headquarters. In addition, all of Franchisee's employees are required to attend and successfully complete to Franchisor's satisfaction, a CCI Certified Training course of approximately one or two (2) weeks in duration conducted at a Franchisor-designated facility. In order for employees to attend a one week CCI Certified training class, they must be out in the field for 4 to 8 weeks prior to training class. Franchisor will train up to two (2) people, including Franchisee, at the Initial training program, without charge to Franchisee. Franchisor will provide an airline voucher up to Five Hundred Dollars ($500.00) and a hotel voucher up to One Thousand Five Hundred Dollars ($1,500.00). All other expenses incurred by Franchisee and its designees in attending the training program, including, but not limited, to travel costs, room and board expenses, and employees' salaries, shall be the sole responsibility of Franchisee.

For employees who attend a one week CCI Certified Training class following the Initial training program, there will be no charge. For employees who attend a two week extended CCI Certified Training class following the Initial training program, Franchisee shall pay Franchisor a training fee of One Thousand Dollars ($1,000.00) per person for the second week of training. For all training after the initial training program, a Five Hundred Dollar ($500.00) non-refundable deposit fee must be paid at least two weeks prior to the training class in order to hold training spot. If employee attends training class, we will give you a $500 credit for supplies. Said training program shall cover material aspects of the operation of the Franchised Business, including but not limited to: an understanding of CREATIVE COLORS INTERNATIONAL conceptual plan; financial controls; promotion and merchandising methods, techniques and procedures; other management and operational techniques; procedures and techniques for providing upholstery coloring, repairs, cleaning and restoration; upholstering methods, materials, and techniques; safety techniques; marketing and advertising techniques; deployment of labor;

and maintenance of quality standards.

In certain unique situations (Covid-19), we may have to temporarily suspend our in-person training and convert our training to virtual.

B. Around the time frame of commencement of operation of the Franchised Business, Franchisor shall furnish to Franchisee, at Franchisee's business location and at Franchisor's expense, one (1) of Franchisor's representatives for four (4) days, for the purpose of facilitating the opening of Franchisee's Franchised Business. During this period, such representative will also assist Franchisee in establishing and standardizing procedures and techniques essential to the operation of a CREATIVE COLORS INTERNATIONAL business and shall assist in training personnel. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening of the Franchised Business, and should Franchisor, in its discretion, deem it necessary, feasible and appropriate to comply with the request, Franchisee shall pay Franchisor a fee of THREE HUNDRED DOLLARS ($300.00) per person per day of additional assistance, plus transportation and lodging expenses.

C. If Franchisee designates new or additional managers or employees after the Initial training program, Franchisor shall provide a one or two week CCI Certified Training program to such managers or employees to the extent that Franchisor can reasonably accommodate such managers or employees in Franchisor's regularly scheduled training course. Franchisor shall provide such training at Franchisor's then-current fee as set forth in Paragraph V.A. above. Franchisee shall be responsible for all expenses incurred by Franchisee's employees in attending such training.

D. Franchisor will provide and will require that previously-trained and experienced franchisees, their managers and/or employees attend refresher training programs at Franchisor's annual conference to be conducted at Franchisor's headquarters or at such other location as may be designated by Franchisor. Franchisee's attendance is mandatory. Franchisee will be charged a nonrefundable registration fee of $300 to $600, depending on when Franchisee registers. If Franchisee does not register, Franchisee will be charged the highest registration fee. If Franchisee does not attend the conference for two consecutive years in a row, Franchisee must pay Franchisor a Non-Attendance Fee of One Thousand Dollars ($1,000) in addition to the registration fee. The only reasons for which Franchisee will be excused from attending a conference is in the event of a marriage, birth, or death of an immediate family member, for which Franchisee must furnish Franchisor written evidence. Attendance at such refresher training programs or conference shall be at Franchisee's sole expense, including a registration fee to Franchisor. Attendance will not exceed three business days in duration. The registration and attendance requirements for the annual conference will be established by policies promulgated by Franchisor. If Franchisee does not attend conference, Franchisee shall be required to attend a refresher training class at Franchisor's headquarters and shall pay Franchisor an additional fee of TWO HUNDRED DOLLARS ($200.00) per person per day of additional training, in addition to the applicable Non-Attendance Fee.

VI. PROPRIETARY MARKS

A. Franchisee acknowledges that Franchisor is the sole owner of the Marks. Franchisee further acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and

is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor from time to time during the term of the franchise. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee acknowledges that all usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

B. Franchisee shall not use any of the Marks or portion of any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall not for his own account register the Marks or use the Marks on any form of Technology (as defined in Section XIII.X), including, but not limited to, websites, email addresses, Social Media, or smart phone applications, or use or register the Marks on the internet or any electronic service in any other manner. Franchisee is strictly prohibited from creating or maintaining a website for its Franchised Business, or a website that uses Franchisor's Marks. Franchisor has the sole right to create, establish, own, and control the website and email address(es) for Franchisee's Franchised Business. Franchisee has no expectation of privacy in his or her use of the email systems. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law. The parties covenant and agree that Franchisee shall prominently identify its business as "CREATIVE COLORS INTERNATIONAL" in all its advertising, stationery, invoices, telephone directory listings, signage and all other like displays. Franchisee may include a corporate name or individual person's name in association with "CREATIVE COLORS INTERNATIONAL," provided that such other name shall not be as prominent as "CREATIVE COLORS INTERNATIONAL" and provided that such other name is accompanied by the words "FRANCHISE OWNER" or "FRANCHISEE." A sample of the proper layout and use of the CREATIVE COLORS INTERNATIONAL name and the Franchise owner's name is attached hereto as Attachment D. Attachment D is the current layout only, and Franchisor reserves the right to modify the layout at any time.

C. Franchisee shall promptly notify Franchisor of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof. Franchisee shall notify Franchisor of any action, claim or demand against Franchisee relating to the Marks, within ten (10) days after Franchisee receives notice of said action, claim, or demand. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks, Franchisor and Franchisor's affiliate shall have the sole right to prosecute or defend any such action. Franchisor and Franchisor's affiliate shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in their sole discretion. Franchisor and Franchisor's affiliate shall have the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising

out of any infringement, challenge, or claim or otherwise relating to any Mark. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor and its affiliate and execute any and all documents and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Franchisee may not communicate with any person other than Franchisor and its counsel in connection with such infringement, challenge or claim. Franchisor and Franchisee will make every effort consistent with the foregoing to protect, maintain, and promote the Marks as identifying the System. Franchisor agrees to indemnify Franchisee against and to reimburse Franchisee for all direct, but not consequential (including, but not limited to, loss of revenue and/or profits), damages for which Franchisee is held liable in any proceeding arising out of the use of any Mark pursuant to and in compliance with this Agreement, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against it or in any such proceeding in which it is named as a party, provided that Franchisee has timely notified Franchisor of such claim or proceeding and has otherwise complied with this Agreement, and that Franchisor shall have the right to defend any such claim. If Franchisor defends such claim, Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

D. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor and/or Franchisee to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor, and Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any of the Marks, other than to pay Franchisee’s out-of-pocket costs incurred in connection with modifying tangible items.

E. In order to preserve the validity and integrity of the Marks and copyrighted materials licensed herein, to assure that Franchisee is properly employing the same in the operation of its Franchised Business, and to determine whether Franchisee and the Franchised Business are complying with this Agreement and all System Standards, Franchisor and Franchisor’s designated agents or representatives may at all times and without prior notice to Franchisee have the right of entry and inspection of Franchisee’s operations and: (1) inspect the Franchised Business; (2) observe the manner in which Franchisee is rendering its services and conducting its activities and operations; (3) photograph the Business Location and Van(s) and observe and videotape the Franchised Business’ operation for consecutive or intermittent periods Franchisor deems necessary; (4) inspect equipment, merchandise, accessories, products, supplies, reports, forms and documents and related data for test of content and evaluation purposes ; (5) remove samples of any products and supplies; (6) interview the Franchised Business’ personnel and customers; and (7) inspect and copy any books, records, and documents relating to the CREATIVE COLORS INTERNATIONAL Business’ operation. Franchisee agrees to cooperate with Franchisor fully. If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the Franchised Business’ operation.

F. If Franchisor requests, Franchisee must also sign such other documents as Franchisor reasonably requires in order to allow others in Franchisee’s state to use Franchisor’s Marks, including without limitation any documents required by the applicable Secretary of State or Department of Commerce located in Franchisee’s state.

VII. CONFIDENTIAL MANUALS

A. Franchisor will lend to Franchisee during the term of the franchise one (1) copy each of all Confidential Manuals containing reasonable, mandatory and suggested specifications, standards, pricing, operating procedures and rules prescribed from time to time by Franchisor for CREATIVE COLORS INTERNATIONAL businesses and information relative to other obligations of Franchisee hereunder and the operation of its Franchised Business. Franchisor shall have the right to add to and otherwise modify the Confidential Manuals from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor for CREATIVE COLORS INTERNATIONAL businesses, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Franchisee acknowledges that these manuals are designed to protect Franchisor's standards, systems, names and marks, and not to control the day-to-day operations of Franchisee's Franchised Business.

B. The Confidential Manuals shall at all times remain the sole property of Franchisor and shall promptly be returned upon the expiration or termination for any reason of this Agreement. Franchisee agrees and covenants that it shall not disclose duplicate or otherwise use in an unauthorized manner any portion of the Confidential Manuals.

C. The Confidential Manuals contain proprietary information of Franchisor and shall be kept confidential by Franchisee both during the term of the franchise and subsequent to the expiration or termination of the franchise. Franchisee shall at all times insure that its copies of the Confidential Manuals be available at the Franchised Business office premises in a current and up-to-date manner. At all times that the Confidential Manuals are not in use by authorized personnel, Franchisee shall maintain the Confidential Manuals in a locked receptacle at the office premises of the Franchised Business, and shall only grant authorized personnel, as defined in the Confidential Operations Manual, access to the key or lock combination of such receptacle. In the event of any dispute as to the contents of the Confidential Manuals, the terms of the master copy of the Confidential Manuals maintained by Franchisor at Franchisor's home office shall be controlling.

VIII. CONFIDENTIAL INFORMATION

A. Definition. Franchisor and Franchisor's affiliates possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "Confidential Information"), relating to developing and operating CREATIVE COLORS INTERNATIONAL Businesses, including (without limitation):

Territory selection criteria;

Training and operations manuals;

Methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating CREATIVE COLORS INTERNATIONAL Businesses;

Marketing and advertising programs for CREATIVE COLORS INTERNATIONAL Businesses;

Knowledge of, specifications for, and suppliers of products and supplies;
Customer Data (as defined in Subsection VIII.H. below) and the customer list, including names, addresses and other information;

Knowledge of the operating results and financial performance of CREATIVE COLORS INTERNATIONAL Businesses other than the CREATIVE COLORS INTERNATIONAL Business; and

Graphic designs and related intellectual property.

Confidential Information does not include information, knowledge, or know-how which Franchisee can demonstrate lawfully came to Franchisee's attention before Franchisor and Franchisor's affiliates provided it to Franchisee directly or indirectly; which, at the time Franchisor disclosed it to Franchisee, already had lawfully become generally known in the upholstery repair industry through publication or communication by others (without violating an obligation to Franchisor); or which, after Franchisor discloses it to Franchisee, lawfully becomes generally known in the upholstery repair or upholstering industry through publication or communication by others (without violating an obligation to Franchisor). However, if Franchisor includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

B. Franchisee acknowledges and agrees that Franchisee will not acquire any interest in Confidential Information, other than the right to use it as Franchisor specifies in operating the CREATIVE COLORS INTERNATIONAL Business during this Agreement's term, and that Confidential Information is proprietary, includes Franchisor's trade secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and Franchisee in fact does agree, that Franchisee:

Will not use Confidential Information in any other business or capacity;

Will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement's term and then thereafter for as long as the item is not generally known in the upholstery repair or upholstering industry;

Will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

Will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to CREATIVE COLORS INTERNATIONAL Business personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. Franchisor has the right to prescribe and regulate the form of agreements that Franchisee uses. Franchisor must be a named third party beneficiary of those agreements with independent enforcement rights. Attached to Franchisor's disclosure document as Exhibit M is "Agreement for Protection of Trade Secrets of The Creative Colors International, Inc. System", which is Franchisor's prescribed form of non-disclosure and non-

competition agreement.

C. Franchisee acknowledges that its entire knowledge of the operation of a CREATIVE COLORS INTERNATIONAL business including the knowledge or know-how regarding the specifications, standards and operating procedures of the CREATIVE COLORS INTERNATIONAL services, is derived from information disclosed to Franchisee by Franchisor and that certain of such information is proprietary, confidential and a trade secret of Franchisor. Franchisee shall maintain the absolute confidentiality of all such proprietary information during and after the term of the franchise and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor.

D. Franchisee shall divulge such confidential information only to the extent and only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge and know-how, including, without limitation, specifications and standards concerning the operation of the Franchised Business and other data, which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate lawfully came to its attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had lawfully become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others.

E. Due to the special and unique nature of the Confidential Information, Marks, and Confidential Manuals of Franchisor, Franchisee acknowledges that Franchisor shall be entitled to immediate equitable remedies, including but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique, and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of Sections VI, VII, and VIII of this Agreement. Furthermore, Franchisee agrees that all employees or agents of Franchisee having access to the confidential and proprietary information of Franchisor shall be required to execute a confidentiality agreement in a form acceptable to Franchisor.

F. Franchisee shall not use in advertising or any other form of promotion of the copyrighted materials of Franchisor without the appropriate © copyright designation.

G. Innovations. All ideas, concepts, techniques, and marketing, advertising or other materials relating to a CREATIVE COLORS INTERNATIONAL Business, whether or not protectable intellectual property and whether created by or for Franchisee or Franchisee's owners or employees, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the Franchise System, and works made-for-hire for Franchisor. To the extent that any item does not qualify as a "work made-for-hire" for Franchisor, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to Franchisor and agrees to take whatever action (including signing assignment or other documents) Franchisor request to evidence Franchisor's ownership or to help Franchisor obtain intellectual property rights in the item.

H. Customer Data. Franchisee will follow Franchisor's written instructions with respect to the collection, disposition, treatment, transmission and handling of customer data and similar

information ("Customer Data"). Franchisee agrees that Customer Data is Franchisor's sole and exclusive property, and that the customer list is Franchisor's proprietary information and property. Franchisee's use of Customer Data (even if Franchisee initially collected such data) shall be by virtue of this limited license from Franchisor. Franchisee's license to use the Customer Data is limited to Franchisee's use of the Customer Data solely in connection with the operation of Franchisee's Franchised Business during the term of this Agreement. Upon expiration or termination of this Agreement, Franchisee will destroy or, at Franchisor's option, transmit to Franchisor, all Customer Data and copies thereof. Customer Data is included in "Confidential Information" as defined in Subsection A. above.

IX. MODIFICATION OF THE SYSTEM

Franchisee acknowledges that from time to time hereafter Franchisor may change or modify the System identified by the Marks, including, without limitation, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials; new programs or systems; new upholstery repair, coloring, cleaning, protection and restoration techniques, products and services; new upholstering methods, materials, and techniques; new employee training or education programs and services; new equipment; or other new techniques and that Franchisee will accept, use and display for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement at the time of execution hereof. Franchisee will make such expenditures as such changes or modifications in the System may reasonably require. Franchisee shall not change, modify or alter in any way the System without written permission of Franchisor.

X. MARKETING

Recognizing the value of marketing and the importance of the standardization of marketing and promotion to the furtherance of the goodwill and the public image of CREATIVE COLORS INTERNATIONAL businesses, Franchisee agrees as follows:

A. Franchisee will submit to Franchisor or its designated agency, for its prior approval, all promotional materials and marketing to be used by Franchisee, including, but not limited to, newspapers, radio and television advertising, signs and telemarketing scripts. In the event written disapproval of said marketing and promotional materials is not given by Franchisor to Franchisee within twenty (20) days from the date such material is received by Franchisor, said materials shall be deemed approved. Failure by Franchisee to conform with the provisions herein and subsequent nonaction by Franchisor to require Franchisee to cure or remedy this failure and default shall not be deemed a waiver of future or additional failures and defaults of any other provision of this Agreement. The submission of marketing to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells its products or services. Franchisor reserves the right to use for its own purposes or to disseminate to other CREATIVE COLORS INTERNATIONAL franchisees any and all marketing materials, procedures and concepts submitted to Franchisor by Franchisee.

B. Franchisee shall contribute to the CREATIVE COLORS INTERNATIONAL Marketing and Development Fund ("Fund") an amount equal to the greater of: (i) one percent (1%) of the Gross Sales ("Gross Sales") derived from the Franchised Business, or (ii) the following minimum amounts per month:

During the first full year from Grand Opening date …….…….. $ 50.00
During the second full year from Grand Opening date ….……..……$ 75.00
During the third full year from Grand Opening date..…….……$100.00

Franchisee's required payments to the Fund shall be made at the same time and in the same manner as the Royalty Fee as provided in Section XI. of this Agreement. Such sums shall be maintained and administered by Franchisor or its designee as follows:

1. Franchisor shall oversee all marketing programs over the creative concepts, materials and media used in such programs and the placement and allocation thereof. All marketing materials shall be and remain the property of Franchisor and may not be altered by Franchisee. Franchisor cannot and does not ensure that any particular franchisee benefits directly or pro rata from the placement of marketing.

2. Although Franchisor intends the Fund to be of perpetual duration, Franchisor maintains the right to terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for marketing and promotional purposes.

3. Once contributions to the Fund are made by Franchisee, all such monies shall be used as herein required and shall not be returned to Franchisee.

4. If at any time, fifty percent (50%) or more of the existing CREATIVE COLORS INTERNATIONAL franchisees elect to raise the percentage marketing contribution level, participation will be required of all franchisees, but in no event will Franchisee's contribution exceed two percent (2%) of Franchisee's Gross Sales.

5. Franchisor may charge the Fund an administrative fee, not to exceed ten percent (10%) of the expenditures made. The administrative fee is in addition to fees Franchisor may charge the Fund for Franchisor’s direct expenses or services furnished.

6. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce Website and/or related strategies; developing and producing in-store marketing materials.

7. The Fund will not be Franchisor’s asset. Although the Fund is not a trust, Franchisor will hold all Fund contributions for the benefit of the contributors and use contributions only for the purposes described in this Section. Franchisor does not owe any fiduciary obligation to Franchisee for administering the Fund or any other reason.

C. Franchisee is required to list their business continuously on the internet using Franchisor’s approved supplier. The fee of Six Hundred Dollars and No Cents ($600.00) will be paid annually for the business listing. This fee is subject to increase with thirty (30) days’ notice from Franchisor. Franchisee's expenditures for listing their business on the internet shall be independent of and in addition to Franchisee's contributions to the Fund.

D. Upon thirty (30) days written notice that this program is implemented, Franchisee is required to pay Fifty Dollars and No Cents ($50.00) monthly for an Internet Marketing Service Fee, postmarked on or before the Fifteenth (15th) of every month. This fee is subject to increase with 30 days' notice from Franchisor.

E. Franchisee shall not advertise on the internet unless it is through Franchisee's customized website, which is linked to Franchisor's main website and Franchisee's advertising is approved by Franchisor.

F. Franchisee shall not use in marketing or any other form of promotion, the trademarks, service marks or commercial symbols of Franchisor without the appropriate ® registration mark or the designations TM or SM where applicable.

G. Technology. Franchisee acknowledges and agrees that the restrictions set forth in Section XIII.X. of this Agreement apply to Franchisee's advertising and marketing activities.

XI. ROYALTY FEES

A. Franchisee shall pay without offset, credit or deduction of any nature to Franchisor, so long as this Agreement shall be in effect, a monthly Royalty Fee equal to the greater of: (i) seven and a half percent (7.5%) of the Gross Sales derived from the Franchised Business, or (ii) the following minimum amounts per month:

During first full year from Grand Opening date $375.00
During second full year from Grand Opening date $500.00
During third full year from Grand Opening date and thereafter $625.00

There is no Royalty fee due for the first full month of business and there is no minimum for the first full three months of business. Franchisee shall pay the Royalty Fee in the manner specified below or as otherwise prescribed in the Confidential Operations Manual:

1. Postmarked by the 15th of every month, Franchisee will submit to Franchisor on a form approved by Franchisor, a correct statement, signed by Franchisee, of Franchisee's Gross Sales for the preceding month just ended. Each monthly statement of Gross Sales shall be accompanied by the Royalty Fee payment based on the Gross Sales reported in the statement so submitted. Franchisee will make available to Franchisor for inspection at reasonable times by Franchisor, all original books and records that Franchisor may deem necessary to ascertain Franchisee's Gross Sales.

2. Definition of Gross Sales. For purposes of this Agreement, "Gross Sales" means all receipts of the Franchised Business, including amounts received, charged, or performed on a credit or time basis, and the value of all services or products received by Franchisee, for services provided or products or gift certificates sold, whether or not sold or performed at or from the Franchised Business, including cash and proceeds of business interruption insurance policies, less sales, use or service taxes collected and paid to the appropriate taxing authority and adjusted

for cost of materials and labor, from an upholsterer or tailor who is an independent contractor who bills Franchisee for his/her services.

3. All royalty fee payments not postmarked by the 15th day of the month shall be in violation of this Agreement and will be charged a $25.00 late fee.

4. Franchisor shall have the right to require Franchisee to participate in an electronic funds transfer program under which all Royalty Fee payments, advertising contributions to the marketing fund, amounts due for purchases by Franchisee from Franchisor and its affiliates and any other payment due Franchisor under this Agreement or any other agreement between Franchisee and Franchisor are transferred electronically from Franchisee's bank account to the bank or other financial institution as specified by Franchisor. If Franchisor institutes this program, Franchisee agrees to make the funds available in its bank account for withdrawal by electronic transfer no later than the due date for the payment.

5. Franchisee shall keep an active credit card on file with Franchisor. Franchisee's credit card must have a credit line sufficient to cover all Royalty Fee payments, advertising contributions to the marketing fund and amounts due for purchases by Franchisee from Franchisor and its affiliates. Franchisor shall have the right to debit Franchisee's credit card at any time that Franchisee fails to submit any payments due to Franchisor per the terms of this Agreement or any other agreement between Franchisee and Franchisor.

B. All Royalty Fee payments, advertising contributions to the Fund, amounts due for purchases by Franchisee from Franchisor and its affiliates, and other amounts which Franchisee owes to Franchisor or its affiliates shall bear interest after due date at the highest applicable legal rate for open account business credit not to exceed two percent (2%) per month. Franchisee acknowledges that this Paragraph shall not constitute an agreement by Franchisor or its affiliates to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Section XVII hereof, notwithstanding the provisions of this Paragraph.

C. All payments under this Agreement that are not honored for any reason will be charged a fee of $50.00 to help offset bank charges and administrative expenses. This fee will be in addition to any late fee or interest that may accrue because of insufficient funds.

D. Franchisor shall have the right to establish reasonable procedures for verifying figures and collecting Royalty Fees.

E. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fee payments, advertising contributions to the Fund, purchases from Franchisor and its affiliates, interest or any other indebtedness.

XII. ACCOUNTING AND RECORDS

A. Franchisee shall establish and maintain a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by Franchisor, including, without limitation, the use and retention of customer invoices, payroll records, check stubs, cash receipts and disbursements, journals and general ledgers.

B. Franchisee shall submit a Sales by Customer Summary report to Franchisor each month on a form approved by Franchisor. In addition, Franchisee will supply to Franchisor on or before the fifteenth (15th) day of each calendar quarter, in the form approved by Franchisor, a profit and loss statement and balance sheet for the last preceding calendar quarter. Additionally, Franchisee shall, at its expense, submit to Franchisor within one hundred twenty days (120) days after the end of each fiscal year during the term of this Agreement, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year, prepared by an independent certified public accountant on an accrual basis including all adjustments necessary for fair presentation of the financial statements. Such financial statements will be certified to be true and correct by Franchisee. Franchisor reserves the right to require certified annual financial statements, prepared in accordance with generally accepted accounting practices, reviewed or audited by an independent certified public accountant.

C. Franchisee shall submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Confidential Operations Manual or otherwise in writing.

D. Franchisee shall obtain, maintain, and utilize computer terminals with on-line access and software which meet Franchisor’s specifications, which may be amended from time to time. All Gross Sales, inventory data, sales information, and such other information as required by Franchisor shall be recorded on such computer terminals. In addition, Franchisee shall utilize such automated central accounting system equipment and software program(s) as Franchisor may prescribe. Franchisor shall have limited access to Franchisee's computer data, computer system and related information by means of direct access whether in person, and/or by network connection thru High Speed Internet (LAN Network Connection) only for specific information solely pertaining to Creative Colors International business.

E. Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor’s expense, the books, records, and tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee at Franchisor's expense. If an inspection should reveal that any payments to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the maximum rate permitted by law. If an inspection discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

F. Franchisee acknowledges that nothing contained herein constitutes Franchisor's agreement to accept any payments after same are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee

acknowledges that its failure to pay all amounts when due shall constitute a material default and grounds for termination of this Agreement.

G. Franchisee must record all Gross Sales of the Franchised Business on the Computer System. Franchisor may provide SKU numbers (or other identification codes) for each type of revenue-producing transaction Franchisee may encounter at the Franchised Business (including revenues derived from transactions other than sales to customers). Franchisee must use the computer system to maintain certain sales data and other information.

XIII. STANDARDS OF QUALITY AND PERFORMANCE

A. Franchisee shall comply with all requirements set forth in this Agreement, the Confidential Operations and Training Manual and other written policies supplied to Franchisee by Franchisor. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor in the Confidential Operations and Training Manual or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein and shall be reasonably and uniformly applied to all franchisees. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures and rules. Franchisee shall comply with the entire System including, but not limited to, the provisions of this Section XIII.

B. Franchisee shall commence operation of the Franchised Business not later than ninety (90) days after the execution of this Agreement or as otherwise approved in writing by Franchisor. Prior to the opening of the Franchised Business, Franchisee shall have complied with all Franchisor's pre-opening standards and specifications. If Franchisee for any reason fails to commence operation as herein provided, such failure shall be considered a default and Franchisor may terminate this Agreement as herein provided.

C. Franchisee shall maintain the condition and appearance of the vans used in the operation of the Franchised Business consistent with Franchisor's standards. Franchisee shall maintain the vans used in the operation of the Franchised Business as Franchisor from time to time requires to maintain or improve the appearance and efficient operation of the Franchised Business, including, but not limited to, replacement of worn out or obsolete vans, equipment, and signs. If at any time in Franchisor's judgment the general state of repair or the appearance of the vans, equipment, or signs used in the Franchised Business do not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice, and thereafter fails to implement a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to effect such repairs, maintenance or replacements of vans, equipment, or signs on behalf of Franchisee and Franchisee shall pay the entire costs thereof on demand.

D. Franchisee shall make no material alterations to the vans used in the operation thereof nor shall Franchisee make material replacements of or alterations to the equipment or signs of the Franchised Business without the prior written approval by Franchisor. Provided, however, Franchisee may outfit the interior of its vans in any manner it chooses, so long as the vans meet the Franchisor’s specifications. Franchisee acknowledges and agrees that Franchisee may not alter the graphics on the exterior of the vans.

E. Franchisee shall provide prompt, professional service and after-sale support to customers of the Franchised Business in accordance with specifications and standards prescribed by Franchisor for handling customer complaints and ensuring customer satisfaction. In order to promote and enhance the reputation of the franchise network and the CREATIVE COLORS INTERNATIONAL brand and Marks, Franchisee shall visit each commercial customer account as established between Franchisee and said commercial customer.

F. Franchisee shall offer for sale and use at the CREATIVE COLORS INTERNATIONAL Franchised Business all types of services for repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; performing upholstering of furniture, booths, tables or other similar items; and providing related services that Franchisor from time to time authorizes, and shall not offer for sale or sell or provide through the Franchised Business any other category of materials, supplies, merchandise, products or accessories or use such Franchised Business for any purpose other than the operation of a CREATIVE COLORS INTERNATIONAL business in full compliance with this Agreement.

G. Franchisor has developed a specially formulated and prepared line of Proprietary Products and other items and merchandise bearing the Marks ("CREATIVE COLORS INTERNATIONAL"). Franchisee shall use only the Proprietary Products designated by Franchisor. The formulae and methods of preparation of the Proprietary Products are trade secrets of Franchisor and its affiliate. Franchisor has determined that in order to protect its trade secrets, maintain the uniform quality throughout the System and to monitor the manufacture and sale of Proprietary Products, it will supply Proprietary Products to Franchisees of Franchisor. Franchisee shall purchase Proprietary Products exclusively from Franchisor, or as designated by Franchisor. Franchisor shall sell to Franchisee such quantities of Proprietary Products as Franchisee requires from time to time in the operation of the CREATIVE COLORS INTERNATIONAL Franchised Business and at prices in effect at the time of purchase. Franchisee will be required to carry an adequate supply and maintain a representative inventory of such CREATIVE COLORS INTERNATIONAL Proprietary Products as required by the Confidential Operations Manual. Franchisee shall maintain, carry and promote such CREATIVE COLORS INTERNATIONAL Proprietary Products for use in servicing the general public in order to meet customer demand as designated by Franchisor. Franchisee acknowledges that an essential component of the System is the development and promotion of bio-degradable solutions and cleaners approved by the Environmental Protection Agency. Franchisee may only use solvents and cleaners approved by Franchisor.

H. Beginning on the second anniversary of the franchise term, Franchisee must purchase from Franchisor, or as authorized by Franchisor, a minimum inventory of Proprietary Products equal to two percent (2%) of Gross Sales each fiscal year, or a minimum of one thousand five hundred dollars ($1,500.00) per van in operation for full year. If Franchisee does not purchase this amount, Franchisee will be charged the remaining balance at the end of the year. Our current price list of Proprietary Products is available on our online CCI internet portal. Use of any substitute for a Proprietary Product is a material breach of this Agreement and constitutes grounds for termination of this Agreement.

I. From time to time, Franchisor shall provide to Franchisee a list of approved manufacturers, suppliers and distributors authorized for the Franchised Business ("Approved Suppliers

List") and a list of approved inventory, products, equipment, signs, stationery, supplies, chemicals, products, merchandise, and other items or services necessary to operate the Franchised Business ("Approved Supplies List"). Such list shall specify the manufacturer, supplier and distributor and the inventory products, equipment, signs, stationery, supplies, chemicals, products, merchandise and other items and services which Franchisor has approved to be carried or used in the System. Franchisor may revise the Approved Suppliers List and Approved Supplies List from time to time in its sole discretion. Such approved list shall be submitted to Franchisee as Franchisor deems advisable. If Franchisee proposes to offer for sale at the Franchised Business any brand of product, or to use in the operation of Franchised Business any material or supply which is not then approved by Franchisor as meeting its minimum specifications and quality standards, or to purchase any product from a supplier that is not then designated by Franchisor as an approved supplier, Franchisee shall first notify Franchisor and shall upon request by Franchisor submit samples and such other information as Franchisor requires for examination and/or testing or to otherwise determine whether such product, material or supply, or such proposed supplier meets its specifications and quality standards and make sure these items are compatible with Franchisor's Proprietary Products. A charge not to exceed the reasonable cost of the inspection and evaluation and the actual cost of the test shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any supplier of an approved item and to revoke its approval of any item which fails to continue to meet any of Franchisor's criteria. Franchisor further reserves the right to receive and retain payments from suppliers on account of purchases by Franchisees from suppliers.

J. Franchisor or our affiliate may sell products under the Trademarks within and outside Franchisee's Area of Primary Responsibility through any method of distribution other than a dedicated Creative Colors International franchise location, including, sales through such channels of distribution as toll-free number, electronic commerce, catalog sales, telemarketing, Social Media (as defined below in Section XIII.X), smartphone application, any electronic service including the internet, or other direct marketing sales (together, "alternative distribution channels"). Franchisee will receive no compensation for Franchisors' sales through alternative distribution channels. Franchisee may not use alternative distribution channels to make sales outside or inside Franchisee's Area of Primary Responsibility.

K. The Franchised Business shall at all times be under the direct supervision of Franchisee (or a trained and competent employee acting as full-time manager). Franchisee shall keep Franchisor informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. Franchisee shall provide Franchisor a list of current names, addresses and phone numbers of all employee(s). Franchisee shall at all times faithfully, honestly and diligently perform its obligations hereunder and shall not engage in any business or other activities that will conflict with its obligations hereunder.

L. Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, consumer protection, trade regulation, worker's compensation, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes. Franchisee will operate in full compliance with all applicable laws and government regulations including the payment of any tax assessed on royalty or marketing fund payments.

M. Franchisor may require Franchisee and Franchisee's employees to be bonded at Franchisee's expense.

N. All advertising and promotional activities by Franchisee in any medium shall be conducted in a dignified manner and shall accurately promote, describe and otherwise represent the type, quality and other features of the services and related support activities.

O. Franchisee shall maintain a current listing of the names and addresses of all customers of the Franchised Business, which listing shall be the sole property of Franchisor. Franchisee shall update the customer listing and supply a copy of same to Franchisor on a monthly basis. The use of the phrase "Franchisee's customer list" in this Agreement is for convenience only, and is not to be interpreted to confer any property or ownership rights in said customer list to Franchisee.

P. Whenever a CREATIVE COLORS INTERNATIONAL process requires the use of a particular guarantee, as stated in the Confidential Operations and/or Training Manual, Franchisee shall execute and deliver to each customer to whom the CREATIVE COLORS INTERNATIONAL process has been sold a guarantee on the form then currently furnished by Franchisor. Franchisee shall perform and fulfill promptly upon presentation of a valid guarantee the services requested by the customer, all in accordance with the terms and conditions of the respective guarantee. Franchisee hereby authorizes Franchisor to charge Franchisee's account with such amount as shall be determined under the provisions of the guarantee policy then in effect in the event some other Franchisee or Franchisor performs work under Franchisee's guarantee. Franchisor shall credit Franchisee's account with the charges for work performed by Franchisee that relates to a guarantee issued by any such other franchisee.

Q. Franchisee acknowledges that each and every detail of the quality of workmanship, customer service, customer relations, warranty and guarantee service, appearance and demeanor of Franchisee and its employees, and chemicals and materials utilized by Franchisee, is important to Franchisor and to other CREATIVE COLORS INTERNATIONAL businesses. Franchisor shall endeavor to maintain high standards of quality and service by all CREATIVE COLORS INTERNATIONAL businesses. To this end, Franchisee shall cooperate with Franchisor by maintaining such high standards in the operation of the franchise and Franchisee shall at all times give prompt, courteous and efficient service to its customers. All work performed by the Franchised Business shall be performed competently and in a workmanlike manner. The Franchised Business shall in all dealings with its customers, suppliers and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. If in any situation Franchisor feels that Franchisee did not fairly handle a customer complaint, Franchisor has the right, but not the obligation, to intervene and satisfy the customer. In such event, Franchisor may in its discretion reimburse the customer up to one hundred percent (100%) of the original amount for upholstery repair, coloring, cleaning, protection and restoration services, upholstering, and related services or products provided or performed, and Franchisee shall reimburse Franchisor for any such payment to a customer within thirty (30) days of receipt of invoice from Franchisor.

R. Franchisee shall use only such warranty and guarantee forms, work order forms, invoices and other forms as are approved by Franchisor. Franchisee shall obtain such forms from Franchisor or from suppliers approved by Franchisor to produce such forms utilizing the Marks. All invoices shall be

sequentially numbered. Copies of all work order forms and invoices issued or voided out by Franchisee shall be submitted to Franchisor on a monthly basis.

S. Franchisee shall promptly make all such payments of invoices and statements rendered to Franchisee in accordance with the terms thereof and make timely remittances of Royalty Fees, advertising fees, and any purchases pursuant to this Agreement. All past due accounts owing to Franchisor shall bear interest at the maximum rate allowed under applicable law.

T. Franchisee shall notify Franchisor 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 including action against professional services/credentials of any employee or contractor associated with Franchisee, which may adversely affect the operation or financial condition of the Franchised Business.

U. Franchisee and all employees shall, when making sales presentations or providing the franchised services, wear the proper Creative Colors image attire, including a Creative Colors International shirt with logo.

V. Franchisee shall participate actively in a CREATIVE COLORS INTERNATIONAL Advisory Council ("Council") and participate in all Council programs approved by Franchisor for Franchisee's particular Council. Franchisee is required to pay its own expenses in belonging to the Council. The purposes of the Council(s) include, but are not limited to, exchanging ideas and problem solving methods, advising Franchisor on expenditures for regional marketing and advertising, providing back-up support and staffing for lobbying and community influence, and coordinating franchisee efforts. Such Council(s) may be formed by Franchisor at such time that more than one (1) Franchisee conducts a CREATIVE COLORS INTERNATIONAL Franchised Business in any given region, the boundaries of such region to be determined in the sole and unfettered discretion of Franchisor.

W. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor considers to be best, to vary System standards for any franchise owner based upon the peculiarities of any condition that Franchisor considers important to that franchise owner's successful operation. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

X. **Technology**. "Technology" includes websites and Social Media, and emails, as defined below.

i. Website. As used in this Agreement, the term "website" means an interactive electronic document, contained in a network of computers linked by communications software, that Franchisor operates or authorizes others to operate and that refers to the Franchisee's Franchised Business, Proprietary Marks, Franchisor and/or the System. The term website includes, but is not limited to, the internet. In connection with any website, Franchisee agrees to the following:

(a) Franchisee is strictly prohibited from creating or maintaining a website for

Franchisee's Franchised Business, or a website that uses Franchisor's Marks; and

(b) Franchisor will have the sole right to create, establish, own, and control the website for Franchisee's Franchised Business.

ii. Social Media. As used in this Agreement, the phrase "Social Media" means the various forms of electronic communication through which users create online communities to share information, ideas, personal messages and other content, such as Facebook, You Tube, LinkedIn, Twitter, Vine, Google+, Instagram, Pinterest, blogs, or other similar communication methods, including smartphone applications. In connection with all Social Media, Franchisee agrees to the following:

(a) Franchisee is strictly prohibited from creating a Social Media account or posting anything on Social Media involving Franchisee's Franchised Business, or that uses Franchisor's Marks; and

(b) Franchisor will have the sole right to create, establish, own, and monitor all Social Media postings for Franchisee's Franchised Business. Franchisee may participate in the content and maintenance of Social Media for Franchisee's Franchised Business, only in accordance with Franchisor's guidelines and subject to Franchisor's right to alter or delete postings made by Franchisee.

iii. Email. As used in this Agreement, the term "email" means a system for sending and receiving messages from one individual to another via telecommunications links between computers, cell phones or terminals using dedicated software. In connection with email, Franchisee agrees to the following:

(a) Franchisee is strictly prohibited from creating or maintaining its own email address for Franchisee's Franchised Business, other than the email address(es) that Franchisor assigns and provides to Franchisee;

(b) Franchisee has no expectation of privacy in his or her use of the email systems;

(c) Franchisee is strictly prohibited from creating or maintaining an email address that uses Franchisor's Marks; and

(d) Franchisor will have the sole right to create, establish, own, and control the email address for Franchisee's Franchised Business.

XIV. FRANCHISOR'S OPERATIONS ASSISTANCE

A. Franchisor may from time to time advise or offer guidance to Franchisee relative to prices for services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, upholstering services, and related services or products offered for sale by the CREATIVE COLORS INTERNATIONAL business that in Franchisor's judgment constitute

good business practice. Such guidance will be based on the experience of Franchisor and its franchisees in operating CREATIVE COLORS INTERNATIONAL businesses and an analysis of the costs of such services, activities, merchandise, supplies, accessories and products and prices charged for competitive inventory and products. Franchisee shall not be obligated to accept any such advice or guidance and shall have the sole right to determine the prices to be charged from time to time by the CREATIVE COLORS INTERNATIONAL business, and no such advice or guidance shall be deemed or construed to impose upon Franchisee any obligation to charge any fixed, minimum or maximum prices for any product offered for sale by the CREATIVE COLORS INTERNATIONAL Franchised Business.

B. Upon commencement of operation of the Franchised Business, and during the term of this Agreement, Franchisor shall provide to Franchisee the following:

1. A comprehensive list of established sources of tools, equipment, chemicals, merchandise and supplies necessary for the operation of the Franchised Business and provide specifications for such products;

2. Assistance in the grand opening of Franchisee's Franchised Business;

3. Information on new methods of operation and new services;

4. Suggested and mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor, as well as information relative to other obligations of Franchisee under this Agreement and the operation of the franchise; and

5. Regulation of quality standards and products in conformance with the System specifications throughout the network of CREATIVE COLORS INTERNATIONAL businesses.

C. Franchisor shall advise Franchisee of problems arising out of the operation of the Franchised Business as disclosed by reports submitted to Franchisor by Franchisee or by inspections conducted by Franchisor of the Franchised Business. Operations assistance may consist of advice and guidance with respect to:

1. Proper utilization of procedures developed for a CREATIVE COLORS INTERNATIONAL business with respect to services offered and used, equipment, chemicals, products, merchandise and supplies as approved by Franchisor;

2. Additional equipment, merchandise, products and services authorized for CREATIVE COLORS INTERNATIONAL businesses;

3. The institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of a CREATIVE COLORS INTERNATIONAL business; and

4. Advertising, catalogs and promotional programs.

D. Franchisor or Franchisor's representative shall make occasional visits to the Franchised Business for the purposes of consultation, assistance, and guidance of Franchisee in all aspects of the

operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business will prepare, for the benefit of both Franchisor and Franchisee, written reports with respect to such visits outlining any suggested changes or improvements in the operations of the Franchised Business and detailing any defaults in such operations which become evident as a result of any such visit, and a copy of each such written report shall be provided to both Franchisor and Franchisee.

E. All of the specifications, Approved Suppliers Lists, Approved Supplies Lists, training and operations manuals to be provided by Franchisor to Franchisee pursuant to this Agreement shall be delivered within sixty (60) days after execution of this Agreement.

F. Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of Franchisor's obligations under this Agreement to third-party designees, whether these designees are Franchisor's agents or independent contractors with whom Franchisor has contracted to perform these obligations. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Agreement.

G. Franchisee acknowledges that Franchisor maintains a staff to manage and operate the Franchise System and that staff members can change as employees come and go. Franchisee represents that Franchisee has not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with Franchisor in that capacity.

XV. INSURANCE

A. Franchisee shall procure, at its sole expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Business, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor shall be named an additional insured in such policy or policies.

B. Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the Confidential Operations Manual or otherwise in writing, and shall include, at a minimum (except as different coverage and policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Confidential Operations Manual or otherwise in writing) the following:

1. Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated.

2. Comprehensive general liability insurance, garage dealers and product liability insurance with limits of Five Hundred Thousand Dollars ($500,000.00) combined single limit including the following coverage: broad form contractual liability, personal injury (employee and contractual inclusion deleted); products/completed operation; and fire legal; insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including

attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the CREATIVE COLORS INTERNATIONAL Franchised Business, provided that the required amounts herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims; and provided further, that the insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor.

3. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least Three Hundred Thousand Dollars ($300,000.00).

4. Such additional insurance and types of coverage as may be required from time to time by Franchisor.

C. Franchisee shall indemnify and hold harmless Franchisor to the fullest extent permissible under applicable law from and against any and all loss, costs, expenses (including, without limitation, reasonable attorneys' fees), damages and liabilities arising from Franchisee's use of hazardous materials, hazardous wastes and/or hazardous chemicals in the operation of the Franchised Business.

D. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Within thirty (30) days of the signing of this Agreement, but in no event later than two (2) weeks prior to the date on which Franchisee commences the Grand Opening of the Franchised Business, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by Franchisee to Franchisor for approval. Such certificate shall state that said policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time, as conditions require, by written notice to Franchisee.

E. Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

XVI. COVENANTS

A. Unless otherwise specified, the term "Franchisee" as used in this Section XVI shall include, collectively and individually, all officers, directors, and holders of a beneficial interest, at any time during the term of this Agreement, of five percent (5%) or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation; and of any limited liability company controlling Franchisee; and the general partners and any limited partner (including any corporation and the officers, directors, and holders of a beneficial interest of five percent

(5%) or more of securities, of a corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership.

B. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (if Franchisee is an individual), a shareholder of a beneficial interest of ten percent (10%) or more of the securities of Franchisee (if Franchisee is a corporation), a member owning ten percent (10%) or more of the ownership interest of Franchisee (if Franchisee is a limited liability company), a general partner of Franchisee (if Franchisee is a partnership), or Franchisee's Manager shall devote full time, energy, and best efforts, to the management and operation of the Franchised Business.

C. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

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

2. Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment without permission from Franchisor or franchisee of Franchisor who employs that person.

3. Own, maintain, engage in, consult with, provide supplies to, be employed by, advise, lease or sublease to, invest in, franchise, lend money to, or have any interest in any Competitive Business (including any business operated by Franchisee prior to entry into this Agreement). "Competitive Business" includes a business that sells or provides goods or services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, upholstering of furniture, booths, tables, and similar items, and providing related services the same as or similar to those offered or provided by Franchisee or by Franchisor. Provided, however, that Franchisee is expressly permitted to engage in the business of upholstery replacement, irrespective of any restrictions set forth in this Agreement to the contrary, and subject to the following conditions:

(a) The upholstery services must be provided, marketing, and invoiced under the Creative Colors International name;

(b) Franchisee must comply with the standards, procedures, and specifications relating to upholstery services, as set forth in Franchisor's Operations Manual and other guidelines;

(c) Franchisee must pay royalty fees and marketing fund fees on Gross Sales from furnishing upholstery replacement services and materials, as adjusted for cost of materials and labor (from an upholsterer or tailor who is an independent contractor who bills

Franchisee for his/her services). Franchisee shall comply with the reporting, document submission, and royalty fee and marketing fund payment procedures relating to upholstery services, as set forth in Franchisor's Operations Manual; and

(d) Franchisee is strictly prohibited from furnishing upholstery replacement services through a business or entity that is separate from Franchisee's Creative Colors International business or entity."

D. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable training and confidential information, including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System. Accordingly, Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a period of two (2) years, commencing on the effective date of termination or expiration or the date on which all persons restricted by this Paragraph begin to comply with this Paragraph, whichever is later, either directly or indirectly, for himself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, engage in, consult with, provide supplies to, be employed by, or have any interest in any business specializing, in whole or in part, in the selling and providing of goods or services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, upholstering, and providing related services the same as or similar to those offered or provided by Franchisees or by Franchisor:

1. To any accounts that, as of the date of termination of this Agreement or within six months prior to said date, was serviced by Franchisee or by any other Franchisee of Franchisor; or

2. Within Franchisee's Area of Primary Responsibility, or within a distance of ten (10) miles of the outside boundaries of Franchisee's Area of Primary Responsibility; or

3. Within a distance of ten (10) miles of the outside boundaries of the Area of Primary Responsibility of any Franchisee or affiliate of Franchisor that offers the same or similar services as those offered by Franchisee pursuant to this Agreement.

E. 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 Section XVI is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee shall 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 XVI.

F. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraphs XVI.C. and XVI.D. in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XXVI.

G. Franchisor shall have the right to require all of Franchisee's officers, directors, and personnel performing managerial, supervisory and marketing functions and all personnel receiving training from Franchisor and personnel having access to Franchisee's customer lists to execute covenants similar to those set forth in this Article XVI in a form satisfactory to Franchisor.

H. Franchisee acknowledges that Franchisor shall be entitled to immediate equitable remedies, including but not limited to, restraining orders in order to safeguard such proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of this Section XVI. In the event Franchisor is required to employ legal counsel or incur other expenses to seek equitable relief hereunder, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees and other expenses incurred in seeking or obtaining such equitable relief.

XVII. DEFAULT AND TERMINATION

A. Franchisee may terminate this Agreement if Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such breach within a reasonable time after written notice thereof is delivered to Franchisor. Such termination shall be effective thirty (30) days after delivery to Franchisor of notice that such breach has not been cured and Franchisee elects to terminate this Agreement. Termination of this Agreement by Franchisee for any reason other than breach of this Agreement by Franchisor and Franchisor's failure to cure such breach within a reasonable time after receipt of written notice thereof shall be deemed a termination by Franchisee without cause.

B. This Agreement shall, at the option of Franchisor, terminate automatically upon delivery of notice of termination to Franchisee, if Franchisee or its owner(s), officer(s) or manager(s):

1. Fails to equip vans as provided in Section IV hereof, or fails to satisfactorily complete the training program as provided in Section V, or fails to commence business within ninety (90) days of signing this Agreement as provided in Section XIII.B, or substitutes a proprietary product as provided in Section XIII.G.

2. Has made any material misrepresentation or omission in its application for the franchise;

3. Is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the CREATIVE COLORS INTERNATIONAL Franchised Business;

4. Makes any unauthorized use, disclosure or duplication of any portion of the Confidential Operations Manual or Training Manual or duplicates or discloses or makes any unauthorized use of any trade secret or confidential information provided to Franchisee by Franchisor;

5. Abandons or fails or refuses to actively operate the Franchised Business for five (5) business days in any twelve (12) month period, unless the Franchised Business has not been

operational for a purpose approved by Franchisor;

6. Surrenders or transfers control of the operation of the CREATIVE COLORS INTERNATIONAL Franchised Business, makes or attempts to make an unauthorized direct or indirect assignment of the franchise or an ownership interest in Franchisee or fails or refuses to assign the franchise or the interest in Franchisee of a deceased or incapacitated controlling owner thereof as herein required;

7. Submits to Franchisor on two (2) or more separate occasions at any time during the term of the franchise any reports or other data, information or supporting records which understate by more than five percent (5%) the Royalty Fees and any fees owed to Franchisor for any period of, or periods aggregating, three (3) or more weeks, and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

8. Is adjudicated bankrupt, becomes insolvent, commits any affirmative act of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors, or if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed), or if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against its premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or is not in the process of being dismissed;

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

10. Fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other information or supporting records, to pay when due the Royalty Fees, advertising contributions, amounts due for purchases from Franchisor and its affiliates or other payments due to Franchisor and its affiliates, or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice of default is delivered to Franchisee; or

11. Solicits or engages in business in violation of the territorial rights granted herein, including, but not limited to, soliciting or servicing an account outside of Franchisee's Area of Primary Responsibility, in violation of Section I.G.

C. This Agreement shall terminate, at Franchisor's sole option, without further action by Franchisor or notice to Franchisee if Franchisee or Franchisee's owner:

1. Fails or refuses to make payments of any amounts due Franchisor or its affiliates for Royalty Fees, advertising contributions, purchases from Franchisor or its affiliates or any other amounts due to Franchisor or its affiliates, and does not correct such default within ten (10) days after written notice of default is delivered to Franchisee;

2. Fails or refuses to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Confidential Operations Manual or Training Manual or otherwise in writing, and does not correct such failure within thirty (30) days after written notice of default is given to Franchisee, or fails to provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to correct such failure and will continue to make all reasonable efforts to cure until a cure is effected if such failure cannot reasonably be corrected within thirty (30) days after written notice of default is delivered to Franchisee; or

3. Franchisee's or any of Franchisee's owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of Franchisee's owners otherwise violate any such law, ordinance, or regulation.

D. To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, not be effective, and Franchisor shall comply with applicable law in connection with each of these matters.

E. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights against Franchisee, Franchisor, in the event that Franchisee shall not have cured a default under this Agreement within the thirty (30) days after receipt of a written notice of default from Franchisor, may, at its option, enter upon the premises of the Franchised Business and exercise complete authority with respect to the operation of said business until such time as Franchisor determines that the default of Franchisee has been cured and that there is compliance with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control, and operate said business, and that Franchisee shall pay Franchisor a service fee of not more than FIVE HUNDRED Dollars ($500.00) per day plus all travel expenses, room and board and other expenses reasonably incurred by such representative so long as it shall be required by the representative to enforce compliance herewith. Franchisee further agrees that if, as herein provided, Franchisor temporarily operates for Franchisee the business franchised herein, Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, respecting any and all acts and omissions which Franchisor may perform, or fail to perform as regards the interests of Franchisee or third parties.

F. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights against Franchisee, Franchisor, in the event that Franchisee, prior to the termination of this Agreement, fails to pay any amounts owed to Franchisor or Franchisor's affiliates or fails to comply with any term of this Agreement, then in addition to Franchisor's right to terminate this Agreement or to bring a claim for damages or to enforce this Agreement, Franchisor has the option:

1. To remove the listing of Franchisee's CREATIVE COLORS INTERNATIONAL business from all advertising published or approved by Franchisor.

2. To cease listing Franchisee's CREATIVE COLORS INTERNATIONAL business on Franchisor's website and to discontinue any links from that site to any site for Franchisee's business.

3. To prohibit Franchisee from attending any meetings or programs held or sponsored by

Franchisor;

4. To terminate Franchisee's access to any computer system or software Franchisor maintains or licenses to Franchisee; and/or

5. To suspend all services Franchisor or Franchisor's affiliates provide to Franchisee under this Agreement or otherwise.

Franchisor's actions, as outlined in this Section XVII.F. may continue until Franchisee has brought Franchisee's accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged the same in writing. The taking of any of the actions permitted in this Section will not suspend or release Franchisee from any obligation that would otherwise be owed to Franchisor or Franchisor's affiliates under the terms of this Agreement or otherwise. Further, Franchisee acknowledges that the taking of any or all such actions on Franchisor's part will not deprive Franchisee of the most essential benefits of this Agreement, and will not constitute a constructive termination of this Agreement.

SECTION XVIII. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall forthwith terminate, and:

A. Franchisee shall immediately cease to operate the Franchised Business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

B. Franchisee shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any confidential methods, procedures and techniques associated with the System, the Marks and any distinctive forms, slogans, signs, symbols, logos or devices associated with the Marks or System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other article which displays the Marks associated with the System.

C. Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "CREATIVE COLORS INTERNATIONAL" or any of the Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

D. In the event Franchisee continues to operate or subsequently begins to operate any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks. This paragraph is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended as a waiver or modification of Paragraph XVI.D. of this Agreement. Franchisee shall not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair

competition. Franchisee shall make such modifications or alterations to the vans used in the operation of the Franchised Business or the Franchised Business itself (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose, including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this Section XVIII, Franchisor shall have the right to enter upon the premises where Franchisee's Franchised Business was conducted, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee shall pay upon demand.

E. Franchisee shall promptly pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums shall include but not be limited to, all damages, costs, expenses, including reasonable attorneys' fees, and lost royalties incurred by Franchisor as a result of the default, each of which shall be considered Franchisor's actual damages (without limiting the scope of actual damages, which may include other items).

F. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor prior and subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Section XVIII or Section XVI or any other provisions hereunder.

G. Franchisee shall immediately turn over to Franchisor all manuals, including the Confidential Operations Manual, Training Manual, customer lists, records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which Franchisee acknowledges are Franchisor's property).

H. Franchisor shall acquire all right, title and interest in and to any sign or sign faces bearing the Marks. Franchisee hereby acknowledges Franchisor's right to have access to the premises and/or vans of the Franchised Business should Franchisor elect to take possession of any said sign or sign faces bearing the Marks. All marks must be removed from all Franchisee's vans and a photograph of the unstriped vans must be submitted to Franchisor. Removal shall be at Franchisee's expense.

I. Franchisor shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase for cash any or all advertising materials and all items bearing Franchisor's Marks, at Franchisee's cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, such dispute shall be submitted to arbitration as required in Paragraph XXIX.A. of this Agreement.

J. Franchisee hereby acknowledges that all telephone numbers used in the operation of the Franchised Business constitute property of Franchisor; and upon termination or expiration of this Agreement, Franchisee shall assign to Franchisor or its designee, all Franchisee's right, title, and interest in and to Franchisee's telephone numbers and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number in any regular,

classified or other telephone directory listing associated with the Marks and to authorize transfer of same to or at the direction of Franchisor.

K. Franchisee shall comply with the covenants contained in Paragraph XVI.D. of this Agreement.

L. Franchisee shall return to Franchisor all Franchisor's Proprietary Supplies and equipment. Franchisor will purchase all Franchisor's Proprietary supplies and equipment from Franchisee, at Franchisee's cost or fair market value, whichever is less.

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

XIX. TRANSFERABILITY OF INTEREST

A. This Agreement and all rights hereunder can be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall:

1. At the time of such assignment, be financially responsible and economically capable of performing the obligations of Franchisor hereunder; and

2. Expressly assume and agree to perform such obligations. Specifically, and without limitation to the foregoing, Franchisee expressly agrees that Franchisor may sell its assets, Marks or System outright to a third party; may make a public offering of securities; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities, or be acquired by another corporation or other entity; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of CREATIVE COLORS INTERNATIONAL, INC. as Franchisor hereunder. Nothing contained in this Agreement shall require Franchisor to remain in the business in the event that Franchisor exercises its rights hereunder to assign its rights in this Agreement.

3. Franchisor may change Franchisor's ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After Franchisor's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement.

B. This Agreement and all rights hereunder may be assigned and transferred by Franchisee and, if so, shall be binding upon and inure to the benefit of Franchisee's successors and assigns, subject to the following conditions and requirements, and Franchisor's right of first refusal as set forth in Section

XXI below:

1. No Franchisee, partner of Franchisee (if Franchisee is a partnership), member of Franchisee (if Franchisee is a limited liability company) or shareholder of Franchisee (if Franchisee is a corporation), without Franchisor's prior written consent, by operation of law or otherwise shall sell, assign, transfer, convey, give away, or encumber to any person, firm, or corporation, all or any part of its interest in this Agreement or its interest in the franchise granted hereby or its interest in any proprietorship, limited liability company, partnership or corporation which owns any interest in the franchise, nor offer, permit, or suffer the same to be sold, assigned, transferred, conveyed, given away, or encumbered in any way to any person, firm, or corporation. Franchisee may not without the prior written consent of Franchisor fractionalize any of the rights of Franchisee granted pursuant to this Agreement. The following restrictions on transferability also apply to any purported transfers through a will or through divorce or separation proceedings. Any purported assignment of any of Franchisee's rights herein not having the aforesaid prior written consent shall be null and void and shall constitute a material default hereunder.

2. Franchisor shall not unreasonably withhold its consent to any transfer referenced in Paragraph XIX.B.1. of this Agreement when requested; provided, however, that the following conditions and requirements shall first be met to the full satisfaction of Franchisor.

a) If Franchisee is an individual or partnership and desires to assign and transfer its rights to a corporation or limited liability company ("LLC"):

(1) Said transferee corporation/LLC shall be newly organized and its charter shall provide that its activities are confined exclusively to acting as a CREATIVE COLORS INTERNATIONAL franchisee as licensed under this Agreement;

(2) Franchisee shall be and shall remain the owner of the majority equity interest of the transferee entity;

(3) The individual Franchisee (or, if Franchisee is a partnership, one of the partners) shall be and shall remain the principal executive officer of the transferee corporation or LLC;

(4) The transferee corporation or LLC shall enter into a written assignment (in a form satisfactory to Franchisor), in which the transferee corporation or LLC assumes all of Franchisee's obligations hereunder;

(5) All shareholders of the transferee corporation or members of the transferee LLC shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee entity's obligations to Franchisor under this Agreement;

(6) Each stock certificate of the transferee corporation or membership

certificate of the transferee LLC shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

(7) No new shares of common or preferred voting stock in the transferee corporation or membership certificates in the transferee LLC shall be issued to any person, partnership, member, LLC, trust, foundation, or corporation without obtaining Franchisor's prior written consent and then only upon disclosure of the terms and conditions contained herein being made to the prospective new owners of stock or membership interest; and

(8) All accrued money obligations of Franchisee to Franchisee's suppliers, Franchisor, its subsidiaries or assignees, shall be satisfied prior to assignment or transfer.

b) If Franchisee is a corporation or LLC formed solely for the purposes of acting as a CREATIVE COLORS INTERNATIONAL franchisee as licensed under this Agreement, each stock certificate of the corporation or each membership certificate of the LLC shall have conspicuously endorsed upon it a statement that it is held subject to, and that assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement.

c) If the transfer, other than such transfer as is authorized under Paragraph XIX.B.2.a. of this Agreement, if consummated alone or together with other related previous, simultaneous, or proposed transfers, would have the effect of transferring control of the franchise licensed herein to someone other than an original signatory of this Agreement:

(1) The transferee(s) shall be of good moral character and reputation and shall have a good credit rating and competent business qualifications reasonably acceptable to Franchisor. Franchisee shall provide Franchisor with such information as Franchisor may require to make such determination concerning each such proposed transferee(s);

(2) The transferee(s) or such other individual(s) as shall be the actual manager of the franchise shall have successfully completed and passed the training course then in effect for franchisees, or otherwise demonstrated to Franchisor's satisfaction, sufficient ability to operate the Franchised Business being transferred;

(3) The transferee(s), including all shareholders, officers, directors, partners, and members of the transferee(s), shall jointly and severally execute any or all of the following, at Franchisor's sole discretion and as Franchisor shall direct:

aa. The Franchise Agreement and other standard ancillary agreements with Franchisor on the current standard forms being used by

Franchisor, except that an additional franchise fee shall not be charged; and/or

bb. A written assignment from Franchisee in a form satisfactory to Franchisor, wherein transferee shall assume all of Franchisee's obligations hereunder.

(4) Approval by Franchisor of any transfer by Franchisee of the franchise herein granted or any of Franchisee's rights under this Agreement shall in no way be deemed a release by Franchisor of Franchisee's obligations pursuant to this Agreement. Consent by Franchisor to a transfer of the franchise shall not constitute or be interpreted as consent for any future transfer thereof;

(5) The term of said agreements required pursuant to Paragraph XIX.B.2.c.(3) shall be for the unexpired term of this Agreement and for any extensions, renewals or successor franchises as provided herein;

(6) If transferee is a corporation or LLC:

aa. Each stock certificate of the transferee corporation or membership certificate of the transferee LLC shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; and

bb. No new shares of common or preferred voting stock in the transferee corporation or no new membership interests in the transferee LLC shall be issued to any person, partnership, trust, foundation, member, LLC, or corporation without obtaining Franchisor's prior written consent and then only upon disclosure of the terms and conditions contained herein being made to the prospective new owners of stock or membership interest.

cc. All shareholders of the transferee corporation or all members of the transferee LLC shall enter into a written agreement, in a form satisfactory to Franchisor guaranteeing the performance of the transferee entity’s obligations under this Agreement.

(7) All accrued money obligations of Franchisee to Franchisee's suppliers, to Franchisor, its subsidiaries, affiliates or assignees, shall be satisfied prior to assignment or transfer, and Franchisee shall not be in default under the terms of this Agreement; and

(8) Franchisee, prior to the transfer, shall execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, agents

and employees, except such claims as are not permitted to be waived under applicable law.

3. Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor, and the transferee or Franchisee shall have fully paid to Franchisor a transfer fee equal to Ten Thousand Dollars and no cents ($10,000.00), for the training, supervision, administrative costs, overhead, counsel fees, accounting and other Franchisor expenses in connection with the transfer. This transfer fee does not apply to an assignment of interest to a corporation or LLC under Paragraph XIX.B.2.a. of this Agreement.

In the event of an assignment of more than one (1) of Franchisee's Franchise Agreements with Franchisor, to the same assignee and at the same time, the transfer fee for assignment of all the Franchise Agreements so assigned shall be a total of Ten Thousand Dollars ($10,000), and not Ten Thousand Dollars ($10,000) each. However, this provision shall not apply in the event the assignment of more than one (1) of Franchisee's Franchise Agreements is to different assignees, or does not occur simultaneously. In that event, there shall be a separate Transfer Fee of $10,000 for each assignment.

4. No sale, assignment, transfer, conveyance, encumbrance, or gift of any interest in this Agreement or in the franchise granted thereby, shall relieve Franchisee and the shareholders, members, or partners participating in any transfer, of the obligations of the covenants contained in Section XVI, except where Franchisor shall expressly authorize in writing.

C. Franchisee must promptly ("promptly" herein defined as within fifteen (15) days of receipt of an offer to buy) give Franchisor written notice whenever Franchisee has received an offer to buy Franchisee's franchise, and comply with its obligations under Article XXI (right of first refusal). Franchisee must also give Franchisor written notice simultaneously with any offer to sell the franchise made by, for, or on behalf of Franchisee. Franchisee shall indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Paragraph.

D. Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or on the van(s), or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

XX. DEATH OR INCAPACITY OF FRANCHISEE

A. In the event of the death or incapacity of an individual franchisee, or any partner of a Franchisee which is a partnership, or any shareholder owning fifty percent (50%) or more of the capital stock of a franchisee which is a corporation, or any member owning fifty percent (50%) or more of the ownership interest of a Franchisee which is an LLC, the heirs, beneficiaries, devisee, or legal representatives of said individual, partner or shareholders, shall, within thirty (30) days of such event:

1. Apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement and any successor franchises, which right shall be granted upon the fulfillment of all of the conditions set forth in Paragraph XIX.B.2.b. of this Agreement (except that no transfer fee shall be required); or

2. Sell, assign, transfer, or convey Franchisee's interest in compliance with the provisions of Paragraphs XIX.B. and XXI of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the thirty (30) days to sell, assign, transfer or convey shall be computed from the date of application. For purposes of this Paragraph, Franchisor's silence on an application made pursuant to Paragraph XX.B. through the thirty (30) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

B. In the event of the death or incapacity of an individual Franchisee, or any partner, shareholder, or member of a Franchisee which is a partnership, corporation, or LLC, where the aforesaid provisions of Section XIX have not been fulfilled within the time provided, all rights licensed to Franchisee under this Agreement shall, at the option of Franchisor, terminate forthwith and automatically revert to Franchisor.

C. For purposes of this Agreement, "incapacity" shall be defined as the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the MSA in which the Franchised Business is located, with each party selecting one (1) medical physician, and the two (2) medical physicians so designated selecting the third medical physician. The determination of the majority of the three (3) medical physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made.

XXI. RIGHT OF FIRST REFUSAL

If Franchisee or its owners propose to sell the Franchised Business (or its assets) or part or all of the ownership of Franchisee, Franchisee or its owners shall obtain and deliver a bona fide, executed written offer to purchase same to Franchisor, which shall, for a period of thirty (30) days from the date of delivery of such offer, have the right, exercisable by written notice to Franchisee or its owners, to purchase the Franchised Business (or its assets) or such ownership for the price and on the terms and conditions contained in such offer to Franchisor, provided that Franchisor may substitute cash for any form of payment proposed in the proposed sale offer. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. If Franchisor does not exercise this right of first refusal, the offer may be accepted by Franchisee or its owners, subject to the prior written approval of Franchisor, as provided in Section XIX hereof, provided that if such sale is not consummated within one hundred twenty (120) days of the date thereof, Franchisor shall again have the right of first refusal herein described. Should a transferee franchisee assume the rights and obligations under this Agreement, such transferee franchisee shall likewise be subject to Franchisor's right of first refusal under terms and conditions as set forth herein.

XXII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. This Agreement does not create a fiduciary relationship between the parties, nor does it

constitute Franchisee as an agent, legal representative, joint venturer, partner, employee, or servant of Franchisor for any purpose whatsoever; and it is understood between the parties hereto that Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor to incur any debt, or to create any obligation, express or implied, on behalf of Franchisor. No training, assistance or supervision which Franchisor gives or offers Franchisee will defeat this independent contractor status.

B. During the term of this Agreement and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the vans used in the operation of the Franchised Business and on all forms, stationery, or other written materials, the content of which Franchisor reserves the right to specify. In addition, Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, CREATIVE COLORS INTERNATIONAL Business personnel, and others as the CREATIVE COLORS INTERNATIONAL Business owner under a franchise Franchisor has granted.

C. Franchisee shall defend at its own cost and indemnify and hold harmless to the fullest extent permissible under applicable law Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition, or construction, equipping, decorating, maintenance or operation of the Franchised Business, including the sale of any goods and/or service sold from the Franchised Business. Such loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchised Business, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees or resulted from any strict liability imposed on Franchisor or any of its agents or employees. All such indemnification shall survive termination of this Agreement.

XXIII. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding

breach by Franchisee of any terms, covenants or conditions of this Agreement.

XXIV. NOTICE

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified mail, return receipt requested, 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 Franchisor: Creative Colors International, Inc.
Attn: President
19015 S. Jodi Road
Suite E
Mokena, IL 60448

Notices to Franchisee: At the address specified on Attachment E to this Agreement

Copy to: _____
_____
_____

Any notice by certified mail shall be deemed to have been given at the date and time of mailing.

Any notice that Franchisor sends to Franchisee may be sent only to the one (1) person identified on **Attachment D**, even if Franchisee has multiple owners, at the email or postal address specified on **Attachment D**. Franchisee may change the person and/or address for notice only by giving Franchisor thirty (30) days' prior notice by any of the means specified in subparagraphs (a) through (e) above.

XXV. COST OF ENFORCEMENT OR DEFENSE

A. In the event that either party to this Agreement is required to employ legal counsel or to incur other expenses to enforce any obligation of the second party hereunder, whether or not a legal proceeding is filed, or to defend against any claim, demand, action, or proceeding by reason of the second party's failure to perform any obligation imposed upon the second party by this Agreement, and provided that legal action is filed and such action or the settlement thereof establishes the second party's default hereunder, then the first party shall be entitled to recover from the second party the amount of all reasonable attorney's fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

B. Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any consequential, punitive, or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it. This waiver of punitive damages shall not apply to indemnification for third party claims under XV.C. or XXII.C.

XXVI. ENTIRE AGREEMENT

This Agreement, any Exhibit attached hereto, and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede all prior agreements. No other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. Provided, however, nothing in this Agreement or in any related agreement is intended to disclaim Franchisor's representations made in the franchise disclosure document. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

Any policies that Franchisor adopts and implements from time to time to guide Franchisor in Franchisor's decision-making are subject to change, are not a part of this Agreement, and are not binding on Franchisor.

XXVII. SEVERABILITY AND CONSTRUCTION

A. Each Paragraph, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any Paragraph, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms and/or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement.

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

C. Franchisee shall be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

E. This Agreement may be executed in multiple copies, and each copy so executed shall be deemed an original.

F. Except as provided in Sections XXII.C. (Indemnification) and XXIX.(Arbitration), nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

G. The language of all provisions of this Franchise Agreement shall be construed simply according to its fair meaning and not strictly against the franchisor or the franchisee. It is the desire and intent of the parties that the provisions of this Franchise Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought.

XXVIII. APPLICABLE LAW AND JURISDICTION

A. THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY FRANCHISOR IN ILLINOIS; AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS THEREOF, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15, U.S.C. SECTIONS 1051 ET SEQ).

B. FRANCHISEE AGREES THAT ANY ACTION SOUGHT TO BE BROUGHT BY EITHER PARTY, EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION SHALL BE BROUGHT IN A COURT IN OR NEAREST THE CITY WHERE OUR PRINCIPAL BUSINESS ADDRESS IS THEN LOCATED (currently the United States District for the State of Illinois, Seventh District Court or the Circuit Court of Will County, Illinois), AND THE PARTIES DO HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION.

C. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR FRANCHISEE BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

D. NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN SPECIFIC PERFORMANCE OF THE PROVISIONS OF THIS AGREEMENT AND SEEK INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES, UNDER CUSTOMARY EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS. FRANCHISEE AGREES THAT FRANCHISOR MAY HAVE SUCH INJUNCTIVE RELIEF, WITHOUT BOND, BUT UPON DUE NOTICE, IN ADDITION TO SUCH FURTHER AND OTHER RELIEF AS MAY BE AVAILABLE AT EQUITY OR LAW, AND THE SOLE REMEDY OF FRANCHISEE, IN THE EVENT OF THE ENTRY OF SUCH INJUNCTION, SHALL BE THE DISSOLUTION OF SUCH INJUNCTION, IF WARRANTED, UPON HEARING DULY HAD (ALL CLAIMS FOR DAMAGES BY REASON OF THE WRONGFUL ISSUANCE OF ANY SUCH INJUNCTION BEING EXPRESSLY WAIVED HEREBY).

XXIX. ARBITRATION

A. Except as otherwise specifically provided in Paragraph D of Section XXVIII, all controversies, disputes and claims arising between the Franchisor (its subsidiaries and affiliates, and their respective shareholders, officers, directors, agent, employees and attorneys in their representative capacity, if applicable) and Franchisee (its owners, guarantors and employees, if applicable) arising out of or related to:

(1) this agreement or any other agreement between the parties or any provision of such agreement;

(2) the relationship of the parties hereto;

(3) the validity of this agreement or any other agreement between the parties or any provision of such agreement; or

(4) any specification, standard or operating procedures prescribed by Franchisor, which shall not be resolved within fifteen (15) days after either the Franchisor or Franchisee shall notify the other in writing of such controversy, dispute or claim shall be submitted for arbitration to the Chicago, Illinois office of the American Arbitration Association on demand of either party. Such arbitration proceedings shall be conducted at a location chosen by the arbitrator in the city where our principal business address is then located, and, except as otherwise provided in this Agreement, shall be heard by one arbitrator in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sec. 1 Et Seq) shall be governed by it.

B. The arbitrator shall have the right to award or include in his award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorney's fees and costs, in accordance with Paragraph A of Section XXV, provided that the arbitrator shall not have the authority to award exemplary or punitive damages. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award. The parties agree to be bound by the provisions of any statute of limitations which would be otherwise applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder. The parties further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedures) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred.

C. Nothing contained herein shall bar the right of either party to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending completion of the arbitration.

D. The parties agree that arbitration shall be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between Franchisor and Franchisee shall not be consolidated with any other arbitration proceeding involving Franchisor and any other person, corporation or

partnership.

E. This provision shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

F. It is the intent of the parties that any arbitration between Franchisor and Franchisee shall be of Franchisee's individual claim and that the claim subject to arbitration shall not be arbitrated on a class wide basis.

XXX. "FRANCHISEE" DEFINED AND GUARANTY; CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP.

As used in this Agreement, the term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by permitted transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that executes this Agreement, in the event said entity is a partnership, all shareholders of the entity that executes this Agreement, in the event said entity is a corporation, and all members in the event said entity is a limited liability company. By their signatures hereto, all partners, shareholders, and members of the entity that signs this Agreement as Franchisee acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. All partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders of the entity that executes this Agreement, in the event said entity is a corporation, and all members of the entity that executes this Agreement, in the event said entity is a limited liability company, and the spouses of the Franchisee if he or she is an individual, and the spouses of all partners, shareholders and members, shall execute the Guaranty and Assumption of Obligations attached hereto as Attachment B and made a part hereof.

If Franchisee is at any time a corporation, limited liability company, or general or limited partnership (collectively, an “Entity”), Franchisee agrees and represents that:

Franchisee will have the authority to execute, deliver, and perform Franchisee’s obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of Franchisee’s incorporation or formation;

Franchisee’s organizational documents, operating agreement, or partnership agreement, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in Franchisee, and all certificates and other documents representing ownership interests in Franchisee will bear a legend referring to this Agreement's restrictions;

Attachment D to this Agreement completely and accurately describes all of Franchisee’s owners and their interests in Franchisee as of the Effective Date; and

Each of Franchisee’s owners during this Agreement's term will execute a guaranty in the form Franchisor prescribe undertaking personally to be bound, jointly and severally, by all

provisions of this Agreement and any ancillary agreements between Franchisee and Franchisor. Subject to Franchisor's rights and Franchisee's obligations under Section XIX, Franchisee and Franchisee's owners agree to sign and deliver to Franchisor revised Attachment D to reflect any permitted changes in the information that Attachment D now contains.

Spousal Guaranty. Franchisee's spouse, or if Franchisee is a legal entity, the spouse of each owner, must execute the Guaranty and Assumption of Obligations attached hereto as Attachment B and made a part hereof. Each spouse must personally and unconditionally guarantee the obligations of Franchisee under this Agreement as if each spouse were an original party to this Agreement in his or her individual capacity.

XXXI. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

XXXII. CAVEAT

The success of the business venture contemplated to be undertaken by Franchisee by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Franchisee as an independent business person, and its active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

XXXIII. ACKNOWLEDGEMENTS

A. FRANCHISEE ACKNOWLEDGES THAT THERE ARE CERTAIN RISKS AND HEALTH HAZARDS THAT MAY BE ASSOCIATED WITH THE HANDLING OF HAZARDOUS MATERIALS, HAZARDOUS WASTE AND/OR HAZARDOUS CHEMICALS. FRANCHISEE FURTHER ACKNOWLEDGES THAT USE OF CERTAIN HAZARDOUS MATERIALS, HAZARDOUS WASTE AND/OR HAZARDOUS CHEMICALS IS AN INTEGRAL PART OF THE FRANCHISED BUSINESS. FRANCHISEE HEREBY INDEMNIFIES AND HOLDS HARMLESS FRANCHISOR, ITS GENERAL PARTNERS, AND THEIR SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS, FROM AND AGAINST ANY AND ALL LOSS, COST, EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES), DAMAGES AND LIABILITIES, HOWEVER CAUSED, RESULTING DIRECTLY OR INDIRECTLY, OR PERTAINING TO THE USE OF HAZARDOUS MATERIALS, HAZARDOUS WASTE AND/OR HAZARDOUS CHEMICALS USED IN THE OPERATION OF THE FRANCHISED BUSINESS AND/OR FOR THE WORK COMPLETED BY FRANCHISEE DURING THE OPERATION OF THE FRANCHISED BUSINESS.

B. Franchisee represents and acknowledges that it has received, read and understood this

Agreement, and that Franchisor has fully and adequately explained the provisions of each to Franchisee's satisfaction; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

XXXIV. FRANCHISEE'S PERSONNEL

A. Franchisor authorizes Franchisee to employ personnel to perform the CREATIVE COLORS INTERNATIONAL services to Franchisee's accounts in Franchisee's Area of Primary Responsibility. Franchisee is required to have each of his employees execute a Trade Secret Agreement and Employment Contract protecting Franchisee and Franchisor against unauthorized use of Franchisor's Trade Secrets and Franchisee's customer lists, and imposing a reasonable restriction against competition. Attached to this disclosure document as Exhibit M is our "Agreement for Protection of Trade Secrets of the Creative Colors International, Inc. System", which is our approved form agreement for use by you with your employees.

B. Franchisee is required to promptly furnish Franchisor a copy of each Employment Contract entered into between Franchisee and Franchisee's employees.

C. A sample form Employment Contract is found in the Operations Manual. Franchisee acknowledges that the sample Employment Contract may not be enforceable in the state where Franchisee's employees are located, and for that reason, Franchisee assumes responsibility for having said Employment Contract reviewed by an attorney who will advise Franchisee as to the applicable state law and make appropriate revisions to the restrictive covenants. Notwithstanding the sentence immediately preceding, Franchisee may not modify Paragraph 23 of the Employment Contract, which provides that the Franchisor is an intended third-party beneficiary of that agreement. Franchisee hereby indemnifies and holds Franchisor harmless from any claim, losses, damages, or causes of action arising out of the use by Franchisee of the sample Employment Contract, if any provision (other than paragraph 23 referred to above) is found to be unenforceable.

D. Franchisee's personnel who perform the CREATIVE COLORS INTERNATIONAL services to Franchisee's accounts must be W-2 employees and not independent contractors. Franchisee acknowledges that employees are not a sub-franchisee of Franchisee in any manner and derives no right to use the franchised know-how or trademarks other than to perform services to Franchisee's accounts.

XXXV. WAIVER OF COLLATERAL ESTOPPEL

The parties agree that they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between the Parties. Franchisor and Franchisee therefore each agree that a decision of an arbitrator or of a court of law in litigation to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between Franchisee and Franchisor. The parties, therefore, waive the right to assert the principles of collateral estoppel in any action between the parties to this Franchise Agreement so that one party is prevented from raising against the other party to this Franchise Agreement the loss by that party of a similar claim or defense in another action.

XXXVI. FRANCHISOR'S BUSINESS INTERESTS

Franchisee further acknowledges that Franchisor and Franchisor's affiliates have their own business interests that are not intended to be restricted by this Franchise Agreement. Except as expressly provided in this Franchise Agreement, Franchisor and Franchisor's affiliates may pursue their own business interests without obligation to, and irrespective of, the impact of Franchisor's actions upon Franchisee and Franchisee's Franchised Business. These actions include, but not by way of limitation, ownership, operation, or disposition of Franchisor's company operations or other businesses, and the sale of products through other methods of distribution.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in triplicate the day and year first above written.

NOT EFFECTIVE UNLESS AND UNTIL ACCEPTED BY THE FRANCHISOR, AS EVIDENCED BY DATING AND SIGNING BY AN OFFICER OF FRANCHISOR.

CREATIVE COLORS INTERNATIONAL, INC.,

ATTEST:

_____ By: _____
Witness

Dated: _____

ATTEST:

_____ _____
Witness Franchisee

Dated: _____

_____ _____
Witness Franchisee

Dated: _____

ATTACHMENT A TO THE FRANCHISE AGREEMENT

BY AND BETWEEN CREATIVE COLORS INTERNATIONAL, INC.
AND
DATED _____, 2022

The parties hereto agree that the FRANCHISEE'S AREA OF PRIMARY RESPONSIBILITY shall be designated as follows:

TO BE ATTACHED AND FINALIZED UPON SIGNING AGREEMENT

Franchisee acknowledges that U.S. zip codes do change from time to time and if one or more zip codes for the above Area of Primary Responsibility should change, the diagram of the above map will control.

Franchisee acknowledges and agrees that the above designation of Franchisee's Area of Primary Responsibility does not constitute a representation or warranty of any kind, expressed or implied, as to the potential for success Franchisee might have in marketing the services described in the Franchise Agreement. The Franchisor's designation of the Area of Primary Responsibility indicates only that the Franchisor believes that the Area of Primary Responsibility falls within the acceptable criteria established by the Franchisor as of the time period encompassing the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other Areas of Primary Responsibility may not be predictive of the potential for all Areas of Primary Responsibility and that, subsequent to the Franchisor's designation of an Area of Primary Responsibility, demographic and/or economic factors, including competition from other businesses, included in or excluded from the Franchisor's criteria could change, thereby altering the potential of an Area of Primary Responsibility. The uncertainty and instability of such criteria are beyond the Franchisor's control and Franchisee hereby acknowledges and agrees that the Franchisor is not responsible for the failure of an Area of Primary Responsibility designated by Franchisor to meet expectations as to potential revenue or operational criteria. Franchisee further acknowledges and agrees that his acceptance of a License for the operation of a CREATIVE COLORS INTERNATIONAL business in the above Area of Primary Responsibility is based on his own independent investigation of the suitability of the Area of Primary Responsibility.

Franchisee further acknowledges that the Franchise Agreement (Paragraph G of Section I) strictly prohibits Franchisee from soliciting and/or providing services to an Account that is located outside Franchise's Area of Primary Responsibility. Violation of this prohibition is a material breach of the Franchise Agreement and constitutes grounds for termination of the Franchise Agreement.

CREATIVE COLORS INTERNATIONAL, INC.
an Illinois Corporation

By _____ _____
FRANCHISEE

ATTACHMENT B TO THE FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 2022, by_____
_____ ("Franchisee").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Creative Colors International, Inc. ("Franchisor"), each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Guarantor") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall be personally bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the provisions of Section XVI of the Franchise Agreement. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which Franchisee, he or she, may be entitled.

Each Guarantor hereby consents and agrees that: (1) such Guarantor's undertaking shall be direct, immediate and independent of the liability of, and shall be joint and several with, Franchisee and any other Guarantors; (2) Guarantor shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) Guarantor's liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; (4) Guarantor's liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement; (5) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Franchise Agreement by a trustee of Franchisee; (6) neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency; (7) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee; and (8) Guarantor shall pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in

enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed its signature on the same day and year as the Agreement was executed.

GUARANTOR(S)
IN FRANCHISE

PERCENTAGE OF OWNERSHIP

Owners and Their Spouses

_____ _____%
Owner Signature

_____
Printed Name of Owner

_____ _____
Spouse of the above Owner (sign) Printed Name of Spouse

_____ _____%
Owner Signature

_____
Printed Name of Owner

_____ _____
Spouse of the above Owner (sign) Printed Name of Spouse

_____ _____%
Owner Signature

_____
Printed Name of Owner

_____ _____
Spouse of the above Owner (sign) Printed Name of Spouse

Attachment C
to Franchise Agreement

BUSINESS CARD SPECIFICATIONS

Your business cards should include the following:

~ Creative Colors International logo and name, prominently displayed with registered mark
~ Business phone number
~ Business address
~ Cell number, if desired
~ Business email address
~ The phrase *"On-Site Repair & Restoration of Leather, Vinyl, Fabrics & Plastics"*
~ The website address "www.CreativeColorsIntl.com" or "www.WeCanFixThat.com"
~ The registered trademark after the Creative Colors International name, as well as We Can Fix That
~ Your business name if so desired and/or your name followed by the words "Franchise Owner" or "Franchisee"

ATTACHMENT D TO THE FRANCHISE AGREEMENT

Effective Date: This Attachment D is current and complete as of _____, 2022

You and Your Owners

1. **Form of Owner** (chose a or b):

(a) **Individual Proprietorship**. Your owner(s) (is) (are) as follows:

_____

_____

_____

(b) **Corporation, Limited Liability Company, or Partnership.** (circle one) You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	**Position(s) Held**

2. **Owners**. The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Percentage/Description of Interest**
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Name and Address of Person to Receive Notice for Franchise Owner**.

(a) Name: _____

(b) Postal Address: _____

_____

(c) E-mail Address: _____

CREATIVE COLORS INTERNATIONAL, INC.,

ATTEST:

_____ By: _____
Witness

ATTEST:

_____ _____
Witness Franchisee

_____ _____
Witness Franchisee

CREATIVE COLORS INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

EXHIBIT F

TO THE FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT F
CREATIVE COLORS INTERNATIONAL, INC.
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "Agreement"), is made and entered into this _____day of _____, 20___, by and between CREATIVE COLORS INTERNATIONAL, Inc., an Illinois corporation, whose principal business address is 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448 (the "Franchisor") and _____, whose principal business address is _____(the "Area Developer").

WITNESSETH:

WHEREAS, Franchisor or its affiliate, over a period of time and as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system ("System"), identified by the mark "CREATIVE COLORS INTERNATIONAL" relating to the establishment, development and operation of businesses specializing in providing services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; upholstering furniture, booths, tables and similar items, and providing related services on a mobile basis, primarily to automobile, furniture, and commercial customers; and

WHEREAS, the distinguishing characteristics of the System include, without limitation, exclusively designed signage, equipment, solvents, chemicals and materials; specially equipped vans; procedures and techniques for providing upholstery repair, coloring, cleaning, upholstering, protection and restoration and related services; the CREATIVE COLORS INTERNATIONAL Confidential Operations Manual; the CREATIVE COLORS INTERNATIONAL Proprietary Products; uniform operating methods, procedures and techniques; other confidential operations procedures; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion, marketing and advertising; all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the owner of the trade name, trademark and service mark "CREATIVE COLORS INTERNATIONAL," "CREATIVE COLORS INTERNATIONAL, plus the design," associated logos and commercial symbols, and such other trade names, trademarks and service marks as are now designated (and may be designated in writing by Franchisor) as an integral part of the System (the "Mark(s)"), together with the right, title, interest and all the goodwill connected with the Marks; and

WHEREAS, Franchisor is the owner of the right, title and interest in the System; and

WHEREAS, Franchisor grants to qualified persons franchises to own and operate CREATIVE COLORS INTERNATIONAL businesses providing services authorized and approved by Franchisor in utilizing the System and Marks. Area Developer desires to operate multiple CREATIVE COLORS INTERNATIONAL businesses under the System and using the Marks and has applied for a franchise and such application has been approved by Franchisor in reliance upon all of the representations made

therein; and

WHEREAS, Area Developer understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations, and service and the necessity of operating the Franchised Business in strict conformity with Franchisor's standards and specifications; and

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

1. REFERENCES AND DEFINITIONS

A. DEVELOPMENT AREA

"Development Area" means the geographic area described in Attachment A.

B. DEVELOPMENT SCHEDULE/DEVELOPMENT PERIOD

"Development Schedule" means the schedule for Area Developer to open and operate a specific cumulative number of CREATIVE COLORS INTERNATIONAL Franchised Businesses as set forth in Attachment B to this Agreement. Each "Development Period" is the period of time for Area Developer to meet each specific development obligation on the Development Schedule.

C. FRANCHISE AGREEMENT

Except for the royalty fee and the advertising contributions, which shall remain the same in each franchise agreement executed pursuant to this Agreement and any extensions of this Agreement, the "Franchise Agreement" means the current form of agreements (including franchise agreement and any exhibits, riders, collateral assignments of leases or subleases, shareholder guarantees and preliminary agreements) Franchisor customarily uses in the granting of a franchise for the ownership and operation of a CREATIVE COLORS INTERNATIONAL Franchised Business. Area Developer acknowledges that the Franchise Agreement (Exhibit E to the Franchise Disclosure Document furnished to Area Developer) is the current form of Franchise Agreement and shall be executed and delivered to Franchisor and shall be the form of Franchise Agreement to be executed for the first CREATIVE COLORS INTERNATIONAL Franchised Business to be developed under this Agreement. Franchisor, in its sole discretion, but subject to the express provisions contained herein, may modify or amend in any respect the standard form of Franchise Agreement it customarily uses in granting a franchise for a CREATIVE COLORS INTERNATIONAL Franchised Business. All subsequent CREATIVE COLORS INTERNATIONAL Franchised Businesses developed under this Agreement shall be established and operated under the form of Franchise Agreement then being used by Franchisor for CREATIVE COLORS INTERNATIONAL Franchised Businesses (except that the provisions regarding the initial franchise fee, royalty fees and advertising contributions shall remain as established in the first Franchise Agreement signed by Area Developer and Franchisor).

D. PRINCIPALS

The term "Principals" includes, collectively and individually, Area Developer and Area Developer's spouse, if Area Developer is an individual, any officers and directors of Area Developer (including the officers and directors of any general partner of Area Developer) and any person and of any entity directly owning and/or controlling ten percent (10%) or more of Area Developer, or a managing member or manager of a limited liability company. The initial Principals shall be listed in Attachment C. The Principals must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations (Attachment D) undertaking to be bound jointly and severally to all provisions of this Agreement.

E. SPOUSAL GUARANTY. Area Developer's spouse, or if Area Developer is a legal entity, the spouse of each owner, must execute the Guaranty and Assumption of Obligations attached hereto as Attachment D and made a part hereof. Each spouse must personally and unconditionally guarantee the obligations of Area Developer under this Agreement as if each spouse were an original party to this Agreement in his or her individual capacity.

2. USE OF SYSTEM

Area Developer acknowledges, and does not contest, Franchisor's exclusive ownership and rights to each and every aspect of the System. Area Developer's right to use the System is specifically limited to the Development Area and the terms and conditions of this Agreement and Franchise Agreements executed pursuant thereto.

3. GRANT OF DEVELOPMENT RIGHTS

A. TERM

In reliance on the representations and warranties of Area Developer and its Principals, Franchisor grants to Area Developer, and Area Developer hereby accepts the right and obligation to develop CREATIVE COLORS INTERNATIONAL Franchised Businesses within the Development Area in full compliance with the terms of this Agreement, including the timely development obligations to open a specific cumulative number of CREATIVE COLORS INTERNATIONAL Franchised Businesses over prescribed periods of time as established in the Development Schedule; and in full compliance with all obligations and provisions under Franchise Agreements entered into for the individual CREATIVE COLORS INTERNATIONAL Franchised Businesses. Subject to the provisions contained in this Agreement, the rights granted are for a term commencing on the date of execution of this Agreement and expiring on the last day of the last Development Period on the Development Schedule. Area Developer acquires no rights under this Agreement to develop CREATIVE COLORS INTERNATIONAL Franchised Businesses outside the Development Area.

B. COMMITMENT OF AREA DEVELOPER

Franchisor has granted these rights in reliance on the business skill, financial capability, personal character and expectations of performance by the Area Developer and its Principals. This

Agreement is for the purpose of developing and operating the CREATIVE COLORS INTERNATIONAL Franchised Businesses and is not for the purpose of reselling the rights granted by this Agreement or granting subfranchises.

C. DEVELOPMENT PLAN

The following conditions and approvals are conditions precedent before the right of Area Developer to develop each CREATIVE COLORS INTERNATIONAL Franchised Business becomes effective. At the time Area Developer selects a site for each CREATIVE COLORS INTERNATIONAL Franchised Business, Area Developer must satisfy the operational, financial and training requirements, set forth below:

(1) Operational: (a) Area Developer must be in substantial compliance with the material terms and conditions of this Agreement and all Franchise Agreements in effect between Area Developer and Franchisor. For each CREATIVE COLORS INTERNATIONAL Franchised Business operated by Area Developer, Area Developer must be in substantial compliance with the standards, specifications, and procedures set forth and described in the Operations Manual (defined in the Franchise Agreement).

(2) Financial: Area Developer and the Principals must satisfy Franchisor's then-current financial criteria for Area Developers and Principals with respect to Area Developer's operation of its existing CREATIVE COLORS INTERNATIONAL Franchised Businesses, if any, and the proposed CREATIVE COLORS INTERNATIONAL Franchised Business. Area Developer must be in compliance and not been in default during the twelve (12) months preceding Area Developer's request for approval, of any monetary obligations of Area Developer to Franchisor or its affiliate under any Franchise Agreement granted under this Agreement.

D. EXECUTION OF FRANCHISE AGREEMENT

This Agreement is not a Franchise Agreement and does not grant Area Developer any right or license to operate a CREATIVE COLORS INTERNATIONAL Franchised Business, or to provide services, or to distribute goods, or any right or license in the Licensed Marks. A Franchise Agreement must be signed by Area Developer and delivered to Franchisor with the initial franchise fee, within fifteen (15) days of delivery of the Franchise Agreement to Area Developer by Franchisor.

4. DEVELOPMENT RIGHTS AND OBLIGATIONS

A. RESERVATION OF RIGHTS

Franchisor (on behalf of itself and its affiliate and its subsidiaries) retains the rights, in its sole discretion and without granting any rights to Area Developer: (1) to itself operate, or to grant other persons the right to operate, CREATIVE COLORS INTERNATIONAL Franchised Businesses at locations and on terms Franchisor deems appropriate outside the Development Area granted Area Developer, and (2) to sell the products and services authorized for CREATIVE COLORS INTERNATIONAL Franchised Businesses under the Licensed Marks or under other trademarks,

service marks and commercial symbols through dissimilar channels of distribution and under terms Franchisor deems appropriate within and outside the Development Area, including, but not limited to, by electronic means, such as the Internet, and by web sites established by Franchisor, as we determine, in our sole discretion.

In addition, Franchisor, any other Area Developer and any other authorized person or entity shall have the right, at any time, to advertise and promote the System, in the Development Area. Area Developer acknowledges and agrees that Area Developer is only granted the right to develop and operate CREATIVE COLORS INTERNATIONAL Franchised Businesses within the Development Area. Accordingly, within and outside the Development Area, Franchisor and its affiliate and its subsidiaries may also offer and sell, and may authorize others to offer and sell products identified by the Licensed Marks at or from any location.

Franchisor or any other Area Developer or any other authorized person or entity shall have the right, at any time, to establish and operate businesses offering dissimilar products or dissimilar services within and outside the Development Area granted by the Area Development Agreement and within and outside the Area of Primary Responsibility granted by a Franchise Agreement, under the Licensed Marks and on any terms and conditions as determined by Franchisor; to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at a CREATIVE COLORS INTERNATIONAL® Franchised Business and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the Area Developers or the licensees of these businesses) are located or operating, which may include within the Development Area granted by this Area Development Agreement and within the Area of Primary Responsibility granted by a Franchise Agreement.

Franchisor may be acquired, whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction, by a business providing products and similar services to those provided at a CREATIVE COLORS INTERNATIONAL® Franchised Business, or by another business, even if such business operates, franchises and/or licenses competitive businesses within the Development Area granted by the Area Development Agreement and within the Area of Primary Responsibility granted by a Franchise Agreement.

Franchisor has no obligation and will not pay Area Developer if it exercises any of the rights specified above within the Development Area granted by the Area Development Agreement or within the Area of Primary Responsibility granted by a Franchise Agreement.

B. RIGHTS DURING DEVELOPMENT PERIODS

Except as provided below, if Area Developer: (1) is in compliance with the material terms and conditions contained in this Agreement, including the timely development obligations to open a specific cumulative number of CREATIVE COLORS INTERNATIONAL Franchised Businesses over prescribed periods of time as established in Attachment B (the "Development Schedule"); and (2) is in substantial compliance with all material obligations under Franchise Agreements granted Area Developer for individual CREATIVE COLORS INTERNATIONAL Franchised Businesses under this Agreement; then during the Development Schedule, Franchisor: (i) will grant Area Developer the right

to own and operate CREATIVE COLORS INTERNATIONAL Franchised Businesses located within the Development Area; and (ii) will not operate (directly or through its affiliate), nor grant a franchise for the location of, any CREATIVE COLORS INTERNATIONAL Franchised Business within the Development Area, except for franchises granted to Area Developer under this Agreement, or other than through the uses and exceptions as described in Section 4, Paragraph A of this Agreement.

If Area Developer, for any reason within his control, fails to comply with the Development Schedule, this failure constitutes a material default of this Agreement, and Franchisor has the right to terminate this Agreement pursuant to Section 11 of this Agreement. In the event Area Developer fails to cure the noticed default within the time allowed under Section 11, Franchisor may terminate this Agreement and grant individual or area development franchises within the Development Area to third parties, or own and operate Franchised Businesses owned by Franchisor or by the affiliate of Franchisor. Franchisor and Area Developer agree that the timely development of Franchised Businesses by Area Developer in compliance with the Development Schedule will control the rights granted Area Developer by this Agreement, regardless of the time period granted Area Developer to open a Franchised Business pursuant to a Franchise Agreement for such Franchised Business. Upon termination of this Agreement, all rights granted Area Developer revert to Franchisor, who is free to franchise any other person to use the System within the Development Area or to itself own and operate CREATIVE COLORS INTERNATIONAL Franchised Businesses within the Development Area. The provisions of this paragraph do not apply to any delay or failure caused by a default or neglect on the part of Franchisor.

C. DEVELOPMENT OBLIGATIONS

Area Developer will at all times faithfully, honestly, and diligently perform his obligations under this Agreement and will continuously exert his best efforts to timely promote and enhance the development of CREATIVE COLORS INTERNATIONAL Franchised Businesses within the Development Area. Area Developer agrees to open and operate the cumulative number of CREATIVE COLORS INTERNATIONAL Franchised Businesses at the end of each Development Period set forth in the Development Schedule (see Attachment B). Area Developer agrees that compliance with the Development Schedule is the essence of this Agreement.

D. EXPIRATION OR TERMINATION

Subsequent to the expiration or termination of this Agreement, for any reason, Franchisor shall have the absolute right to operate or license other persons to operate CREATIVE COLORS INTERNATIONAL FRANCHISED BUSINESSES in the Development Area.

5. CREATIVE COLORS INTERNATIONAL FRANCHISED BUSINESSES CLOSINGS

If during the term of this Agreement, Area Developer ceases to operate any CREATIVE COLORS INTERNATIONAL Franchised Business developed under this Agreement for any reason, Area Developer must develop a replacement CREATIVE COLORS INTERNATIONAL Franchised Business to fulfill Area Developer's obligation to have open and in operation the required number of CREATIVE COLORS INTERNATIONAL Franchised Businesses upon the expiration of each

Development Period. The replacement CREATIVE COLORS INTERNATIONAL Franchised Business must be open and in operation within six (6) months after Area Developer ceases to operate the CREATIVE COLORS INTERNATIONAL Franchised Business to be replaced. If, during the term of this Agreement, Area Developer, in accordance with the terms of any Franchise Agreement for a CREATIVE COLORS INTERNATIONAL Franchised Business developed under this Agreement, transfers its interests in that CREATIVE COLORS INTERNATIONAL Franchised Business, a transferred CREATIVE COLORS INTERNATIONAL Franchised Business shall continue to be counted in determining whether the Area Developer has complied with the Development Schedule so long as it continues to be operated as a CREATIVE COLORS INTERNATIONAL Franchised Business. If the transferred CREATIVE COLORS INTERNATIONAL Franchised Business ceases to be operated as a CREATIVE COLORS INTERNATIONAL Franchised Business, it will not count toward Area Developer's compliance with the Development Schedule.

6. PROCEDURE FOR EXERCISING DEVELOPMENT RIGHTS

Area Developer shall enter into a separate Franchise Agreement with Franchisor for each CREATIVE COLORS INTERNATIONAL Franchised Business developed pursuant to this Agreement. The Franchise Agreement to be executed for the first CREATIVE COLORS INTERNATIONAL Franchised Business to be developed by Area Developer under this Agreement must be executed and delivered to Franchisor concurrently with the execution and delivery of this Agreement and must be in the form of the Franchise Agreement attached as Exhibit E to the Franchise Disclosure Document. All subsequent CREATIVE COLORS INTERNATIONAL Franchised Businesses developed under this Agreement must be established and operated under the then-current form of Franchise Agreement then being used by Franchisor for CREATIVE COLORS INTERNATIONAL Franchised Businesses under the System. The then-current form of Franchise Agreement may differ from the form attached as Exhibit E; however, the provisions regarding the initial franchise fee, royalty fees and advertising contributions shall remain as established in Exhibit E. Area Developer must execute the then-current form of Franchise Agreement and pay Franchisor the initial Start-Up Fees for each CREATIVE COLORS INTERNATIONAL Franchised Business to be developed under this Agreement.

Area Developer acknowledges that the projected opening date for each CREATIVE COLORS INTERNATIONAL Franchised Business set forth in the Development Schedule are reasonable requirements. Area Developer shall execute a Franchise Agreement for each Franchised Business within the time frames required on the Development Schedule on Attachment B. Area Developer will not be required to pay Franchisor an initial Franchise Fee for the Franchise Agreements executed pursuant to the Development Schedule, but Area Developer must pay the Franchisor the applicable Start-Up Fee for each Franchised Business.

For the first Franchised Business, the Start-Up Fee is Thirty-Four Thousand, Five Hundred Dollars ($34,500.00). For the 2nd, and all future, Franchised Businesses, there is no Start-Up Fee.

7. DUTIES OF AREA DEVELOPER

A. ORGANIZATION OF AREA DEVELOPER

Area Developer makes the following representations, warranties and covenants and accepts the following continuing obligations:

(1) If Area Developer is a corporation, limited liability company or a partnership, Area Developer represents, warrants and covenants that: (i) Area Developer is duly organized and validly existing under the state law of its formation; (ii) Area Developer is duly qualified and is authorized to do business in each jurisdiction which requires such qualification; (iii) the execution and performance of this Agreement are within Area Developer's corporate power, if Area Developer is a corporation or if Area Developer is a partnership permitted under Area Developer's written partnership agreement, or if Area Developer is a limited liability company, permitted under the management agreement;

(2) If Area Developer is a corporation, copies of its articles of incorporation, bylaws, other governing documents, any amendments, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, shall be promptly furnished to Franchisor. If Area Developer is a partnership, copies of Area Developer's written partnership agreement and other governing documents shall be promptly furnished to Franchisor before the execution of this Agreement. If Area Developer is a limited liability company, copies of Area Developer's organizational documents and management agreement shall be promptly furnished to Franchisor;

(3) If Area Developer is a corporation, partnership, limited liability company, or other form of legal entity other than an individual, Area Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Area Developer or, if Area Developer is a partnership, Area Developer shall maintain at all times a current list of all owners of an interest in the partnership, or, if Area Developer is a limited liability company, it shall maintain at all times a current list of managers and members of the limited liability company;

(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Area Developer's Principal's (as defined in Section 1), or if Area Developer believes in the event any individual later qualifies as one of Principals, Area Developer shall promptly notify Franchisor and that person shall execute any documents (including, as applicable, this Agreement) as Franchisor may reasonably require;

(5) If Area Developer is a corporation, Area Developer must maintain stop-transfer instructions against the transfer of its records of any equity security and each stock certificate of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 7 shall not apply to a publicly held corporation. If Area Developer is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to restrictions imposed on assignments by this Agreement. If Area Developer is a limited liability

company, its articles of organization and operating agreement must provide that ownership interests are subject to restrictions on transfers imposed on assignments by this Agreement;

(6) Area Developer agrees to maintain at all times throughout the term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement; and

(7) Each Principal who has right, title, or interest of ten percent (10%) or more in the ownership of Area Developer, must each execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Agreement for Protection of Trade Secrets of the Creative Colors International, Inc. System attached as Exhibit M to the Franchisor's disclosure document. The Principals agree to jointly and severally guarantee the performance of all of Area Developer's obligations, under the terms of this Agreement, except the obligation to open Franchised Businesses.

B. REQUIREMENTS OF REPRESENTATIVE

Upon the execution of this Agreement, Area Developer must designate and retain an individual throughout the term of this Agreement to act on behalf of Area Developer in all transactions with Area Developer concerning Area Developer's obligations under this Agreement ("Representative"). If Area Developer is an individual, Area Developer must perform all obligations of the Representative. The Representative must use reasonable efforts to do the following, during the entire period he serves in that capacity: (1) maintain a direct or indirect ownership interest in the Area Developer; (2) devote substantial time and reasonable efforts to the supervision and conduct of the business contemplated by this Agreement and execute this Agreement as one of the Principals; and (3) meet Franchisor's standards and criteria for a Representative as set forth in the Operations Manual or otherwise in writing by Franchisor. If the Representative or any designee is not able to continue to serve in the capacity of Representative or no longer qualifies, Area Developer must promptly notify Franchisor and designate a replacement.

C. DISCRIMINATION PROHIBITED

In seeking any individual to serve in a managerial position or in the employment of any person or in providing service to the customers and patrons of each Franchised Business, Area Developer shall not unlawfully discriminate in any manner whatsoever against any individual.

D. BEST EFFORTS

Area Developer must use his best efforts to substantially comply with all requirements of federal, state and local rules, regulations and orders.

8. OFFICE LOCATION

The selection of Area Developer's office location and the development of a Franchised Business within its Area of Primary Responsibility is the responsibility of Area Developer. The selection of an office location by Area Developer is subject to Franchisor's approval. Area Developer may locate its office within its home, provided it is within your Area of Primary Responsibility.

9. **AREA DEVELOPMENT FEE**

Concurrently with the execution of this Agreement, Area Developer must pay to Franchisor a nonrefundable area development fee equal to Forty-Four Thousand, Five Hundred Dollars (44,500.00) multiplied by the total number of Franchised Businesses to be developed by Area Developer under this Agreement pursuant to the Development Schedule attached as Attachment B. Area Developer must commit to open a minimum of three (3) Franchised Businesses. The Area Development Fee is deemed fully earned by Franchisor upon execution of this Agreement in consideration of lost development opportunities and is nonrefundable. The initial Franchise Fee applicable to each Franchised Business will be deemed to have been paid by the Area Development Fee, up to the number of Franchised Businesses set forth on the Development Schedule on Attachment B. The Area Development Fee is not credited to the Start-Up Fee, and Area Developer must pay the applicable Start-Up Fee for the first Franchised Business Area Developer establishes.

10. **SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT; INCORPORATION OF CERTAIN PROVISIONS**

A. Area Developer understands and agrees that any and all individual Franchise Agreements executed by Area Developer and Franchisor for CREATIVE COLORS INTERNATIONAL Franchised Businesses within the Development Area are independent of this Agreement. The continued effectiveness of any Franchise Agreement does not depend on the continued effectiveness of this Area Development Agreement. If any conflict arises with this Agreement and any Franchise Agreement, the Franchise Agreement controls, has precedence and superiority.

B. Area Developer has, contemporaneously with this agreement, executed a Franchise Agreement with Franchisor for a Franchised Business. The parties hereby agree that the following covenants contained in that Franchise Agreement are, to the extent applicable here, in full force and effect and are hereby incorporated as terms of this Area Development Agreement:

Section VI.	Proprietary Marks.
Section XVI.C	In-Term Covenants not to Compete
Section XVI.D	Post-Term Covenants not to Compete
Section XXII.	Independent Contractor and Indemnification
Section XXIII.	Non-Waiver
Section XXIV.	Notice
Section XXV.	Cost of Enforcement or Defense
Section XXVII.	Severability and Construction
Section XXVIII	Applicable Law
Section XXIX	Arbitration
Section XXXI.	Force Majeure

C. Area Developer's rights and restrictions regarding soliciting and servicing customers outside the Area of Primary Responsibility described in Area Developer's Franchise Agreements are not affected, enlarged, or diminished by the grant of a Development Area under this Agreement.

Specifically, Area Developer acknowledges and agrees that Area Developer may not solicit or service

any customers that are located outside the Area of Primary Responsibility described in Franchise Agreements in effect between Area Developer and Franchisor, even if said customers are located within Area Developer's Development Area.

11. TERMINATION

A. Franchisor may terminate this Agreement for a material default of this Agreement by Area Developer and all rights granted herein shall automatically terminate upon written notice to Area Developer, upon the occurrence of any of the following:

(1) If Area Developer becomes insolvent, makes a general assignment for the benefit of creditors; files a voluntary petition in bankruptcy, or an involuntary petition is filed against Area Developer in bankruptcy; or Area Developer is adjudicated bankrupt; or if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer or assets is filed and consented to by Area Developer; or if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by a court of competent jurisdiction; or if a proceeding for a composition of creditors under any state or federal law should be initiated against Area Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer, (unless supersedeas bond is filed); or if Area Developer is dissolved; or if execution is levied against Area Developer; or if a suit to foreclose any lien or mortgage against the premises or Franchised Business is levied; or if the real or personal property of Franchised Business is sold after levy thereon by any sheriff, marshal or law officer;

(2) If Area Developer or any of its Principals fail to comply with Section 10.B of this Agreement;

(3) If Area Developer or a Principal discloses the contents of the Operations Manual or other confidential information contrary to this Agreement;

(4) If an immediate threat or danger to public health or safety results from the operation of a Franchised Business operated by Area Developer under a Franchise Agreement;

(5) If Area Developer or a Principal has made material misrepresentations in connection with its application for the franchise;

(6) If Area Developer fails on two (2) or more occasions within any one (1) year period to comply with one (1) or more provisions of this Agreement, whether or not such failures to comply are cured after notice thereof is delivered to Area Developer; or

(7) Failure to comply with the conditions of transfer of any interest in Area Developer as required of this Agreement.

B. Franchisor may terminate this Agreement and all rights granted herein, upon thirty (30) days written notice to Area Developer, or a shorter time as specified below, for a material default of this Agreement, which shall constitute good cause for termination and the failure of Area Developer to cure the good cause for termination within the notice period. Good cause for termination shall be the occurrence of any one of the following events of default:

(1) If Area Developer fails to meet the development requirements set forth in the Development Schedule;

(2) If Area Developer fails to develop, open and operate each Franchised Business and execute each Franchise Agreement in compliance with this Agreement;

(3) If Area Developer fails to designate a qualified replacement Representative;

(4) If Area Developer misappropriates, misuses or makes any unauthorized use of the Licensed Marks or materially impairs the goodwill associated with the Licensed Marks or with the System and does not cure such default following written notice from Franchisor;

(5) If Area Developer, fails, refuses or is unable to promptly pay when due any monetary obligation to Franchisor or its affiliate required by this Agreement, or by any Franchise Agreement or any other agreement between the parties and does not cure the monetary default within fourteen (14) days following written notice from Franchisor;

(6) If Area Developer fails to correct a deficiency of a health or safety issue after notice of such deficiency is issued by a local, state, or federal agency or regulatory authority; or

(7) If Area Developer fails to comply with any other material term or material condition imposed by this Agreement or any Franchise Agreement executed pursuant thereto.

C. Failure of Area Developer to cure the default within the specified time, or a longer period of time as applicable law may require, will result in Area Developer's rights under this Agreement to be terminated effective on the expiration of the notice period, and without further notice to Area Developer.

D. Upon termination of this Agreement, Area Developer has no right to establish or operate any Franchised Business for which an individual Franchise Agreement has not been executed by Franchisor and delivered to Area Developer at the time of termination. Franchisor, effective upon termination of this Agreement, shall have the absolute right and is entitled to establish, and to license others to establish, CREATIVE COLORS INTERNATIONAL Franchised Businesses in the Development Area, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Area Developer.

E. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties, unless Area Developer's acts or omissions also violate the terms and conditions of the applicable Franchise Agreement.

F. No right or remedy herein conferred upon or reserved to the Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

12. EFFECT OF TERMINATION AND EXPIRATION

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

13. TRANSFER OF INTEREST

A. BY FRANCHISOR

Franchisor has the absolute right to transfer or assign this Agreement and all or any part of its rights, duties or obligations to any person or legal entity without the consent of or notice to Area Developer. This Agreement shall inure to the benefit of, and be binding on the successors and assigns of Franchisor.

B. AREA DEVELOPER MAY NOT ASSIGN WITHOUT APPROVAL OF THE FRANCHISOR

Area Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Area Developer and its owners and that Franchisor has granted these rights to Area Developer in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Area Developer and/or its owners. Unless otherwise provided with respect to an assignment to an entity controlled by Area Developer as provided in Section 13.D., none of these rights nor any ownership interest in Area Developer may be voluntarily, involuntarily, directly or indirectly, assigned, sold, conveyed, pledged, sub-franchised or otherwise transferred by Area Developer or its owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest in Area Developer, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Area Developer or in this Agreement in a divorce proceeding, or if Area Developer or an owner of Area Developer dies, by will, declaration of or transfer in trust or the laws of the intestate succession) without the approval of Franchisor. Any attempted assignment or transfer without such approval will constitute a breach of this Agreement and will not transfer any rights or interests to such assignee or transferee.

C. CONDITIONS FOR APPROVAL OF ASSIGNMENT

If Area Developer is in substantial compliance with this Agreement, Franchisor shall not unreasonably withhold its approval of an assignment or transfer contemplated by Section 13.B. so long as the proposed assignee or transferor has good and moral character, sufficient business experience and aptitude to develop and own and operate Franchised Businesses, and otherwise meets Franchisor's then-

current standards for Area Developers. Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the effective date of any such assignment or transfer:

(1) All the accrued monetary obligations of Area Developer or any of its affiliates and all other outstanding obligations to Franchisor or its affiliate arising under this Agreement or any Franchise Agreement or other agreement between them and all trade accounts and any other debts to Franchisor, of whatsoever nature, prior to the transfer becoming effective shall be satisfied;

(2) Area Developer and its affiliates are not in material default of any substantive provision of this Agreement, any amendment hereof or successor hereto, or any Franchise Agreement granted pursuant to its terms, or other agreement between Area Developer or any of its affiliates and Franchisor or its affiliate;

(3) Area Developer and its Principals, as applicable, shall have executed a general release, in a form satisfactory to Franchisor, releasing Franchisor of any and all claims against Franchisor and its affiliate and their respective past and present partners, the past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under or related to this Agreement and any other agreements between Area Developer and Franchisor, or under federal, state or local laws, rules, and regulations or orders;

(4) The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets the criteria considered by Franchisor when reviewing a prospective Area Developer's application for development rights, including, but not limited to, Franchisor's managerial and business experience standards, that the transferee possesses good moral character, business reputation and credit rating; that the transferee has the aptitude, financial resources and capital committed for the operation of the business, and the geographic proximity of other territories with respect to which transferee has been granted development rights or of other CREATIVE COLORS INTERNATIONAL Franchised Businesses operated by transferee, if any;

(5) The transferee shall sign a written assumption agreement, in a form prescribed by Franchisor, assuming full, unconditional, joint and several liability from the date of the transfer of all obligations, covenants and agreements of Area Developer in this Agreement; and, if transferee is a corporation, limited liability company or a partnership, transferee's shareholders, partners, members or other investors, as applicable, shall also execute such agreement;

(6) Area Developer or transferee shall pay a transfer fee of $10,000 to Franchisor at the time of transfer plus $1,000 for every undeveloped franchise right for which a Franchise Agreement has not been signed. In the event of an assignment of more than one (1) of Area Developer's Franchise Agreements with Franchisor, to the same assignee and at the same time, the transfer fee for assignment of all the Franchise Agreements so assigned shall be a total of Ten Thousand Dollars ($10,000), and not Ten Thousand Dollars ($10,000) each. However, this provision shall not apply in the event the assignment of more than one (1) of Area Developer's Franchise Agreements is to different assignees, or does not occur simultaneously. In that event, there shall be a separate Transfer Fee of $10,000 for each assignment;

(7) Area Developer acknowledges and agrees that each condition, which must be met by the transferee, is reasonable and necessary; and

(8) Area Developer must pay any referral fees or commissions that may be due to any franchise broker, sales agent or other third party upon the occurrence of such assignment.

Franchisor's consent to a transfer of any interest in Area Developer described herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

D. ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY COMPANY

(1) Notwithstanding the provisions of this Section 13 of this Agreement, upon thirty (30) days' prior written notice to Franchisor, and without payment of a transfer fee, Area Developer may assign this Agreement to a corporation or limited liability company that conducts no business other than the development and/or operation of CREATIVE COLORS INTERNATIONAL Franchised Businesses. Area Developer shall be the owner of all the voting stock or interest of the corporation or limited liability company, or if Area Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Area Developer before the transfer. Area Developer and each of its Principals, as applicable, may transfer, sell or assign their respective interests in Area Developer, by and amongst themselves with Franchisor's prior written consent, which consent shall not be unreasonably withheld; but may be conditioned on compliance with Section 13.B., except that such transfer, sale or assignment shall not effect a change in the controlling interest in Area Developer.

(2) Any person who is or becomes a shareholder or member of Area Developer or has or acquires beneficial ownership of any shares of stock equal to or greater than ten percent (10%) ownership interest in Area Developer must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations undertaking to be bound jointly and severally to all provisions of this Agreement. Area Developer must furnish Franchisor at any time upon request a certified copy of the articles of incorporation or articles of organization and a list, in a form Franchisor requires, of all shareholders or members of record and all persons having beneficial ownership of shares of stock, reflecting their respective interests in Area Developer.

E. RIGHT OF FIRST REFUSAL

If Area Developer receives and desires to accept any bona fide offer to transfer an ownership interest from a third party, then the Area Developer shall promptly notify Franchisor in writing and send Franchisor an executed copy of the contract of transfer. Franchisor shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to Area Developer that Franchisor intends to purchase the Area Developer's interest on the same terms and conditions offered by the third party. Closing on the purchase must occur within sixty (60) days from the date of notice by

Franchisor to the Area Developer of Franchisor's election to purchase. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 13 shall not constitute a waiver of any other provision of this Agreement. If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly- traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by Franchisor, and his determination shall be binding.

F. DEATH OR DISABILITY

(1) Upon the death or permanent disability of Area Developer (or the managing shareholder, managing member or partner), the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders, partners or members, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointed manager must attend and successfully complete Franchisor's training program within one hundred twenty (120) days of the appointment. If the Franchised Business is not being managed by a Franchisor approved manager within thirty (30) days after death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Area Developer until an approved assignee is able to assume the management and operation of the Franchised Business. Franchisor's appointment of a manager of the Franchised Business does not relieve Area Developer of his obligations, and Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Area Developer for any products, materials, supplies or services purchased by the Franchised Business during any period in which it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services of not more than THREE HUNDRED dollars ($300.00) per day plus all travel expenses, room and board and other expenses reasonably incurred and to cease to provide management services at any time.

(2) Upon the death or permanent disability of Area Developer (or any shareholder, partner or managing member of Area Developer, if Area Developer is a corporation, partnership or limited liability company), the executor, administrator, conservator or other personal representative of that person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed twelve (12) months from the date of death or appoint a manager approved by Franchisor in the case of permanent disability. Approval of a transfer will not be unreasonably withheld. Transfers, including transfers by devise or inheritance, are subject to all the terms and conditions for assignments and transfers contained in Paragraphs B and C of this Section 13. Failure to so dispose of this interest within that period of time constitutes grounds for termination.

G. PUBLIC OR PRIVATE OFFERINGS

(1) Area Developer acknowledges that the written information used to raise or secure funds can reflect upon Franchisor. Area Developer agrees to submit any written information intended

to be used for that purpose to Franchisor before its inclusion in any registration statement, prospectus or similar offering circular or memorandum. No information respecting Franchisor or its affiliate shall be included in any securities disclosure document, unless that information has been approved by Franchisor.

(2) The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:

"NEITHER CREATIVE COLORS INTERNATIONAL, INC. NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER CREATIVE COLORS INTERNATIONAL, INC. NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER CREATIVE COLORS INTERNATIONAL, INC. NOR ITS AFFILIATE NOR ANY O F ITS AFFILIATE'S SUBSIDIARIES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."

(3) Area Developer and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliate, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as the result of the offer or sale of securities by Area Developer. This Agreement applies to any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorney's fees) asserted by a purchaser of any security or by a governmental agency. Franchisor has the right (but not the obligation) to defend any claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or its affiliate or any of their respective officers, directors, employees or agents is named as a party.

H. TRANSFER BY NON-PRINCIPAL

Provided Area Developer is not then a public company, if any person holding an interest in Area Developer (other than Area Developer or a Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then Area Developer shall promptly notify Franchisor of such proposed transfer in writing and provide information as Franchisor may reasonably request before the transfer. The transferee may not be one of Franchisor's competitors. The transferee must execute a Confidentiality Agreement and Ancillary Covenants Not to Compete in the form then required by Franchisor, which form shall be in substantially the same form attached hereto as Exhibit M. Franchisor also reserves the right to designate the transferee as one of the Principals. If Area Developer is a public company, this provision applies only to transfers in interest by Principals or to any person or entity controlling more than ten percent (10%) of Area Developer's voting stock.

14. APPROVALS

A. Wherever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor for such approval or consent.

B. Franchisor makes no warranties or guarantees upon which Area Developer may rely and assumes no liability or obligation to Area Developer or to any third party to which it would not otherwise be subject, by providing any waiver, approval, advise, consent, or services to Area Developer in connection with this Agreement, or by any reason of neglect, delay or denial of any request therefor.

15. AREA DEVELOPER'S RECORDS AND REPORTS

A. Area Developer must keep accurate records concerning all transactions and communications between Franchisor and Area Developer relating to the development and operation of Franchised Businesses in the Development Area. Franchisor's duly authorized representative has the right, following reasonable notice, at all reasonable hours of the day to examine all Area Developer's records with respect to the subject matter of this Agreement, and has full and free access to records for that purpose and for the purpose of making extracts. All records must be kept available for at least three (3) years after preparation.

B. Area Developer must furnish to Franchisor monthly written reports regarding Area Developer's progress on the development of CREATIVE COLORS INTERNATIONAL Franchised Businesses under this Agreement.

16. ENFORCEMENT

A. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against threatened conduct that will cause it loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Area Developer agrees that Franchisor may have injunctive relief, upon due notice, in addition to further and other relief as may be available at equity or law. Area Developer has remedies as may be available at equity or law, including the dissolution of injunction if the entry of injunction is vacated.

B. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Area Developer under this Agreement are cumulative and no exercise or enforcement by Franchisor or Area Developer of any right or remedy precludes the exercise or enforcement by Franchisor or Area Developer of any other right or remedy which Franchisor or Area Developer is entitled by law to enforce.

C. VARIANCES

Area Developer acknowledges that Franchisor has and may at different times approve exceptions or changes from the uniform standards of the System in Franchisor's absolute sole discretion, which Franchisor deems desirable or necessary under particular circumstances. Area Developer understands that he has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance from Franchisor in writing. Area Developer understands existing Area Developers may operate under different forms of agreements and that the rights and obligations of existing Area Developers may differ materially from this Agreement.

D. WAIVER OF JURY TRIAL

The parties hereby waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, in any matter arising out of or in any way connected with this Agreement. All litigated disputes shall be tried to the court sitting without a jury. Area Developer waives, to the fullest extent permitted by law, any right to assert any claim against Franchisor on behalf of, or as a member of, a class.

E. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Area Developer and Franchisor.

17. **CAVEAT**

A. The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon the ability of the Area Developer as an independent business person, and the active participation of Area Developer in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

B. Area Developer acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross sales, volume, potential earnings or profits which Area Developer in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth in this Agreement, to induce the Area Developer to accept this franchise and execute this Agreement.

C. Area Developer represents and acknowledges that he has received a copy of this Agreement, with all blanks filled in, from Franchisor at least seven (7) calendar days before the date of execution of this Agreement. Area Developer further represents that he understands the terms, conditions and obligations of this Agreement and agrees to be bound.

18. **MISCELLANEOUS**

A. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.

C. The "Area Developer" as used in this Agreement is applicable to one (1) or more persons, a corporation or a partnership or limited partnership or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Area Developer under this Agreement, their obligations and liabilities to Franchisor shall be joint and several. References to "Area Developer" and "Assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Area Developer or the Assignee, if Area Developer or the Assignee is a corporation, partnership, limited partnership or limited liability company.

This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

{REMAINING PAGE INTENTIONALLY BLANK}

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

FRANCHISOR:

CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Title: _____

AREA DEVELOPER:

(If Area Developer is a corporation)

_____
Name of Corporation

By: _____
Title: _____

(If Area Developer is an individual owner, Area Developer must sign below; if a partnership, all partners must sign below)

_____
Developer

_____
Developer

_____
Developer

_____
Developer

(If Developer is a Limited Liability Company)

_____
Name of Limited Liability Company

By: _____
Title: _____

ATTACHMENT A - DEVELOPMENT AREA

DEVELOPMENT AREA

The development rights and obligations of Area Developer, to timely develop and open CREATIVE COLORS INTERNATIONAL Franchised Businesses shall be within the following described area ("Development Area"):

{TO BE FILLED IN PRIOR TO SIGNING OF DOCUMENT]

Area Developer specifically acknowledges that the designation of Area Developer's Development Area does not constitute a representation, promise, or guarantee by Franchisor that the Development Area and the Franchise Businesses to be established and operated within the Development Area will be profitable or successful. Area Developer acknowledges that factors governing the success of a

CREATIVE COLORS INTERNATIONAL Franchised Business are unpredictable and beyond Franchisor's control. Franchisor is not responsible to Area Developer or to any other person or entity if the Development Area or Area Developer's office location approved by Franchisor fails to meet Area Developer's expectations for revenue or operational criteria.

FRANCHISOR:	DEVELOPER:
Creative Colors International, Inc.	(If Developer is a corporation)
	_____ Name of Corporation
By: _____ Title: _____	By:_____ Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

_____ Developer	_____ Developer
_____ Developer	_____ Developer

(If Developer is a Limited Liability Company)

_____
Name of Limited Liability Company

By: _____
Title: _____

ATTACHMENT B - DEVELOPMENT SCHEDULE

1. Development Schedule

Area Developer, agrees to timely open CREATIVE COLORS INTERNATIONAL Franchised Businesses in compliance with the following Development Schedule.

The Development Schedule is as follows:

FRANCHISED BUSINESS NUMBER	DATE OF FRANCHISED BUSINESS OPENING (DEVELOPMENT PERIOD)	CUMULATIVE NUMBER OF FRANCHISED BUSINESSES BE OPENED

2. Forfeiture of Rights of Exclusivity

Area Developer further agrees that failure to timely open the Franchised Businesses in compliance with the Development Schedule shall cause the rights of exclusivity granted to Area Developer regarding the geographic area defined in Attachment A to be forfeited.

FRANCHISOR:	DEVELOPER:
CREATIVE COLORS INTERNATIONAL, INC.	(If Developer is a corporation)
	_____ Name of Corporation
By: _____ Title: _____	By: _____ Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

_____ Developer	_____ Developer
_____ Developer	_____ Developer

(If Developer is a Limited Liability Company)

_____
Name of Limited Liability Company

By: _____
Title: _____

ATTACHMENT C
PRINCIPALS OF AREA DEVELOPER

Effective Date: This Attachment C is current and complete as of _____, 20___

You and Your Owners

1. **Form of Owner** (chose a or b):

(a) **Individual Proprietorship**. Your owner(s) (is) (are) as follows:

_____

_____

_____

(b) **Corporation, Limited Liability Company, or Partnership.** (circle one) You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	**Position(s) Held**

2. **Owners**. The following list includes the full name of each person who is one of your owners (as defined in the Area Development Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Percentage/Description of Interest**
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Name and Address of Person to Receive Notice for Area Developer**.

(a) Name: _____

(b) Postal Address: _____

_____

(c) E-mail Address: _____

CREATIVE COLORS INTERNATIONAL, INC.,

ATTEST:

_____ By: _____
Witness

ATTEST:

_____ _____
Witness Developer

_____ _____
Witness Developer

_____ _____
Witness Developer

_____ _____
Witness Developer

ATTACHMENT D
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____day of _____, 20___, by _____ _____ ("Guarantor").

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date (the "Area Development Agreement") by Creative Colors International, Inc., an Illinois corporation (the "Franchisor"), and with _____ _____ ("Area Developer"), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Area Development Agreement and as provided in the Area Development Agreement, that Area Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Development Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Area Development Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor hereby waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right Guarantor may have to require that an action be brought against Area Developer or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.

Each Guarantor hereby consents and agrees that: (1) such Guarantor's undertaking shall be direct, immediate and independent of the liability of, and shall be joint and several with, Area Developer and any other Guarantors; (2) Guarantor shall render any payment or performance required under the Area Development Agreement upon demand if Area Developer fails or refuses punctually to do so; (3) Guarantor's liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Developer or any other person; (4) Guarantor's liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Area Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Area Development Agreement; (5) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Area Developer or any assignee or successor of Area Developer or by any abandonment of the Area Development Agreement by a trustee of Area Developer; (6) neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Area Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the

decision of any court or agency; (7) Franchisor may proceed against Guarantor and Area Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Area Developer; and (8) Guarantor shall pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty and Assumption of Obligations as of the date set forth above.

GUARANTOR(S) IN AREA DEVELOPER PERCENTAGE OF OWNERSHIP

Owners and Their Spouses

_____ _____%
Owner Signature

_____
Printed Name of Owner

_____ _____
Spouse of the above Owner (sign) Printed Name of Spouse

_____ _____%
Owner Signature

_____
Printed Name of Owner

_____ _____
Spouse of the above Owner (sign) Printed Name of Spouse

_____ _____%
Owner Signature

_____
Printed Name of Owner

_____ _____
Spouse of the above Owner (sign) Printed Name of Spouse

EXHIBIT G
FINANCIAL STATEMENTS

Creative Colors International, Inc. and Affiliate

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021, 2020 and 2019

Prepared By:

HEARNE & ASSOCIATES, P.C.
Certified Public Accountants &
Business Consultants

Creative Colors International, Inc. and Affiliate

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HEARNE & ASSOCIATES, P.C.
Certified Public Accountants & Business Consultants

David J. Hearne, Jr., CPA (1928-2014) Founder
Phillip M. Hearne, CPA
Anthony M. Scott, CPA
John C. Williams, CPA, MST

Matthew R. Truschka, Acct.

Independent Auditors' Report

To the Board of Directors
Creative Colors International, Inc. and Affiliate
Mokena, Illinois

Opinion

We have audited the accompanying consolidated financial statements of Creative Colors International, Inc. and Affiliate which comprise the consolidated balance sheets as of December 31, 2021, 2020, and 2019 and the related consolidated statements of operations and members' equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Creative Colors International, Inc. and Affiliate, as of December 31, 2021, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accepted 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 State of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of our report. We are required to be independent of Creative Colors International, Inc. and Affiliate 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Creative Colors International, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Creative Colors International, Inc. and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Creative Colors International, Inc. and Affiliate'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole for the years ending December 31, 2021, 2020, and 2019. The supplementary information listed in the table of contents for the years ending December 31, 2021, 2020, and 2019 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was

derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Hearne & Associates, P.C.

Hearne & Associates, P.C.
Mokena, Illinois
March 24, 2022

Creative Colors International, Inc. and Affiliate

Consolidated Balance Sheets
December 31, 2021, 2020 and 2019

ASSETS

	2021	2020	2019
CURRENT ASSETS			
Cash	$ 462,577	$ 289,260	$ 211,131
Accounts Receivable			
Franchisees (net of allowance) (Note 3)	303,778	219,509	220,783
Company Stores	46,104	53,962	56,439
Other	1,104	1,757	2,222
Restricted Cash - Marketing Fund (Note 18)	126,670	84,162	70,469
Notes Receivable - Franchises	12,411	2,024	2,022
Inventory	221,623	194,367	206,392
Prepaid Expenses	23,906	24,681	19,463
Total Current Assets	1,198,173	869,722	788,921
PROPERTY AND EQUIPMENT AT NET BOOK VALUE			
Land	60,420	60,420	60,420
Building	561,922	582,862	604,704
Office Furniture & Equipment	176,867	41,915	50,997
Vehicles	232,000	124,823	155,967
Leasehold Improvements	114,671	131,530	148,391
Net Property & Equipment (Note 4)	1,145,880	941,550	1,020,479
OTHER ASSETS			
Deferred Broker's Fees (Note 10)	573,438	772,057	942,800
Deferred Maintenance Contracts	13,871	7,222	10,032
Other Assets	3,071	3,071	2,125
Total Other Assets	590,380	782,350	954,957
TOTAL ASSETS	$ 2,934,433	$ 2,593,622	$ 2,764,357

Creative Colors International, Inc. and Affiliate

Consolidated Balance Sheets
December 31, 2021, 2020 and 2019

LIABILITIES AND EQUITY

	2021	2020	2019
CURRENT LIABILITIES			
Accounts Payable			
Trade	$ 111,793	$ 53,460	$ 69,768
Franchisees Marketing Fund (Note 18)	166,476	113,479	103,671
Accrued Liabilities	84,188	80,396	75,176
Current Obligations Under Capital Leases (Note 13)	76,256	25,756	40,742
Current Portion of Unearned Franchise Fee Revenue (Note 8)	181,702	201,302	209,402
Unearned Franchise Start Up Fee (Note 9)	34,500	34,500	-
Current Portion of Notes Payable (Note 6)	16,901	15,794	17,021
Current Portion of Mortgage Payable (Note 7)	19,883	18,887	20,977
Total Current Liabilities	691,699	543,574	536,757
LONG-TERM LIABILITIES			
Obligations Under Capital Leases, Less Current Portion (Note 13)	161,445	28,820	34,058
Unearned Franchise Fee Revenue Less Current Portion (Note 8)	706,414	959,149	1,183,276
Notes Payable Less Current Portion (Note 6)	70,982	34,766	50,560
Mortgage Payable Less Current Portion (Note 7)	506,863	526,433	537,510
Total Long-Term Liabilities	1,445,704	1,549,168	1,805,404
TOTAL LIABILITIES	2,137,403	2,092,742	2,342,161
STOCKHOLDER'S EQUITY			
Common stock, no par value, 1,000 shares authorized,			
100 shares issued and outstanding	5,000	5,000	5,000
Partners' Equity	157,976	153,710	144,373
Retained Earnings (Accumulated Deficit)	634,054	342,170	272,823
Total Stockholder's Equity	797,030	500,880	422,196
TOTAL LIABILITIES AND EQUITY	$ 2,934,433	$ 2,593,622	$ 2,764,357

Creative Colors International, Inc. and Affiliate

Consolidated Statements of Operations and Retained Earnings
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
INCOME			
Franchise Fees	$ 292,335	$ 281,727	$ 436,959
Royalties from Franchisees	1,135,617	917,598	1,055,085
Sales of Supplies	443,736	392,735	462,121
Company Stores	621,390	620,136	723,195
Other Sales	236,385	87,692	117,602
Rental Income	20,610	11,803	28,318
Total Income	2,750,073	2,311,691	2,823,280
OPERATING COSTS AND EXPENSES			
Stores	457,520	475,624	505,384
Non-Stores	559,171	362,815	458,324
General and Administrative Expenses	1,610,340	1,543,247	1,694,788
Total Operating Costs and Expenses	2,627,031	2,381,686	2,658,496
OPERATING INCOME (LOSS)	123,042	(69,995)	164,784
OTHER INCOME AND (EXPENSES)			
Paycheck Protection Program Forgiveness	235,550	215,550	-
Economic Injury Disaster Loan Advance	-	10,000	-
Interest Income	3,878	3,069	4,086
Interest Expense	(41,133)	(22,097)	(24,795)
Other Income	31,321	20,628	13,822
Gain/(Loss) on Sale of Asset	30,492	16,079	78,052
Gain on Termination of Franchise	42,325	51,368	-
Vehicle Lease Income	216,663	297,348	475,808
Vehicle Lease Expense	(210,072)	(280,725)	(461,727)
Total Other Income (Expense)	309,024	311,220	85,246
NET INCOME (LOSS) BEFORE TAXES	432,066	241,225	250,030
PROVISION FOR INCOME TAX			
Current	-	-	(3,450)
NET INCOME (LOSS)	432,066	241,225	246,580
Retained Earnings/Partners' Capital, Beginning	495,880	417,196	362,589
Distributions to Shareholders / Members	(135,916)	(162,541)	(191,973)
Retained Earnings/Partners' Capital, Ending	$ 792,030	$ 495,880	$ 417,196

Creative Colors International, Inc. and Affiliate

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	$ 432,066	$ 241,225	$ 246,580
Adjustments to Reconcile Net Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation and Amortization	139,415	117,253	131,342
Loss (Gain) On Disposition of Property and Equipment	2,506	(16,079)	(36,263)
Changes in Current Assets and Liabilities:			
Decrease (Increase) in Receivables	(75,758)	4,216	39,890
Decrease (Increase) in Notes Receivable	(10,387)	(2)	7,970
Decrease (Increase) in Inventory	(27,256)	12,025	(16,469)
Decrease (Increase) in Prepaid Expenses	775	(5,218)	475
Decrease (Increase) in Other Assets	-	(946)	(699)
Increase (Decrease) in Accounts Payable	111,330	(6,500)	32,839
Increase (Decrease) in Accrued Liabilities	3,792	5,200	(20,909)
Increase (Decrease) in Unearned Franchise Fee Revenue	(19,600)	(8,100)	(30,814)
Increase (Decrease) in Unearned Franchise Start Up Fee	-	34,500	(34,500)
Net Cash Provided by (Used in) Operating Activities	556,883	377,574	319,442
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds From Disposition of Property and Equipment	-	27,528	82,334
Purchases of Property and Equipment	(352,900)	(46,963)	(153,272)
Decrease (Increase) in Deferred Broker's Fees	198,619	170,743	302,020
Increase (Decrease) in Long-Term Unearned Franchise Fee Revenue	(252,735)	(224,127)	(370,626)
Net Cash Provided by (Used in) Investing Activities	(407,016)	(72,819)	(139,544)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributions to Stockholders - Dividends	(135,916)	(162,541)	(191,973)
Payments on Mortgage Payable	(18,574)	(13,167)	(22,060)
Proceeds From Long-Term Debt	261,998	-	77,276
Payments on Long-Term Debt	(41,550)	(37,225)	(64,675)
Net Cash Provided by (Used in) Financing Activities	65,958	(212,933)	(201,432)
NET INCREASE (DECREASE) IN CASH	215,825	91,822	(21,534)
CASH, BEGINNING OF YEAR	373,422	281,600	303,134
CASH, END OF YEAR	$ 589,247	$ 373,422	$ 281,600
SUPPLEMENTAL DISCLOSURES:			
Interest Paid	$ 41,133	$ 22,097	$ 24,795
Income Taxes Paid	-	795	3,450

Noncash Investing and Financing Transactions:
During the years ended December 31, 2021, 2020 and 2019, the Company acquired equipment and vehicles through capital leases with a total cost of $135,625, $35,635, and $31,382, respectively.

Creative Colors International, Inc. and Affiliate

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020, and 2019

1. Summary of Significant Accounting Policies

Nature of Operations

Creative Colors International, Inc. (the Company), an Illinois corporation, offers franchises throughout North America for the establishment, development, and operation of a mobile operated business specializing in repairing, coloring, cleaning and restoration of leather, cloth, vinyl, velour, and plastics, primarily to commercial customers. The Company began company-operated stores in 1999. At December 31, 2021, the Company had a total of 74 stores opened consisting of 71 franchise locations, 2 company-operated stores and 1 affiliate owned location. In addition, one Franchise Agreement has been signed but outlet has not been opened. The Company also has one Area Developer who purchased three (3) outlets, one (1) of which outlet has not opened nor has a Franchise Agreement been signed for said outlet.

Consolidation of Variable Interest Entities

In December 2003, the FASB revised the standard for consolidation of variable interest entities, which requires that a company that holds variable interests in an entity, consolidate the entity if the company's interest in the variable interest entity is such that the company will absorb a majority of the variable interest entity's losses and/or receive a majority of the variable interest entity's expected residual returns, if they occur. In such cases, the company is the primary beneficiary of the variable interest entity. Additional disclosures by primary beneficiaries and other significant variable interest holders are also required.

The Company is the primary beneficiary of Creative Properties of Illinois, LLC (CPI) and as such, has consolidated their activity for purposes of generally accepted accounting principles.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and CPI. CPI leases land and a building to the Company and an affiliated franchise that they use to conduct business. CPI is a variable interest entity, and the Company has no direct ownership interest in it. The Company is the primary beneficiary of CPI under generally accepted accounting principles; therefore, the Company consolidates the results of CPI's operations and eliminates all material intercompany transactions. Consolidated assets with a carrying value of $625,922, $647,412, and $669,805, respectively, as of December 2021, 2020, and 2019, consisting of land and buildings, are collateral for CPI's obligations. The Company, along with CPI's stockholders and a related entity, are guarantors for CPI's mortgage payable.

Variable Interest Entity

CPI is a partnership owned by the Company's former majority stockholder, all current stockholders, and additional investors. CPI leases land and a building to the Company and an affiliated franchise.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Income is recorded when earned and expenses are recorded when incurred.

1. Summary of Significant Accounting Policies (continued)

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Due to possible losses from accounts receivable, the Company has established an allowance for doubtful accounts. Generally accepted accounting principles require that the allowance method be used to reflect bad debts.

Inventory

Inventory consists of supplies used by franchises and is stated at the lower of cost or market using procedures which approximate the first-in, first-out method of inventory valuation.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over 3-10 years for office fixtures and equipment, 5 years for vehicles, 3-4 years for capitalized leases and 5-39 years for the building. Depreciation is computed using the straight-line and 150% declining balance methods over 15-40 years for leasehold improvements. Depreciation is computed using the 200% declining balance method over 7 years for furniture and fixtures. The accelerated depreciation methods are also used for tax purposes. Management believes this method best reflects the useful lives of these assets.

Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations.

Revenue Recognition

Revenue from the sales of franchises is recognized ratably over the term of the initial franchise agreement. When a franchise is sold, the Company agrees to provide certain services to the franchise. Services include assistance with grand opening, and training. In accordance with Accounting Standards Update 2021-02 (Subtopic 952-606), this revenue is recognized as an initial (startup) fee and is considered as a single performance obligation. After opening, the Company continues to provide the franchisees services throughout the life of the contract. These services include information on new methods of operations, additional merchandise, products, service authorization and more. This revenue is deferred until performance obligations are completed and is amortized over the life of the contract. The Company expects to provide significant services approximately equal to the deferred franchise fees at December 31, 2021. If there is an early termination of a contract (e.g. breach of contract), the full amount of the remaining deferral amount is recognized.

Revenue from company stores is recognized in the period during which the services are provided. Royalties are recognized in the same period that related franchise store revenue is generated. Revenue from sales or supplies sold to franchisees is recognized upon the date of shipment.

1. Summary of Significant Accounting Policies (continued)

The Company had one customer that represented in excess of 10% of the Company's total revenues.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income nor is it allowed a net operating loss carryover or carryback as a deduction. Instead, the stockholders are liable for individual federal income taxes on their respective shares of the Company's taxable income or include their respective shares of the Company's net operating loss in their individual income tax returns.

No provision has been made for federal or state income taxes for CPI since these taxes are the personal responsibility of its partners. The Company has elected to use the taxes payable method for state replacement taxes. Under that method, tax expense represents the amount of replacement tax the Company expects to pay based on the Company's current year taxable income. Illinois replacement tax expense was $0, $0, and $3,450, for the years ended December 31, 2021, 2020 and 2019, respectively.

Cash

Cash includes amounts available for operations. For purposes of the statement of cash flows, cash includes amounts on hand and on deposit at financial institutions. Restricted cash is for amounts received for the CCI Marketing Fund. See Note 18 for further information regarding the CCI Marketing Fund.

2. Concentration of Credit Risk

The Company maintains the majority of its cash at a single financial institution. Non-interest-bearing transaction accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC). All other deposit accounts at FDIC-insured institutions are insured up to $250,000. As of December 31, 2021, 2020 and 2019, the Company had $89,905, $-0- and $-0- uninsured cash balances, respectively.

The Company has one vendor that surpasses 10% of its total expenses.

3. Allowance for Doubtful Accounts

The Company has established an allowance for doubtful accounts to offset possible future losses of its accounts receivable. The balance of this account as of December 31, 2021, 2020 and 2019 is $9,658, $10,390, and $12,000, respectively.

4. Property and Equipment

Property, plant and equipment of the Company's and CPI's property and equipment as of December 31, were as follows:

	2021	2020	2019
Land	$ 60,420	$ 60,420	$ 60,420
Building	840,462	840,462	840,462
Office Furniture and Equipment	280,689	124,971	121,332
Vehicles	363,020	272,243	254,472
Furniture and Fixtures	12,126	12,126	12,126
Leasehold Improvements	179,633	179,633	178,807
	1,736,350	1,489,855	1,467,619
Less Accumulated Depreciation	590,470	548,305	447,140
Net Book Value	**$ 1,145,880**	**$ 941,550**	**$ 1,020,479**

Depreciation and amortization expense for the years ended December 31, 2021, 2020 and 2019 was $139,415, $117,924, and $131,342, respectively.

5. Line of Credit

A secured line-of-credit with Chase Bank was entered on July 18, 2018 bearing interest at the Bank's prime rate (3.65% at 07/18/18). Interest is due monthly. The line-of-credit was secured by all business assets and due on demand. The maximum amount available under this agreement is $250,000. The line-of-credit is guaranteed by stockholders. At December 31, 2021, 2020 and 2019, the balance of the line of credit was $-0-, respectively.

6. Notes Payable

Notes payable at December 31, consisted of the following:

	2021	2020	2019
0% Note Payable for vehicle expiring in October 2021, payable in monthly installments of $734	$ -	$ 7,343	$ 16,154
2.9% Note Payable for vehicle expiring in October 2025, payable in monthly installments of $799	34,766	43,217	51,427
3.69% Note Payable for vehicle expiring in November 2027, payable in monthly installments of $835	$ 53,117	$ -	$ -
Total	$ 87,883	$ 50,560	$ 67,581

6. **Notes Payable (continued)**

Maturities of notes payable are as follows:

Year Ended	Amount
2022	$ 16,901
2023	17,464
2024	18,047
2025	17,051
2026	9,502
Thereafter	8,918
Total	**$ 87,883**

7. **Mortgages Payable**

On July 18, 2018 CPI refinanced the above-mentioned mortgages payable with a mortgage loan from Chase Bank for $589,498 with a maturity date of July 18, 2028, interest at 2.99%, monthly payments of $3,279 through August 17, 2020. After that date, the interest rate is at 5.15%, with monthly payments of $3,884. The balance of this mortgage note on December 31, 2021, 2020, and 2019 was $526,746, $545,320, and $558,487, respectively.

Maturities of the mortgage payable as of December 31, 2021 are as follows:

Year Ended December 31,	Amount
2022	$ 19,883
2023	20,932
2024	22,036
2025	23,198
2026	24,421
2027 and thereafter	416,276
Total	**$ 526,746**

8. Unearned Franchise Fee Revenue

Revenue from the sales of franchises is recognized over the ten-year term of the initial franchise agreement. The estimated future franchise fees earned from initial franchise agreements in effect as of December 31, 2021 are as follows:

Year Ended December 31,	Amount
2022	$ 181,702
2023	182,858
2024	175,411
2025	146,572
2026	107,844
2027 and thereafter	93,729
Total	**$ 888,116**

9. Unearned Start-Up Fee Revenue

The Company receives initial start-up fees from franchisees that do not begin receiving the benefits of training and other start-up services until the following fiscal year. These fees are recorded as deferred revenues. For the year ended December 31, 2021, 2020, and 2019, the Company received advance start-up fees from 0, 1, and 0 new franchisees, respectively, in the amounts of $0, $34,500 and -0-, respectively.

10. Deferred Broker's Fees

The Company has engaged outside brokers to assist it in obtaining franchisees. The Company considers these costs to be directly related to franchise sales and defers these costs until the related revenue is recognized. The estimated future deferred broker's fees in effect as of December 31, 2021 are as follows:

Year Ended December 31,	Amount
2022	$ 127,740
2023	127,740
2024	125,221
2025	91,070
2026	57,845
2027 and thereafter	43,822
Total	**$ 573,438**

11. Advertising Costs

The Company expenses non-direct response advertising costs as they are incurred. Non-direct costs amounted to $-0-, $137 and $-0- for the years ended December 31, 2021, 2020, and 2019, respectively. No direct response advertising costs were incurred.

12. Bad Debt Expense

The Company recognized bad debt expense of $-0-, $-0- and $9,685, for the years ended December 31, 2021, 2020 and 2019, respectively.

13. Capital Leases

Capital leases at December 31, consisted of the following:

	2021	2020	2019
13.19% capitalized equipment lease (Toshiba 3505AC) expiring February 2022, payable in monthly installments of $337.40, including interest	$ 1,149	$ 4,696	$ 7,849
13.35% capitalized equipment lease (Canon C3525i) expiring February 2022, payable in monthly installments of $210.19, including interest	717	2,890	4,823
4.92% capitalized vehicle lease (Unit 229CWQ) expiring September 2020, payable monthly installments of $578.91, including interest	-	-	2,682
6.96% capitalized vehicle lease (Unit 22J9J2) expiring July 2022, payable monthly installments of $626.60, including interest	4,286	11,242	17,731
6.44% capitalized vehicle lease (Unit 22J9GR) expiring July 2022, payable monthly installments of $618.66, including interest	4,230	11,088	17,479
5.035% capitalized vehicle lease (Unit 223BGF) expiring June 2020, payable monthly installments of $533.55, including interest	-	-	3,161
4% capitalized vehicle lease (Unit 22KN69) originally expiring September 2021, payable monthly installments of $597.46, including interest - (This vehicle was totaled.)	-	-	11,892
6.52% capitalized vehicle lease (Unit 22K8RX) payable monthly installments of $709.86 expiring January 2021, including interest. Additional monthly installments of $93.33 expiring September 2021	-	-	9,183

13. Capital Leases (continued)

6.30% capitalized vehicle lease (Unit 23K7NF) payable monthly installments of $550.20 expiring August 2024, including interest. Additional monthly installments of $68.72 expiring August 2024	18,438	24,660	-
9.33% capitalized Phone System and payable in monthly installments of $3,233.85 expiring January 2026, including interest.	131,459	-	-
7.76% capitalized vehicle lease (Unit 22ZM2K) expiring May 2023, payable monthly installments of $537.09, Including interest.	8,622	-	-
6.5% capitalized vehicle lease (Unit 23V73Q) payable in monthly installments of $562.32 expiring December 2025, including interest. Additional monthly installments of $114.17, expiring December 2025	35,617	-	-
6.5% capitalized vehicle lease (Unit 23V84L) payable in monthly installments of $528.29 expiring December 2025, including interest. Additional monthly installments of $103.22, expiring December 2025	33,183	-	-
	237,701	54,576	74,800
Less: Current Portion-Capital Lease	76,256	25,756	40,742
Obligations under Capital Lease, net of current portion	$161,445	$28,820	$34,058

The Company leases vehicles and computer equipment under capital leases. The economic substance of these leases is that the Company is financing the acquisition of the vehicles and computer equipment through the leases and accordingly, the vehicles and computer equipment are recorded as assets and the leases are recorded as liabilities.

The following is an analysis of the leased assets included in property and equipment:

	2021	2020	2019
Vehicles under capital leases	$ 193,162	$ 162,103	$ 145,978
Equipment under capital leases	166,430	17,550	17,550
Subtotal	359,592	179,653	163,528
Less: Accumulated Depreciation	85,753	87,005	102,599
Net Book Value	**$ 273,839**	**$ 92,648**	**$ 60,929**

13. Capital Leases (continued)

Long-term obligations under capital leases as of December 31, 2021 mature as follows:

Year Ended December 31,	Amount
2022	$ 76,256
2023	59,266
2024	49,597
2025	49,217
2026	5,547
Total minimum lease payments	239,883
Less: amounts representing interest	2,182
Present value of net minimum lease payments	**$ 237,701**

14. Vehicle Subleases

The Company subleases vehicles to certain franchisees and affiliates. The vehicle lease income and related expenses for the subleased vehicles are included as part of other income (expense) on the statements of income and retained earnings. Income from subleases totaled $216,663, $297,348, and $475,808, for the years ended December 31, 2021, 2020, and 2019, respectively. Expenses related to subleases totaled $210,072, $280,725, and $461,727, for the years ended December 31, 2021, 2020 and 2019, respectively.

15. Lease Obligation and Rental Expense

The Company leases its corporate office and warehouse under a lease agreement commencing in January 2009 with an initial monthly rental of $4,038 and termination date of November 1, 2019. The lease calls for 3% increases on October 1st of each year. This lease was renewed commencing on January 1, 2020 and terminating on December 31, 2029 with an initial monthly rental of $5,099 and to be increased by 3% annually to adjust for inflation. Rental expenses on the lease for the years ended December 31, 2021, 2020 and 2019 were $61,183, $56,084, and $61,183, respectively.

The Company also leases a second corporate office and warehouse space under a lease agreement commencing October 1, 2017 from CPI (Unit F). The initial monthly rent payment was $2,100 and calls for 3% increases on October 1st of each year. The termination date of this lease is September 30, 2027. Rental expense for the years ended December 31, 2021, 2020 and 2019 was $25,203, $23,103, and $25,203, respectively.

The Company leased an automobile with a lease expiration date of January 21, 2020. This lease has been replaced before maturity by a lease that will expire December 31, 2022. Total rent expense paid for company automobile leases was $9,368, $9,368, and $9,610 for the years ending December 31, 2021, 2020 and 2019, respectively.

15. Lease Obligation and Rental Expense (continued)

The estimated future minimum rental obligation for the succeeding year under non-cancelable operating leases in effect as of December 31, 2021 are as follows:

Year Ended December 31,	Unit E	Unit F	Vehicle
2022	$ 64,909	$ 29,217	$ 9,368
2023	66,856	30,094	-
2024	68,862	30,996	-
2025	70,928	31,926	-
2026	73,056	32,884	
2027 and thereafter	213,939	61,837	-
Total	**$ 558,550**	**$ 216,954**	**$ 9,368**

16. Retirement Plan

As of January 1, 2011, the Company has adopted a 401(k) Plan for the exclusive benefit of its employees who qualify under the Plan's terms and conditions. The sources of the contributions to the plan are discretionary company contributions, discretionary matching contributions, and salary deferral contributions. Participants in the Plan are vested over a 6-year period. The Company made total contributions to the plan for the years ended December 31, 2021, 2020, and 2019 of $11,249, $11,442 and $11,618, respectively.

17. Related Party Transactions

In addition to CPI, the Company is affiliated with two franchises through common ownership (three of the four stockholders in the Company). These franchises (Affiliates) conduct business in a manner similar to that of noncompany-operated franchises, with the exception that they are not required to pay royalties or franchise fees. Following is a summary of balances and transactions with Affiliates as of and for the years ended December 31:

	2021	2020	2019
Sale of Supplies	$ 75,116	$ 62,734	$ 97,634
Vehicle Lease Income	28,502	37,211	61,216
Receivables (included in accounts receivable: affiliates in the accompanying balance sheets)	5,900	1,983	18,542
Miscellaneous	6,856	4,414	-
	$ 116,374	$ 106,342	$ 177,392

18. CCI Marketing Fund

In April 2001, the Company created the CCI Marketing Fund which provides for the establishment of a marketing plan. Contributions to the plan are made by the franchisees, the Company and the affiliate. Consistent with generally accepted accounting principles, the activity for the CCI Marketing funds is accounted for separately and is not included in the financial statements of the Company because the Company acts as an agent for paying the expenses incurred in connection with the CCI Marketing Plan. For the year ended December 31, 2021, 2020 and 2019 contributions exceeded expenditures to the fund by $49,970, $7,638 and $33,355, respectively.

The company administers the CCI Marketing Fund. In this capacity, it receives the funds and processes the payouts for the fund. The company considers the cash received from the fund as a restricted asset which is offset by a related liability - Franchisees Marketing Fund. Amounts paid out by the Company for the fund are considered accounts receivable from the marketing fund.

As of December 31, the following balances related to the Marketing Fund have been included on the financial statements of the Company.

	2021	2020	2019
Restricted Cash	$ 126,670	$ 84,162	$ 70,469
Accounts Receivable Marketing Fund	39,806	29,317	33,202
Franchisees Marketing Fund Liability	(166,476)	(113,479)	(103,671)
Net Balance	$ -	$ -	$ -

19. Accounting for Uncertain Tax Positions

In its 2010 financial statements, the Company adopted the accounting standard regarding "Accounting for Uncertain Tax Positions". This accounting standard provides detailed guidance for financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the Company's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Company files income tax returns in the U.S. Federal and State of Illinois jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state, or local tax examinations by tax authorities for years before 2014. The adoption of this standard had no material effect on the Company's financial positions, results of operations or cash flows.

The Company includes penalties and interest assessed by income tax authorities in operating expenses. The Company had no penalties and interest expenses for the years ended December 31, 2021, 2020 and 2019.

20. Revenue Reporting by Source

The number of franchises sold, but not necessarily open, during the years ended December 31, 2021, 2020 and 2019 was 0, 1, and 0, respectively. Initial franchise and transfer fees received during the years ended December 31, 2021, 2020 and 2019 were $20,000, $49,500, and $13,000, respectively. The number of franchises terminated or repossessed during the years ended December 31, 2021, 2020 and 2019 were 2, 3, and 6, respectively. Income from franchises terminated or repossessed during the years ended December 31, 2021, 2020 and 2019 was $42,325, $51,368, and $41,789, respectively. The number of franchises forfeited during the years ended December 31, 2021, 2020, and 2019 were -0-, -0-, and -0-, respectively. Income from franchises forfeited during the years ended December 31, 2021, 2020, and 2019 was $-0-, $-0-, and $-0-, respectively. The Company operates as a Franchisor and operates several stores. Following is a breakdown of the revenue by source and the related percentages of total revenue.

	December 31, 2021		December 31, 2020		December 31, 2019	
	Amount	Percent	Amount	Percent	Amount	Percent
INCOME						
Franchise Fees						
Franchise Fees Earned	$ 230,010	8.36%	$ 180,859	7.82%	$ 382,170	13.54%
Renewal Fees	-	-	-	-	-	-
Initial (Startup) Fee	-	-	49,500	2.14%	-	-
Transfer Fee	20,000	0.73%	-	-	13,000	0.46%
Terminated Franchise Fees Earned	42,325	1.54%	51,368	2.22%	41,789	1.48%
Total Franchise Fees	292,335	10.63%	281,727	12.19%	436,959	15.48%
Royalties	1,135,617	41.29%	917,598	39.69%	1,055,085	37.37%
Sales of Supplies	443,736	16.14%	392,735	16.99%	462,121	16.37%
Company Stores	621,390	22.60%	620,136	26.83%	723,195	25.62%
Other Sales	236,385	8.60%	87,692	3.79%	117,602	4.17%
Rental Income	20,610	0.75%	11,803	0.51%	28,318	1.00%
Total Income	$ 2,750,073	100.00%	$ 2,311,691	100.00%	$ 2,823,280	100.00%

21. COVID-19 Federal Assistance

In 2021, Creative Colors International, Inc. received funding from the Small Business Administration in the form of the second round of the Paycheck Protection Program Loan. This loan was in the amount of $235,550. During 2021, the Company was able to secure forgiveness for this loan in the amount of $235,550 and recognized the proceeds as revenue in 2021.

22. Subsequent Events

Subsequent events were evaluated through March 24, 2022, which is the date the financial statements were available to be issued.

Supplementary Information

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2021

ASSETS	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT ASSETS				
Cash	$ 389,228	$ 73,349	$ -	$ 462,577
Accounts Receivable				
Franchisees (net of allowance)	303,778	-	-	303,778
Company Stores	46,104	-	-	46,104
Affiliates	-	7,971	(7,971)	-
Other	1,104	-	-	1,104
Restricted Cash - Marketing Fund	126,670	-	-	126,670
Notes Receivable - Franchises	12,411	-	-	12,411
Inventory	221,623	-	-	221,623
Prepaid Expenses	23,906	-	-	23,906
Total Current Assets	1,124,824	81,320	(7,971)	1,198,173
PROPERTY AND EQUIPMENT (at net book value)				
Land	-	60,420	-	60,420
Building	-	561,922	-	561,922
Office Furniture & Equipment	176,867	-	-	176,867
Vehicles	232,000	-	-	232,000
Leasehold Improvements	111,091	3,580	-	114,671
Net Property & Equipment	519,958	625,922	-	1,145,880
OTHER ASSETS				
Deferred Referral Fees	573,438	-	-	573,438
Deferred Maintenance Contracts	13,871	-	-	13,871
Other Assets	2,623	448	-	3,071
Total Other Assets	589,932	448	-	590,380
TOTAL ASSETS	$ 2,234,714	$ 707,690	$ (7,971)	$ 2,934,433

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2021

LIABILITIES AND EQUITY	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable				
Trade	$ 119,764	$ -	$ (7,971)	$ 111,793
Franchisees Marketing Fund	166,476	-	-	166,476
Accrued Liabilities	61,220	22,968	-	84,188
Current Obligations Under Capital Leases	76,256	-	-	76,256
Current Portion of Unearned Franchise Fee Revenue	181,702	-	-	181,702
Unearned Franchise Start Up Fee	34,500	-	-	34,500
Current Portion of Notes Payable	16,901	-	-	16,901
Current Portion of Mortgage Payable	-	19,883	-	19,883
Total Current Liabilities	656,819	42,851	(7,971)	691,699
LONG-TERM LIABILITIES				
Obligations Under Capital Leases, Less Current Portion	161,445	-	-	161,445
Unearned Franchise Fee Revenue Less Current Portion	706,414	-	-	706,414
Notes Payable Less Current Portion	70,982	-	-	70,982
Mortgage Payable Less Current Portion	-	506,863	-	506,863
Total Other Liabilities	938,841	506,863	-	1,445,704
OWNERS' EQUITY				
Common stock, no par value, 1,000 shares authorized, 100 shares issued and outstanding	5,000	-	-	5,000
Partners' Capital Accounts	-	157,976	-	157,976
Retained Earnings	634,054	-	-	634,054
Total Owners' Equity	639,054	157,976	-	797,030
TOTAL LIABILITIES AND OWNERS' EQUITY	$ 2,234,714	$ 707,690	$ (7,971)	$ 2,934,433

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2020

ASSETS	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT ASSETS				
Cash	$ 215,183	$ 74,077	$ -	$ 289,260
Accounts Receivable				
Franchisees (net of allowance)	219,509	-	-	219,509
Company Stores	53,962	-	-	53,962
Other	1,757	-	-	1,757
Restricted Cash - Marketing Fund	84,162	-	-	84,162
Notes Receivable - Franchises	2,024	-	-	2,024
Inventory	194,367	-	-	194,367
Prepaid Expenses	24,681	-	-	24,681
Total Current Assets	795,645	74,077	-	869,722
PROPERTY AND EQUIPMENT (at net book value)				
Land	-	60,420	-	60,420
Building	-	582,862	-	582,862
Office Furniture & Equipment	41,915	-	-	41,915
Vehicles	124,823	-	-	124,823
Leasehold Improvements	127,400	4,130	-	131,530
Net Property & Equipment	294,138	647,412	-	941,550
OTHER ASSETS				
Deferred Referral Fees	772,057	-	-	772,057
Deferred Maintenance Contracts	7,222	-	-	7,222
Other Assets	2,623	448	-	3,071
Total Other Assets	781,902	448	-	782,350
TOTAL ASSETS	$ 1,871,685	$ 721,937	$ -	$ 2,593,622

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2020

LIABILITIES AND EQUITY	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable				
Trade	$ 53,460	$ -	$ -	$ 53,460
Franchisees Marketing Fund	113,479	-	-	113,479
Accrued Liabilities	57,489	22,907	-	80,396
Current Obligations Under Capital Leases	25,756	-	-	25,756
Current Portion of Unearned Franchise Fee Revenue	201,302	-	-	201,302
Unearned Franchise Start Up Fee	34,500	-	-	34,500
Current Portion of Notes Payable	15,794	-	-	15,794
Current Portion of Mortgage Payable	-	18,887	-	18,887
Total Current Liabilities	501,780	41,794	-	543,574
LONG-TERM LIABILITIES				
Obligations Under Capital Leases, Less Current Portion	28,820	-	-	28,820
Unearned Franchise Fee Revenue Less Current Portion	959,149	-	-	959,149
Notes Payable Less Current Portion	34,766	-	-	34,766
Mortgage Payable Less Current Portion	-	526,433	-	526,433
Total Other Liabilities	1,022,735	526,433	-	1,549,168
OWNERS' EQUITY				
Common stock, no par value, 1,000 shares authorized, 100 shares issued and outstanding	5,000	-	-	5,000
Partners' Capital Accounts	-	153,710	-	153,710
Retained Earnings	342,170	-	-	342,170
Total Owners' Equity	347,170	153,710	-	500,880
TOTAL LIABILITIES AND OWNERS' EQUITY	$ 1,871,685	$ 721,937	$ -	$ 2,593,622

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2019

ASSETS	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT ASSETS				
Cash	$ 175,790	$ 35,341	$ -	$ 211,131
Accounts Receivable				
Franchisees (net of allowance)	220,783	-	-	220,783
Company Stores	56,439	-	-	56,439
Affiliates	-	20,126	(20,126)	-
Other	2,222	-	-	2,222
Restricted Cash - Marketing Fund	70,469	-	-	70,469
Notes Receivable - Franchises	2,022	-	-	2,022
Inventory	206,392	-	-	206,392
Prepaid Expenses	19,463	-	-	19,463
Total Current Assets	753,580	55,467	(20,126)	788,921
PROPERTY AND EQUIPMENT (at net book value)				
Land	-	60,420	-	60,420
Building	-	604,704	-	604,704
Office Furniture & Equipment	50,997	-	-	50,997
Vehicles	155,967	-	-	155,967
Leasehold Improvements	143,710	4,681	-	148,391
Net Property & Equipment	350,674	669,805	-	1,020,479
OTHER ASSETS				
Deferred Referral Fees	942,800	-	-	942,800
Deferred Maintenance Contracts	10,032	-	-	10,032
Other Assets	1,678	447	-	2,125
Total Other Assets	954,510	447	-	954,957
TOTAL ASSETS	$ 2,058,764	$ 725,719	$ (20,126)	$ 2,764,357

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2019

LIABILITIES AND EQUITY	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable				
Trade	$ 89,894	$ -	$ (20,126)	$ 69,768
Franchisees Marketing Fund	103,671	-	-	103,671
Accrued Liabilities	52,317	22,859	-	75,176
Current Obligations Under Capital Leases	40,742	-	-	40,742
Current Portion of Unearned Franchise Fee Revenue	209,402	-	-	209,402
Current Portion of Notes Payable	17,021	-	-	17,021
Current Portion of Mortgage Payable	-	20,977	-	20,977
Total Current Liabilities	513,047	43,836	(20,126)	536,757
LONG-TERM LIABILITIES				
Obligations Under Capital Leases, Less Current Portion	34,058	-	-	34,058
Unearned Franchise Fee Revenue Less Current Portion	1,183,276	-	-	1,183,276
Notes Payable Less Current Portion	50,560	-	-	50,560
Mortgage Payable Less Current Portion	-	537,510	-	537,510
Total Other Liabilities	1,267,894	537,510	-	1,805,404
OWNERS' EQUITY				
Common stock, no par value, 1,000 shares authorized, 100 shares issued and outstanding	5,000	-	-	5,000
Partners' Capital Accounts	-	144,373	-	144,373
Retained Earnings	272,823	-	-	272,823
Total Owners' Equity	277,823	144,373	-	422,196
TOTAL LIABILITIES AND OWNERS' EQUITY	$ 2,058,764	$ 725,719	$ (20,126)	$ 2,764,357

Creative Colors International, Inc. and Affiliate

Consolidating Schedule of Operations and Retained Earnings
For the Year Ended December 31, 2021

	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
INCOME				
Franchise Fees	$ 292,335	$ -	$ -	$ 292,335
Royalties from Franchisees	1,135,617	-	-	1,135,617
Sales of Supplies	443,736	-	-	443,736
Company Stores	621,390	-	-	621,390
Other Sales	236,385	-	-	236,385
Rental Income	-	114,704	(94,094)	20,610
Total Income	2,729,463	114,704	(94,094)	2,750,073
OPERATING COSTS AND EXPENSES				
Stores	457,520	-	-	457,520
Non-Stores	559,171	-	-	559,171
General and Administrative Expenses	1,639,995	64,439	(94,094)	1,610,340
Total Operating Costs and Expenses	2,656,686	64,439	(94,094)	2,627,031
OPERATING INCOME	72,777	50,265	-	123,042
OTHER INCOME AND (EXPENSES)				
Paycheck Protection Program Forgiveness	235,550	-	-	235,550
Interest Income	3,878	-	-	3,878
Interest Expense	(13,102)	(28,031)	-	(41,133)
Other Income	31,321	-	-	31,321
Gain/(Loss) on Sale of Asset	30,492	-	-	30,492
Gain on Termination of Franchise	42,325	-	-	42,325
Vehicle Lease Income	216,663	-	-	216,663
Vehicle Lease Expense	(210,072)	-	-	(210,072)
Total Other Income (Expense)	337,055	(28,031)	-	309,024
NET INCOME BEFORE TAXES	409,832	22,234	-	432,066
PROVISION FOR INCOME TAX				
Current	-	-	-	-
NET INCOME	409,832	22,234	-	432,066
Retained Earnings (Accumulated Deficit)/Partners' Capital, Beginning	342,170	153,710	-	495,880
Distributions	(117,948)	(17,968)	-	(135,916)
Retained Earnings/Partners' Capital, Ending	$ 634,054	$ 157,976	$ -	$ 792,030

Creative Colors International, Inc. and Affiliate

Consolidating Schedule of Operations and Retained Earnings
For the Year Ended December 31, 2020

	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
INCOME				
Franchise Fees	$ 281,727	$ -	$ -	$ 281,727
Royalties from Franchisees	917,598	-	-	917,598
Sales of Supplies	392,735	-	-	392,735
Company Stores	620,136	-	-	620,136
Other Sales	87,692	-	-	87,692
Rental Income	-	105,897	(94,094)	11,803
Total Income	2,299,888	105,897	(94,094)	2,311,691
OPERATING COSTS AND EXPENSES				
Stores	475,624	-	-	475,624
Non-Stores	362,815	-	-	362,815
General and Administrative Expenses	1,576,650	60,691	(94,094)	1,543,247
Total Operating Costs and Expenses	2,415,089	60,691	(94,094)	2,381,686
OPERATING INCOME	(115,201)	45,206	-	(69,995)
OTHER INCOME AND (EXPENSES)				
Paycheck Protection Program Forgiveness	215,550	-	-	215,550
Economic Injury Disaster Loan Advance	10,000	-	-	10,000
Interest Income	3,069	-	-	3,069
Interest Expense	(4,135)	(17,962)	-	(22,097)
Other Income	20,628	-	-	20,628
Gain/(Loss) on Sale of Asset	16,079	-	-	16,079
Gain on Termination of Franchise	51,368	-	-	51,368
Vehicle Lease Income	297,348	-	-	297,348
Vehicle Lease Expense	(280,725)	-	-	(280,725)
Total Other Income (Expense)	329,182	(17,962)	-	311,220
NET INCOME BEFORE TAXES	213,981	27,244	-	241,225
PROVISION FOR INCOME TAX				
Current	-	-	-	-
NET INCOME	213,981	27,244	-	241,225
Retained Earnings (Accumulated Deficit)/Partners' Capital, Beginning	272,823	144,373	-	417,196
Distributions	(144,634)	(17,907)	-	(162,541)
Retained Earnings/Partners' Capital, Ending	$ 342,170	$ 153,710	$ -	$ 495,880

Creative Colors International, Inc. and Affiliate

Consolidating Schedule of Operations and Retained Earnings
For the Year Ended December 31, 2019

	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
INCOME				
Franchise Fees	$ 436,959	$ -	$ -	$ 436,959
Royalties from Franchisees	1,055,085	-	-	1,055,085
Sales of Supplies	462,121	-	-	462,121
Company Stores	723,195	-	-	723,195
Other Sales	117,602	-	-	117,602
Rental Income	-	114,704	(86,386)	28,318
Total Income	2,794,962	114,704	(86,386)	2,823,280
OPERATING COSTS AND EXPENSES				
Stores	505,384	-	-	505,384
Non-Stores	458,324	-	-	458,324
General and Administrative Expenses	1,712,122	69,052	(86,386)	1,694,788
Total Operating Costs and Expenses	2,675,830	69,052	(86,386)	2,658,496
OPERATING INCOME (LOSS)	119,132	45,652	-	164,784
OTHER INCOME AND (EXPENSES)				
Interest Income	4,086	-	-	4,086
Interest Expense	(7,556)	(17,239)	-	(24,795)
Other Income	13,822	-	-	13,822
Gain/(Loss) on Sale of Asset	78,052	-	-	78,052
Vehicle Lease Income	475,808	-	-	475,808
Vehicle Lease Expense	(461,727)	-	-	(461,727)
Total Other Income (Expense)	102,485	(17,239)	-	85,246
NET INCOME (LOSS) BEFORE TAXES	221,617	28,413	-	250,030
PROVISION FOR INCOME TAX				
Current	(3,450)	-	-	(3,450)
NET INCOME (LOSS)	218,167	28,413	-	246,580
Retained Earnings/Partners' Capital, Beginning	230,864	131,725	-	362,589
Distributions	(176,208)	(15,765)	-	(191,973)
Retained Earnings/Partners' Capital, Ending	$ 272,823	$ 144,373	$ -	$ 417,196

EXHIBIT H
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, CREATIVE COLORS INTERNATIONAL, INC. ("CCI") and you are preparing to enter into a Franchise Agreement for the operation of a CREATIVE COLORS INTERNATIONAL ("CREATIVE COLORS INTERNATIONAL") business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you, either orally or in writing, that CCI has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each Attachment attached to it? Yes ___ No ___

2. Do you understand all of the information contained in the Franchise Agreement and each Attachment attached to it? Yes ___ No ___

   If no, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

   _____
   _____
   _____

3. On what date did you receive the complete Franchise Agreement? _____

4. Have you received and personally reviewed the Franchise Disclosure Document we provided to you? Yes ___ No ___

   On what date did you receive the Franchise Disclosure Document? _____

5. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? Yes ___ No ___

6. Do you understand all of the information contained in the Franchise Disclosure Document? Yes ___ No ___

   If no, what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary.)

   _____
   _____
   _____

7. Have you discussed the benefits and risks of operating a Franchise with an attorney, accountant or other professional advisor and do you understand those risks? Yes ___ No ___

   If not, did you have the opportunity to do so? Yes ___ No ___

8. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors? Yes ___ No ___

NOTE: Questions 9 through 17 do not relate to information you may have been given directly by any existing franchisees of CCI.

9. Has any employee or other person speaking on behalf of CCI made any written or oral statement or promise concerning the actual revenues, profits or operating costs of Creative Colors franchised business (other than what is included in the Franchise Disclosure Document)? Yes ___ No ___

10. Has any employee or other person speaking on behalf of CCI made any written or oral statement or promise regarding the amount of money you may earn in operating the franchised business? Yes ___ No ___

11. Has any employee or other person speaking on behalf of CCI made any written or oral statement or promise concerning the total amount of revenue your franchised business will generate? Yes ___ No ___

12. Has any employee or other person speaking on behalf of CCI made any written or oral statement or promise regarding the costs you may incur in operating the franchised business that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ___ No ___

13. Has any employee or other person speaking on behalf of CCI made any written or oral statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the Creative Colors franchise? Yes ___ No ___

14. Has any employee or other person speaking on behalf of CCI made any written or oral statement, promise or agreement concerning the advertising, marketing, training, support services or assistance that CCI will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ___ No ___

15. Has any employee or other person speaking on behalf of CCI made any other written or oral statement, promise or agreement relating to the Creative Color Franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ___ No ___

16. If you have answered "Yes" to any of questions nine (9) through sixteen (16), 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.

_____
Signature

_____
Print Name

_____
Date

EXHIBIT I
START-UP SUPPLIES

Item	Qty
5050-1001 (50/50 Cleaner Mix--Kool--Aid & PC Mix Quart)	1
A-1000A (Airhose Retractor with Hose)	1
A-1000B (Electric Cord Reel-Reelcraft-Triple Outlet-12 Gauge 45'-15 Amp)	1
A-1001 (Air Hose Paasche (4ft) with Coupling)	1
A-1002 (Airhose 50')	1
A-1006 (All Purpose Leather Primer Quart)	1
A-1011 (Vinyl and Plastic Adhesion Promoter Quart)	1
A-1013 (CCI Air Freshener Gallon)	1
AN-1000A (Aniline Vehicle EP - Gallon)	1
APL-1000 (Applicator Pad)	1
AS-1000 (Aniline Stain 4oz Black)	1
AS-1001 (Aniline Stain 4oz Blue)	1
AS-1002 (Aniline Stain 4oz Brown)	1
AS-1003 (Aniline Stain 4oz Burgundy)	1
AS-1004 (Aniline Stain 4oz Green)	1
AS-1005 (Aniline Stain 4oz Lemon)	1
AS-1006 (Aniline Stain 4oz Orange)	1
AS-1007 (Aniline Stain 4oz Red)	1
AS-1008 (Aniline Stain 4oz Red Brown)	1
AS-1009 (Aniline Stain 4oz Violet)	1
AS-1010 (Aniline Stain 4oz Yellow)	1
AT-1000 (Atomizer Black)	2
AT-1001 (Atomizer Silver)	2
B-1000A (Butane 3.75 oz. Single Can)	1
B-2000 (CCI Back To New - 4oz.)	2
BP-13003 (SEMS Bumper Paint High Gloss Clear)	1
BP-13013 (SEMS Bumper Paint Satin Clear)	1
BP-13023 (SEMS Bumper Paint Low Luster Clear)	1
BP-39073 (SEMS Bumper Paint Gloss Silver)	1
BP-39073 (SEMS Bumper Paint Gloss Silver)	1
BP-39143 (SEMS Bumper Paint Trim Black)	1
BP-39153 (SEMS Bumper Paint Charcoal)	1
BP-39163 (SEMS Bumper Paint Medium Smoke)	1
BP-39173 (SEMS Bumper Paint Dark Smoke)	1
BP-39183 (SEMS Bumper Paint Medium Grey)	1
BP-39193 (SEMS Bumper Paint Dark Grey)	1
BP-39253 (SEMS Bumper Paint Medium Titanium)	1
BP-39263 (SEMS Bumper Paint Dark Titanium)	1
BP-39273 (SEMS Bumper Paint Charcoal Metallic)	1

BP-39283 (SEMS Bumper Paint Light Titanium)	1
BP-39413 (SEMS Bumper Paint Medium Platinum)	1
BP-39803 (SEMS Clear Chip Guard)	1
BP-39853 (SEMS Bumper Paint Texture Coating Black)	1
CCI70-01 (CCI 70 Flock Applicator)	1
CH-1000 (Chill Bar)	1
CL-1000 (Crosslinker 4oz)	2
CMC-1000 (Certified Glove Box Hangars)	200
CMC-1001 (Certified Window Cling Stickers 2”x3”)	200
CMC-1002 (Certified Clean Window Cling Stickers 2”x3”)	100
CMC-1003 (Certified Clean Window Cling Stickers 4”x5”)	100
CO-1001 (Compressor Large)	1
CO-1001B (Compressor Female Coupler 1/4in. Plug - 30E664)	6
CO-1001C (Compressor Male Coupler 1/4in. Plug - 30E703)	6
CO-1002 (Compressor Small)	1
CON-1003 (2oz Jar)	4
CON-1004 (2oz Lid)	4
CON-1005 (4oz High Density Bottle)	4
CON-1006 (4oz Low Density Bottle)	4
CON-1008 (4oz Jar)	4
CON-1009 (4oz Lid)	4
CON-1011T (4oz Twist Top Cap)	4
CON-1013 (8oz High Density Bottle)	24
CON-1014 (8oz Lid for Bottle)	24
CON-1015T (8oz Twist Top Cap)	24
CON-1021 (Gallon Jug)	2
CON-1022 (Gallon Jug Safety Cap)	2
CP-1000 (Carpet Plastic Roll - 4 Mil. Printed w/Perforations)	1
CPS-1000 CCI Color Pro Scanner	1
D-1000B (HD Black Pigment 8oz - EP)	4
D-1002B (HD Blue Pigment 8oz- EP)	1
D-1005B (HD Bright Red Pigment 8oz. - EP)	1
D-1007B (HD Bright Yellow Pigment 8oz. - EP)	1
D-1009B (HD Carbon Black Pigment 8oz.- EP)	1
D-1010B (HD Dark Brown Pigment 8oz - EP)	4
D-1012B (HD Dark Green Pigment 8oz - EP)	1
D-1014B (HD Dark Red Pigment 8oz.- EP)	1
D-1016B (HD Dark Yellow Pigment 8oz.- EP)	1
D-1018B (HD Jet Black Pigment 8oz. - EP)	1
D-1019B (HD Light Brown Pigment 8oz. - EP)	4
D-1021B (HD Magenta Pigment 8oz.- EP)	1
D-1022B (HD Medium Brown Pigment 8oz. - EP)	4
D-1024B (HD Orange Pigment 8oz - EP)	1

D-1026B (HD Orange Yellow Pigment 8oz.- EP)	1
D-1028B (HD Pearl Pigment 8oz.- EP)	1
D-1030B (HD Purple Pigment 8oz.- EP)	1
D-1033B (HD White Pigment 8oz. - EP)	4
D-1034 (De-Bonder)	1
E-1000 (Epoxy Putty)	1
E-1002 (CCI Extreme Gallon)	1
F-1000 (F-Compound 2oz)	2
F-1001 (F-Compound Quart)	1
F-1002 (Fabric Pencil - Multiple Basic Color Assortment)	1
F-1002A (Fabric Pencil - Multiple Custom Gray Color Assortment)	1
F-1003 (Fabritac 4oz)	1
F-1004 (Fastac With Sprayer)	2
F-1006 (Fiber Glue 4oz)	2
F-1008 (Fabric Protector Quart)	1
F-9000 (Flock Adhesive Quart)	1
FIB-2300A (Green Fiber - 8oz Bag)	1
FIB-2350A (Kelly Green Fiber - 8oz Bag)	1
FIB-2720A (Bright Yellow Fiber- 8oz Bag)	1
FIB-4124A (Charcoal Fiber - 8oz Bag)	1
FIB-4167A (Dark Blue Fiber - 8oz Bag)	1
FIB-4347A (Med. Dark Grey - 8oz Bag)	1
FIB-4349A (Cherry Fiber - 8oz Bag)	1
FIB-4409A (Charcoal Fiber - 8oz Bag)	1
FIB-4473A (Grey Fiber - 8oz Bag)	1
FIB-4520A (Regatta Blue - 8oz Bag)	1
FIB-4563A (Cordovan Fiber - 8oz Bag)	1
FIB-4567A (Lt. Driftwood Fiber - 8oz Bag)	1
FIB-4568A (Garnet Fiber - 8oz Bag)	1
FIB-4606A (Sand Beige Fiber - 8oz Bag)	1
FIB-4610A (Midnight Blue Fiber - 8oz Bag)	1
FIB-4612A (Smoke Fiber - 8oz Bag)	1
FIB-4630A (Taupe Fiber - 8oz Bag)	1
FIB-4651A (Amethyst Fiber - 8oz Bag)	1
FIB-4665A (Rosewood Fiber - 8oz Bag)	1
FIB-4672A (Blue Fiber - 8oz Bag)	1
FIB-4694A (Dark Sapphire Fiber - 8oz Bag)	1
FIB-4701A (GM Light Linen Fiber - 8oz Bag)	1
FIB-4707A (Chestnut Fiber - 8oz Bag)	1
FIB-4709A (Shadow Blue Fiber - 8oz Bag)	1
FIB-4714A (Med. Antelope Fiber - 8oz Bag)	1
FIB-4717A (Beachwood Fiber - 8oz Bag)	1
FIB-4729A (Ebony Fiber - 8oz Bag)	1

FIB-4739A (GM Light Titanium Fiber - 8oz Bag)	1
FIB-4746A (Charcoal Fiber - 8oz Bag)	1
FIB-4769A (Med. Beige Fiber - 8oz Bag)	1
FIB-4771A (Rusty Brown Fiber - 8oz Bag)	1
FIB-4772A (Deep Brown Fiber - 8oz Bag)	1
FIB-4802A (Taupe Fiber - 8oz Bag)	1
FIB-4812A (Titanium Fiber - 8oz Bag)	1
FIB-4813A (Light Quartz Fiber - 8oz Bag)	1
FIB-4815A (Med. Quartz Fiber - 8oz Bag)	1
FIB-4816A (Light Buckskin Fiber - 8oz Bag)	1
FIB-4822A (Med. Grey Slate Fiber - 8oz Bag)	1
FIB-4830A (Light Titanium Fiber - 8oz Bag)	1
FIB-4831A (Bisque Fiber - 8oz Bag)	1
FIB-4832A (White Fiber - 8oz Bag)	1
FIB-4837A (Willow Fiber - 8oz Bag)	1
FIB-4839A (Light Mocha Fiber - 8oz Bag)	1
FIB-4840A (Charcoal Fiber - 8oz Bag)	1
FIB-4841A (Slate Blue Fiber - 8oz Bag)	1
FIB-4843A (Light Carmel Fiber - 8oz Bag)	1
FIB-4848A (Dark Agate Fiber - 8oz Bag)	1
FIB-4852A (Lt. Grey Fiber - 8oz Bag)	1
FIB-4853A (Crimson Fiber - 8oz Bag)	1
FIB-4871A (Lt. Graphite Fiber - 8oz Bag)	1
FIB-4875A (Honda Graphite Fiber - 8oz Bag)	1
FIB-4882A (Opal Fiber - 8oz Bag)	1
FIB-4887A (Evergreen Fiber - 8oz Bag)	1
FIB-4897S08 (Dull Ebony Fiber Short Length - 8oz. Bag)	1
FIB-48E2A (Dull Grey Fiber - 8oz Bag)	1
FIB-48E3A (Fawn Fiber - 8oz Bag)	1
FIB-48E4A (Stone Fiber - 8oz Bag)	1
FIB-48E5A (Dk. Graphite Fiber - 8oz Bag)	1
FIB-48F6A (Dull Saddle Fiber - 8oz Bag)	1
FIB-48F7A (Dull Graphite Fiber - 8oz Bag)	1
FIB-48F8S08 (Dull Moonlake Fiber Short Length - 8oz Bag)	1
FIB-48G3A (GM Shale Fiber - 8oz Bag)	1
FIB-4901A (GM Grey Fiber - 8oz Bag)	1
FIB-4913A (Black Fiber - 8oz Bag)	1
FIB-610A (Orange Fiber - 8oz Bag)	1
FIB-6428A (Bright Red Fiber - 8oz Bag)	1
FIB-6478A (GM Light Cashmere Fiber - 8oz Bag)	1
FIB-6699A (Cardinal Fiber - 8oz Bag)	1
FIB-7000A (Off White Fiber - 8oz Bag)	1
FIB-7022A (Arctic White Fiber - 8oz Bag)	1

FIB-7233A (Dull Blue Fiber - 8oz Bag)	1
FIB-7268A (Navy Blue Fiber - 8oz Bag)	1
FIB-7461A (Rust Fiber - 8oz Bag)	1
FIB-7464A (Dark Brown Fiber - 8oz Bag)	1
FIB-7481A (Camel Dull Fiber - 8oz Bag)	1
FIB-7520A (Graphite Fiber - 8oz Bag)	1
FIB-7549A (Lt. Grey Dull Fiber - 8oz Bag)	1
FIB-7550A (Med. Grey Dull Fiber - 8oz Bag)	1
FIB-7559A (Med. Quartz Fiber - 8oz Bag)	1
FIB-7576A (Charcoal Fiber - 8oz Bag)	1
FIB-8024A (Dark Currant Fiber - 8oz Bag)	1
FIB-8424A (Sand Beige Fiber - 8oz Bag)	1
FIB-8426A (Lt. Sandalwood Fiber - 8oz Bag)	1
FIB-8430A (Med. Buckskin Fiber - 8oz Bag)	1
FIB-8560A (Lt. Cypress Fiber - 8oz Bag)	1
G-1000 (Gel Tac)	2
G-1005 (Graining Compound - 2oz)	2
GP-1000 Graining Paper - 5 pack	1
H-1000 (Handy Mask)	1
H-1001 (Handymask Refill)	1
H-1004 (Hot Cure 2oz)	2
H-1006 (Master Proheat Heat Gun--Model 1100)	2
H-1006A (Hot Cure 2oz.- Low Temperature)	2
H-1008 (Heel Pad - Small 6.25" x 13" - Black)	2
H-1008A (Heel Pad - Small 6.25" x 13" - Slate Grey)	2
H-1008B (Heel Pad - Small 6.25" x 13" - Dark Grey)	2
H-1008C (Heel Pad - Small 6.25" x 13" - Tan)	2
H-1009 (Heel Pad - Medium 9.25" x 17.5" - Black)	2
H-1009B (Heel Pad - Mini 11" x 5 3/4" - Black)	2
H-1010 (Heel Pad - Large 13" x 17.5" - Black)	2
H-1011 (Heel Pad Ultra Rubber 12"X16" - Black)	2
H-1012 (Heel Pad Ultra Rubber 12"X16" - Gray)	2
H-1013 (Heel Pad Ultra Rubber 12"X16" - Beige)	2
I-1000 (Ink Lifter 8 grams)	1
I-1000A (Instant Shine - Pro Finish)	1
I-1001 (Iron Base)	1
I-1001A (Petite Portable Mini Iron)	1
I-1002A (Iron Shoe)	1
I-1003A (Iroda Torch - MJ-950)	1
I-1003B (Iroda Torch MJ-950 Tip Normal)	1
I-1003DA (Iroda Torch MJ-950 Custom Small Hole Perforation Tip - Finished Product)	1
I-1003EA (Iroda Torch MJ-950 Custom Medium Hole Perforation Tip - Finished Product)	1
I-1003FA (Iroda Torch MJ-950 Custom Small Hole Perforation Extended Tip - Finished Product)	1

I-1003GA (Iroda Torch MJ-950 Custom Medium Hole Perforation Extended Tip - Finished Product)	1
I-1003H (Sensata Inverter/Charger 2800W)	1
I-1003I (Inverter/Charger Wire/Cable Assembly (Standard))	1
K-1001 (KoolAid Remover Gallon)	1
KO-1001 (CCI Knock Out Gallon)	1
L-1000 (Leather Conditioner Quart)	1
L-1003 (Leather Degreaser 300ml)	1
L-1004EP (Leather Fill EP - 2oz.)	2
L-1006 (Leather Graining Prep Quart)	1
L-1008A (Leather Protection Cream 8oz)	1
L-1009A (Leather Vital 8oz)	1
L-1010 (Liquid Duller Quart)	1
L-1012 (Liquitac - Thin)	1
L-1012A (Liquitac Thick)	1
L-1013 (Lot Inspection Books)	10
L-1018 (Leather Protector Quart)	1
L-2000 (Linoleum #1 Brush Tip Graining Markers 6 Pack Basic Assortment)	1
L-2000A (Linoleum #2 Brush Tip Graining Markers 6 Pack Grey Assortment)	1
L-2001 (Linoleum Blendal Stick 36 Pack Assortment)	1
L-2001A (Linoleum Blendal Stick 12 Pack Custom Gray Assortment)	1
L-2002 (Linoleum Graining Pencils 14 Pack Assortment)	1
L-2003 (Linoleum Seam Sealer)	1
L-2004 (Linoleum Seam Sealer Applicator Kit)	1
L-2005 (TPO White Putty)	1
L-2006 Bond & Seal	1
LCK-1000 (Leather Care Kit - Single Kit)	3
LSA-1000 Leather Shavings Adhesive 4oz bottle	1
LSA-1001 Leather shavings 3oz bag	1
M-1000 (SDS Manual)	1
M-1001 (Magnet)	1
M-1003 (Mesh 12" X 36")	1
M-1004 (Metallic Antique Gold 4oz)	1
M-1006 (Metallic Antique Silver 4oz)	1
M-1008 (Metallic Brilliant Gold 4oz)	1
M-1010 (Metallic Supersilk 4oz)	2
M-1011A (Metallic Antique Bronze 4oz)	1
M-1011E (Metallic Black Olive 4oz)	1
M-1011I (Metallic Super Russet 4oz)	1
M-1014 (Mold Killer 4oz)	1
M-1015F (Mold Kit - Full Kit)	1
M-1017 (Mold Kit Pre-Made Auto)	1
M-1018 (Mold Kit Pre-Made Furniture)	1
M-1018B (Mold Kit Pre-Made Linoleum)	1

M-1019 (Multi-Cleaner Quart)	1
MAXNEW-1000 CCI Max No Odor Kit	12
MAXNEWT6-1000 cci Max No Odor Replacement Tablets for use with Jars	12
MEDS-R1001 (CCI Lens Clear Headlight Restorer & Protector 12 Pack Case)	1
N-1000 (Needle 12" - #504)	1
N-1001 (Standard Curved Needles #501X -12 Pack)	1
N-1001A (Heavy Duty Leather Curved Needles #502 - 12 Pack)	1
N-1001B (Light Duty Leather Curved Needles #503 - 12 Pack)	1
N-1001C (Serpentine Needles #523 - 12 Pack)	1
N-1002 (Nubuck Cleaning Cloths)	1
N-1011 (Nubuck Water Eco Protector 8oz)	1
N-1014 (Nitrile Blue Gloves Large - Qty 100)	1
O-1001 (CCI Odor Eliminator Quart)	1
OS-1000 (Supreme Oleosa 8oz.)	1
P-1000 (Paasche Airbrush Set-HS)	1
P-1002B (Paint Strainers 260 Med Mesh - 250ct)	1
PP-1000C Touch Up Pen Kit – 6 pack	1
PP-1000RT Round Replacement Tip – 6 pack	1
PP-1000CT Chisel Replacement Tip – 6 pack	1
PDB-1000 (Powder Dulling Beads 4oz jar)	1
P-1006 (Power Cleaner EP Quart)	1
P-1008 (Preval Aerosol Refill)	2
P-1009 (Preval Bottle with Lid)	2
P-1011 (Pet Hair Remover Rock)	1
R-1000 (Razor Blades 100ct)	1
RBT-00 (Radio Button Installation Kit)	1
RBT-01 (#1 GM Master Sheet)	1
RN-1000 (CCI Renew That - 4oz.)	2
RN-1003 (Micro Fiber Towel 10 Pack- 5”x5”)	1
S-1003 (Scratch Away 16 gram Tube)	1
S-1004 (Sheepskin)	2
S-1006A (Soft Cleaner 8oz)	1
S-1007 (Soft Cloth)	2
S-1009 (Spatula Furniture)	1
S-1010 (Spatula Regular)	1
S-1011 (Spatula Economy)	1
S-1012A (Spew Remover 8oz)	1
S-1013 (Sponges)	6
S-1014 (Spray Grain Quart)	1
S-1017G (Siphon Touch-Up Spray Gun)	2
S-1018 (Spray Gun Cup W/ Stem)	2
S-1019 (Spray Gun Cup Plastic)	2
S-1022A (Strong Cleaner 8oz)	1

S-1023A (Super Remover 8oz)	1
S-1024 (Slyp Additive 4oz)	1
S-1024C (Spray Gun Adhesive)	1
S-1025 (Spray Gun Adhesive--Cup)	1
S-1026 (Spray Gun Adhesive - Lid)	1
S-1027C (Mini HVLP Gravity Feed Spray Gun)	2
S-1035 (Mask-A-Tak - Spray Adhesive 14oz Can)	2
SD-1001A (CCI Sanitizer & Disinfectant Gallon)	1
SO-PHS-5 (Color Adjusting Part 5)	2
SO-PHSB-03 (3oz Plastic Bottle Assembly HPS-3)	1
SO-SC-1001 (Super Cleaner 5 Gallon Pail)	1
SP-1000 (Sandpaper 220 Grit (25 Pack)	1
SP-1001 (Sandpaper 400 Grit (25 Pack)	1
SP-1001A (Sandpaper 600 Grit (25 Pack)	1
SP-1002 (Sandpaper 800 Grit (25 Pack))	1
SP-1003 (Sandpaper 1000 Grit (25 Pack)	1
SP-1004 (Sandpaper 1500 Grit (25 Pack)	1
SP-1005 (Sandpaper 2000 Grit (25 Pack)	1
SU-1000 (Air Hose Kit Attachments)	1
SU-1002 (Box Rags)	1
SU-1003 (Brass Brush)	1
SU-1004 (5 Gallon Bucket)	2
SU-1004A (5 Gallon Bucket Lid)	2
SU-1005 (Cosmetic Brush)	1
SU-1006 (Cups Sleeve 50 Count)	1
SU-1007 (D Batteries)	1
SU-1010 (Fiber Fill)	1
SU-1012 (Permanent Marker)	1
SU-1013 (Nail Brush)	1
SU-1014 (Needle Pack 6,8,10 (50 pack))	1
SU-1015 (Needle Pack Assorted)	1
SU-1016 (Plastic Grid 10Ct)	1
SU-1017 (Plastic Grid 14 Ct)	1
SU-1018 (Plastic Grid 7 Ct)	1
SU-1020 (Pipe Cleaners)	1
SU-1022 (Q Tips)	1
SU-1023 (Box Rings 1' 100 Count)	1
SU-1024 (Box Rings 3" 10 Count)	1
SU-1026 (Scissors)	1
SU-1027 (Screwdriver Set)	1
SU-1028 (Scrub Brush)	3
SU-1029 (Silver Paint Pen)	1
SU-1030 (Spray Bottle)	4

SU-1031 (Terry Cloth Towels)	1
SU-1032 (Tool Box)	1
SU-1032A (Rolling Furniture Workshop)	1
SU-1033 (Tote Carrying)	2
SU-1033A (6 Volt AGM 250AMP Battery)	4
SU-1035 (Paint Pen)	1
SU-1036 (Ziploc Bags (54 Count))	2
SU-1038 (Small Vacuum Cleaner)	1
T-1000 (Teflon)	1
T-1001 (Thread Black)	1
T-1002 (Thread White)	1
T-1002B (Thread Dark Brown)	1
T-1002E (Thread Natural)	1
T-1004EP (Top Coat Dull EP - Quart)	1
T-1006EP (Top Coat Medium EP - Quart)	1
T-1008EP (Top Coat Shiny EP - Quart)	1
T-1009S (Top Coat Super Shiny Quart)	1
T-1010 (Topper Quart)	1
T-1013 (Tongue Depressors Box 500)	1
V-1000 (High Performance Vehicle--Gallon)	2
V-1004 (Vinyl Seal 18" x 18" Sheet)	1
W-1000A (Waxon 8oz)	1
W-1003 (Welding Rods - FiberFlex Flat Sticks--R10 5003R10)	1
W-1005 (Welding Rods - Polypropylene--R2 5003R2)	1
1/2 Vehicle Wrap Graphics & Installation	1
Invoices (3 part black & White)	1000
CCI Letterhead	500
CCI 2nd Sheet	250
Envelopes #10	500
CCI Business Cards	1000
Trifold Brochures - Automotive	200
Trifold Brochures - Automotive Certified Programs	100
Trifold Brochures - Aviation	100
Trifold Brochures - Furniture	100
Trifold Brochures - Leather Care	100
Trifold Brochures - Marine	100
Trifold Brochures - Restaurant	100
Trifold Brochures - Vinyl Flooring	100
Trifold Brochures - Medical	100
Trifold Brochures - RV	100
Leave Behind Before/After Presentation Booklet	50
Flyer - Automotive Certified Programs	100
Rack Card Leather Care	100

Sales Presentation Booklets - Automotive	50
Sales Presentation Booklets - Commercial/Furniture	50
Sample Dealer Logo Mats - Mini Floor Mat Ring Set	1
Sample Dealer Logo Mats - 4 piece Mid Level	1
Sample Dealer Logo Mats - 4 piece Premium	1
Sample Dealer Logo Mats - 2 pc HD Rubber	1
Sample Dealer Logo Mats - Color Swatch Book	1

EXHIBIT J
MASTER VAN LEASE AGREEMENT

This Master Equity Lease Agreement is entered into this _____, by and between *CREATIVE COLORS INTERNATIONAL, INC*., an Illinois corporation doing business as "CREATIVE COLORS INTERNATIONAL" ("Lessor"), and the lessee whose name and address is set forth on the signature page below ("Lessee")-

_____

_____

1. **LEASE OF VEHICLES**: Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the vehicles ("Vehicle(s)") described in the schedules from time to time delivered by Lessor to Lessee as set forth below ("Schedule(s)") for the rentals and on the terms set forth in this Agreement and in the applicable Schedule. References to this "Agreement" shall include this Master Equity Lease Agreement, the various Schedules and addenda to this Master Equity Lease Agreement and all other related agreements, documents and instruments. Lessor will, on or about the date of delivery of each Vehicle to Lessee, send Lessee a Schedule covering the Vehicle which will include, among other things, a description of the Vehicle, the lease term and the monthly rental and other payments due with respect to the Vehicle. The terms contained in each Schedule will be binding on Lessee unless Lessee objects in writing to such Schedule within ten (10) days from the date of delivery of the Vehicle covered by such Schedule. This Agreement is a lease only and Lessor will at all times remain the owner of the Vehicles and Lessee will have no right, title or interest in or to the Vehicles except for the use of the Vehicles as described in this Agreement. This Agreement shall be treated as a true lease for federal and applicable state income tax purposes with Lessor having all benefits of ownership.

2. **TERM**: The term of this Agreement ("Term") for each Vehicle begins on the date such Vehicle is delivered to Lessee (the "Delivery Date") and, unless terminated earlier in accordance with the terms this Agreement, continues for the "Lease Term" as described in the applicable Schedule.

3. **RENT AND OTHER CHARGES**:

(a) Lessee agrees to pay Lessor monthly rental according to the Schedules and this Agreement. The monthly rental payments will be in the amount listed as the “Total Monthly Rental Including Additional Services” on the applicable Schedule and will be due and payable in advance on the first day of each month. If a Vehicle is delivered to Lessee on any day other than the first day of a month, monthly rental payments will begin on the first day of the next month. In addition to the monthly rental payments, Lessee agrees to pay Lessor a pro-rated rental charge for the number of days that the Delivery Date precedes the first rental payment date. A portion of each monthly rental payment, being the amount designated as "Depreciation Reserve" on the applicable Schedule, will be considered as a reserve for depreciation and will be credited against the Delivered Price of the Vehicle for purposes of computing the Book Value of the Vehicle under Section 3(c). Lessee agrees to pay Lessor the “Total Initial Charges” set forth in each Schedule on the due date of the first monthly rental payment under such Schedule.

(b) In the event the Term for any Vehicle ends prior to the last day of the scheduled Term, whether as a result of a default by Lessee, a Casualty Occurrence or any other reason,

the rentals and management fees paid by Lessee will be recalculated in accordance with the rule of 78's and the adjusted amount will be payable by Lessee to Lessor on the termination date.

(c) Lessee agrees to pay Lessor within thirty (30) days after the end of the Term for each Vehicle, additional rent equal to the excess, if any, of (i) the Book Value of such Vehicle over (ii) the greater of (A) the wholesale value of such Vehicle as determined by Lessor in good faith or (B) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable schedule. If the Book Value of such Vehicle is less than the greater of (A) the wholesale value of such Vehicle as determined by Lessor in good faith or (B) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable schedule, Lessor agrees to pay such deficiency to Lessee as a terminal rental adjustment within thirty (30) days after the end of the applicable Term. Notwithstanding the foregoing, if (i) the term for such Vehicle is greater than forty-eight (48) months, (ii) the mileage on such Vehicle at the end of the Term is greater than 15,000 miles per year on average (i.e., if the mileage on a Vehicle with a Term of thirty-six (36) months is greater than 45,000 miles) or (iii) in the sole judgment of Lessor, such Vehicle has been subject to damage or any abnormal or excessive wear and tear, the calculations described in the two immediately preceding sentences shall be made without giving effect to clause (B) in each such sentence. The "Book Value" of a Vehicle means the sum of (i) the "Delivered Price" of the Vehicle as set forth in the applicable Schedule minus (ii) the total Depreciation Reserve paid by Lessee to Lessor with respect to such Vehicle plus (iii) all accrued and unpaid rent and/or other amounts owed by Lessee with respect to such Vehicle.

(d) Any rental payment or other amount owed by Lessee to Lessor which is not paid within twenty (20) days after its due date will accrue interest, payable on demand of Lessor, from the date due until paid in full at a rate per annum equal to the lesser of (i) Eighteen Percent (18%) per annum or (ii) the highest rate permitted by applicable law.

(e) If Lessee fails to pay any amount due under this Agreement or to comply with any of the covenants contained in this Agreement, Lessor may, at its option, pay such amounts or perform such covenants and all sums paid or incurred by Lessor in connection therewith will be repayable by Lessee to Lessor upon demand.

4. **USE AND SURRENDER OF VEHICLES**: Lessee agrees to allow only duly authorized, licensed and insured drivers to use and operate the Vehicles. Lessee agrees to comply with, and cause its drivers to comply with, all laws, statutes, rules, regulations and ordinances and the provisions of all insurance policies affecting or covering the Vehicles or their use or operation. Lessee agrees to keep the Vehicles free of all liens, charges and encumbrances. Lessee agrees that in no event will any Vehicle be used or operated for transporting hazardous substances or persons for hire, for any illegal purpose or to pull trailers that exceed the manufacturer's trailer towing recommendations. Lessee agrees not to remove any Vehicle from the continental United States without first obtaining Lessor's written consent. At the expiration or earlier termination of this Agreement with respect to each Vehicle, or upon demand by Lessor made pursuant to Section 14, Lessee at its risk and expense agrees to return such Vehicle to Lessor at such place and by such reasonable means as may be designated by Lessor. If for any reason Lessee fails to return any Vehicle to Lessor as and when required in accordance with this section, Lessee agrees to pay Lessor additional rent for such Vehicle at twice the normal pro-rated daily rent. Acceptance of such additional rent by Lessor will in no way limit Lessor’s remedies with respect to Lessee’s failure to return any Vehicle as required hereunder

5. **COSTS, EXPENSES, FEES AND CHARGES:** Lessee agrees to pay all costs, expenses, fees, charges, fines, tickets, penalties and taxes (other than federal and state income taxes on the income of Lessor) incurred in connection with the titling, registration, delivery, purchase, sale, rental, use or operation of the Vehicles during the Term. If Lessor incurs any such costs or expenses, Lessee agrees to promptly reimburse Lessor for the same.

6. **LICENSE AND CHARGES:** Each Vehicle will be licensed in Lessor's name at Lessee's expense. Certain other charges relating to the acquisition of each Vehicle and paid or satisfied by Lessor have been capitalized in determining the monthly rental, treated as an initial charge or otherwise charged to Lessee. Such charges have been determined without reduction for trade-in, exchange allowance or other credit attributable to any Lessor-owned vehicle.

7. **REGISTRATION PLATES, ETC.:** Lessee agrees, at its expense, to obtain in the name of Lessor all registration plates and other plates, permits, inspections and/or licenses required in connection with the Vehicles, except for the initial registration plates which Lessor will obtain at Lessee's expense. The parties agree to cooperate and to furnish any and all information or documentation which may be reasonably necessary for compliance with the provisions of this section or any federal, state or local law, rule, regulation or ordinance. Lessee agrees that it will not permit any Vehicle to be located in a state other than the state in which such Vehicle is then titled for any continuous period of time that would require such Vehicle to become subject to the titling and/or registration laws of such other state.

8. **IMPROVEMENTS & MAINTENANCE OF VEHICLES**: Lessee agrees, at its expense, to (a) maintain the Vehicles in good condition, repair, maintenance and running order and in accordance with all manufacturer's instructions and warranty requirements and all legal requirements and (b) furnish all labor, materials, parts, and other essentials required for the proper operation and maintenance of the Vehicles. Any alterations, additions, replacement parts or improvements to the Vehicles will become and remain the property of Lessor and will be returned with the Vehicles pursuant to Section 4. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Lessee shall have the right to remove any additional equipment installed by Lessee on a Vehicle prior to returning such Vehicle to Lessor under Section 4. The value of such alterations, additions, replacement parts and improvements will in no instance be regarded as rent. Without the prior written consent of Lessor, Lessee will not make any alterations, additions, replacement parts or improvements to the Vehicles which detract from its economic value or functional utility. Lessor will not be required to make any repairs or replacements of any nature or description with respect to the Vehicles, to maintain or repair the Vehicles or to make any expenditure whatsoever in connection with the Vehicles or this Agreement.

9. **SELECTION OF VEHICLES AND DISCLAIMER OF WARRANTIES**:

(a) LESSEE ACCEPTANCE OF DELIVERY AND USE OF EACH VEHICLE WILL CONCLUSIVELY ESTABLISH THAT SUCH VEHICLE IS OF A SIZE, DESIGN, CAPACITY, TYPE AND MANUFACTURE SELECTED BY LESSEE AND THAT SUCH VEHICLE IS IN GOOD CONDITION AND REPAIR AND IS SATISFACTORY IN ALL RESPECTS AND IS SUITABLE FOR LESSEE'S PURPOSE. LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OF OR A DEALER IN ANY VEHICLE OR AN AGENT OF A

MANUFACTURER OF OR A DEALER IN ANY VEHICLE.

(b) LESSOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY VEHICLE, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR WITH RESPECT TO INFRINGEMENT, TITLE OR THE LIKE, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. THE VEHICLES ARE LEASED "AS IS," "WITH ALL FAULTS." All warranties made by any supplier, vendor and/or manufacturer are hereby assigned by Lessor to Lessee for the applicable Term and Lessee's only remedy, if any, is against the supplier, vendor or manufacturer of the Vehicles. No defect, unfitness or lack of governmental approval regardless of the cause or consequence will relieve Lessee from the performance of its obligations under this Agreement, including the payment of rent.

(c) Lessor will not be liable to Lessee for any liability, claim, loss, damage (direct, incidental or consequential) or expense of any kind or nature, caused directly or indirectly, by any Vehicle or any inadequacy of any Vehicle for any purpose or any defect (latent or patent) in any Vehicle or the use or maintenance of any Vehicle or any repair, servicing or adjustment of or to any Vehicle, or any delay in providing or failure to provide any Vehicle, or any interruption or loss of service or use of any Vehicle, or any loss of business or any damage whatsoever and however caused. In addition, Lessor will have no liability to Lessee under this Agreement or under order authorization form executed by Lessee if Lessor is unable to locate or purchase a Vehicle ordered by Lessee or for any delay in delivery of any Vehicle ordered by Lessee.

10. **RISK OF LOSS**: Lessee assumes and agrees to bear the risk of loss of, theft of, damage to or destruction of any Vehicle from any cause whatsoever ("Casualty Occurrence"). No Casualty Occurrence to any Vehicle will relieve Lessee from its obligation to pay rent or to perform any of its other obligations under this Agreement. In the event of a Casualty Occurrence , Lessee shall give Lessor prompt notice of the Casualty Occurrence and thereafter will place the applicable Vehicle in good repair, condition and working order; provided, however, that if the applicable Vehicle is determined by Lessor to be lost, stolen, destroyed or damaged beyond repair (a "Totaled Vehicle"), Lessee agrees to pay Lessor no later than the date thirty (30) days after the date of the Casualty Occurrence the amounts owed under Sections 3(b) and 3(c) with respect to such Totaled Vehicle. Upon such payment, this Agreement will terminate with respect to such Totaled Vehicle.

11. **INSURANCE**: Lessee agrees to purchase and maintain in force during the Term, insurance policies in at least the amounts listed below covering each Vehicle, to be written by an insurance company satisfactory to Lessor, insuring Lessee and Lessor against any damage, claim, suit, action or liability:

(a) Commercial Automobile Liability, including Uninsured/Underinsured Motorist Coverage and No-Fault Protection ($5,000,000 for Vehicles capable of transporting more than 8 passengers):

State of Vehicle Registration	Coverage

Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont	$1,000,000 Combined Single Limit Bodily Injury and Property Damage - No Deductible
Florida	$500,000 Combined Single Limit Bodily Injury and Property Damage or $100,000 Bodily Injury Per Person, $300,000 Per Occurrence and $50,000 Property Damage (100/300/50) - No Deductible
All Other States	**$300,000 Combined Single Limit Bodily Injury and Property Damage or $100,000 Bodily Injury Per Person, $300,000 Per Occurrence and $50,000 Property Damage (100/300/50) - No Deductible**

(b) Physical Damage (Collision & Comprehensive: Actual cash value of the applicable Vehicle. Maximum deductible of $500 per occurrence - Collision and $250 per occurrence - Comprehensive).

If the requirements of any governmental or regulatory agency exceed the minimums stated in this Agreement, Lessee must obtain and maintain the higher limits. Lessee agrees that each required policy of insurance will by appropriate endorsement or otherwise name Lessor as an additional insured and as a loss payee, as its interests may appear. Further, each such insurance policy must provide the following: (i) that the same may not be cancelled, changed or modified until after the insurer has given to Lessor or its assigns at least a thirty (30) day prior written notice of such proposed cancellation, change or modification, (ii) that no act or default of Lessee or any other person shall affect the right of Lessor to recover under such policy or policies of insurance in the event of any loss of or damage to any Vehicle and (iii) that the coverage is "primary coverage" for the protection of Lessee and Lessor notwithstanding any other coverage carried by Lessee or Lessor protecting against similar risks. Original certificates evidencing such coverage and naming Lessor as an additional insured and loss payee, shall be furnished to Lessor prior to the Delivery Date, and annually thereafter and/or as reasonably requested by Lessor from time to time. In the event of default, Lessee hereby appoints Lessor as Lessee's attorney-in-fact to receive payment of, to endorse all checks and other documents and to take any other actions necessary to pursue insurance claims and recover payments if Lessee fails to do so. Any expense of Lessor in adjusting or collecting insurance shall be borne by Lessee.

Lessee, its drivers, servants and agents agree to cooperate fully with Lessor and any insurance carriers in the investigation, defense and prosecution of all claims or suits arising from the use or operation of any Vehicle. If any claim is made or action commenced for death, personal injury or property damage resulting from the ownership, maintenance, use or operation of any Vehicle, Lessee will promptly notify Lessor of such action or claim and

forward to Lessor a copy of every demand, notice, summons or other process received in connection with such claim or action.

12. **INDEMNITY**: Lessee agrees to indemnify Lessor from and against any and all losses, damages, liabilities, suits, claims, demands, expenses and costs (including, without limitation, reasonable attorneys' fees and expenses) which Lessor may incur by reason of Lessee's breach or violation of, or failure to observe or perform, any term, provision or covenant of this Agreement, or as a result of any loss, damage, theft or destruction of any Vehicle or related to or arising out of or in connection with the use, operation or condition of any Vehicle.

13. **INSPECTION OF VEHICLES; ODOMETER DISCLOSURE**: Lessee agrees to accomplish, at its expense, all inspections of the Vehicles required by any governmental authority during the Term. Lessor will have the right to inspect any Vehicle at any reasonable time(s) during the Term and for this purpose to enter into or upon any building or place where any Vehicle is located. Lessee agrees to comply with all odometer disclosure laws, rules and regulations and to provide such written and signed disclosure information on such forms and in such manner as directed by Lessor. Providing false information or failure to complete the odometer disclosure form as required by law may result in fines and/or imprisonment.

14. **DEFAULT; REMEDIES**: The following shall constitute events of default ("Events of Default") by Lessee under this Agreement: (a) if Lessee fails to pay when due any rent or other amount due under this Agreement; (b) if Lessee fails to perform, keep or observe any other term, provision or covenant contained in this Agreement; (c) any seizure or confiscation of any Vehicle or any other act (other than a Casualty Occurrence) otherwise rendering any Vehicle unsuitable for use (as determined by Lessor); (d) the occurrence of a material adverse change in the financial condition or business of Lessee; or (e) if Lessee is in default under or fails to comply with any other present or future agreement with or in favor of Lessor.

Upon the occurrence of any Event of Default, Lessor, without notice to Lessee, will have the right to exercise concurrently or separately (and without any election of remedies being deemed made), the following remedies: (a) Lessor may demand and receive immediate possession of any or all of the Vehicles from Lessee, without releasing Lessee from its obligations under this Agreement; if Lessee fails to surrender possession of the Vehicles to Lessor on default (or termination or expiration of the Term), Lessor and its agents and independent contractors shall have the right to enter upon any premises where the Vehicles may be located and to remove and repossess the Vehicles; (b) Lessor may enforce performance by Lessee under this Agreement; (c) Lessor may recover damages and expenses sustained by Lessor by reason of Lessee's default including, to the extent permitted by applicable law, all costs and expenses, including court costs and attorneys' fees and expenses, incurred by Lessor in attempting or effecting enforcement of its rights under this Agreement (whether or not litigation is commenced) and/or in connection with bankruptcy or insolvency proceedings; (d) upon written notice to Lessee, Lessor may terminate Lessee's rights under this Agreement; (e) with respect to each Vehicle, Lessor may recover from Lessee all amounts owed by Lessee under Sections 3(b) and 3(c) of this Agreement (and, if Lessor does not recover possession of a Vehicle, (i) the estimated wholesale value of such Vehicle for purposes of Section 3(c) shall be deemed to be $0.00 and (ii) the calculations described in the first two sentences of Section 3(c) shall be made without giving effect to clause (B) in each such sentence); and/or (f) Lessor may exercise any other right or remedy which may be

available to Lessor under the Uniform Commercial Code, any other applicable law or in equity. A termination of this Agreement shall occur only upon written notice by Lessor to Lessee. Any termination shall not affect Lessee's obligation to pay all amounts due for periods prior to the effective date of such termination or Lessee's obligation to pay any indemnities under this Agreement. All remedies of Lessor under this Agreement or at law or equity are cumulative.

15. **ASSIGNMENTS**: Lessor may from time to time (a) assign, pledge or transfer this Agreement and/or any or all of its rights or interests under this Agreement and/or (b) grant a security interest in or lien on any or all of the Vehicles to secure indebtedness of Lessor. Lessee agrees, upon notice of any such assignment, security interest or lien, to acknowledge receipt thereof in writing and, as instructed in such notice, pay all amounts due or to become due under this Agreement to such assignee or secured party. Each such assignee or secured party will have all of the rights of Lessor under this Agreement but none of Lessor's obligations or duties under this Agreement other than Lessor's obligations under Section 3(c) of this Agreement. Lessee agrees that it will not assert against any such assignee or secured party any defense, offset, claim or counterclaim which Lessee may be entitled to assert against Lessor under this Agreement or otherwise, but any such claim may be separately asserted against Lessor. Lessee's rights and interest in and to the Vehicles are and will continue at all times to be subject and subordinate in all respects to any assignment or security agreement now or hereafter executed by Lessor with or in favor of any such assignee or secured party, provided that Lessee shall have the right of quiet enjoyment of the Vehicles so long as no Event of Default under this Agreement has occurred and is continuing.

Without the prior written consent of Lessor, Lessee may not assign, sublease, transfer or pledge this Agreement, any Vehicle, or any interest in this Agreement or in and to any Vehicle, or permit its rights under this Agreement or any Vehicle to be subject to any lien, charge or encumbrance. Lessee's interest in this Agreement is not assignable and cannot be assigned or transferred by operation of law. Lessee will not transfer or relinquish possession of any Vehicle (except for the sole purpose of repair or service of such Vehicle) without the prior written consent of Lessor.

16. MISCELLANEOUS: This Agreement contains the entire understanding of the parties. Any modification, change or amendment may be made only by an instrument in writing executed by the parties. If any term or provision of this Agreement or any application of any such term or provision is invalid or unenforceable, the remainder of this Agreement and any other application of such term or provision will not be affected thereby. Giving of all notices under this Agreement will be sufficient if mailed by certified mail to a party at its address set forth below or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address will be effective one (1) day after deposit in the United States mail, duly addressed, with certified mail, postage prepaid. Lessee will promptly notify Lessor of any change in Lessee's address. This agreement may be executed in multiple counterparts (including telecopy counterparts), but the counterpart marked "ORIGINAL" by Lessor will be the original lease for purposes of applicable law. All of the representations, warranties, covenants, agreements and obligations of each Lessee under this Agreement (if more than one) are joint and several.

17. SUCCESSORS AND ASSIGNS; GOVERNING LAW: Subject to the provisions of

Section 15, this Agreement will be binding upon Lessee and its heirs, executors, personal representatives, successors and assigns, and will inure to the benefit of Lessor and its successors and assigns. This Agreement will be governed by and construed in accordance with the substantive laws of the state where Lessor's office is located (as set forth below), which law will apply in the event of any conflict of law.

Unit being leased over the _____ month lease term

Year:_____ Make:_____ Model:_____

Color:_____ Unit #:_____

VIN#:_____

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Equity Lease Agreement as of the day and year first above written.

LESSEE: Creative Colors International *an Illinois Corporation*

LESSOR: Creative Colors International, Inc.,Dba--

Individually:

_____
Print Name:

_____
Sign Name

_____
Print Name:

_____
Sign Name

Address: _____

_____

By: Mark J. Bollman
Title: President

Address: 19015 S. Jodi Road, Suite E
Mokena, IL 60448

Company:

_____
Print Name:

_____
Title

_____
Sign Name

Address: _____

_____

Exhibit K
Franchise Disclosure Document
State Addenda

Following this page are addenda for the States of California, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota and Washington.

If you are a resident of one of these states or your proposed franchise business location is in one of these states or you will be operating in one of these states, please read the addendum for the relevant state(s), and the addendum to the Franchise Agreement that may apply to your transaction with us.

CALIFORNIA

"THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT."

Neither Creative Colors International, Inc., any person or franchise broker in Item 2 of this Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in this association or exchange.

Item 17 shall be amended to include the following language:

> "Section XXIX requires binding arbitration. The arbitration will occur in Chicago, Illinois with the cost being borne by us and you. This provision may not be enforceable under California law.
>
> Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
>
> Section 31125 of the franchise investment law requires us to give you a disclosure document, approved by the Department of Business Oversight before we ask you to consider a material modification of your franchise agreement.
>
> California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control."

Relative to the covenant not to compete: "The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law."

Relative to the no-poach/non-solicitation: "The franchisor will not enforce in California the prohibition on franchisee or its employees employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) that is disclosed in Item 17, row q, and is contained in section XVI.C of the Franchise Agreement and section 7 and 8 of an employee's Confidentiality Agreement and Ancillary Covenants Not to Compete."

Relative to the provision for termination upon bankruptcy: "This provision may not be enforceable under federal bankruptcy law". (11 USCA Sec.101 et seq.)

The franchise agreement requires application of the laws and the use of the forum of another state: "The franchise agreement requires the use of the forum and the application of the law of Illinois. This provision may not be enforceable under California law."

THE FRANCHISE AGREEMENT REQUIRES YOU TO SIGN A GENERAL RELEASE OF CLAIMS UPON RENEWAL OR TRANSFER OF THE FRANCHISE AGREEMENT. CALIFORNIA

CORPORATIONS CODE SECTION 31512 PROVIDES THAT ANY CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THAT LAW OR ANY RULE OR ORDER IS VOID. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

OUR WEBSITE IS HTTP://WWW.CREATIVECOLORSINTL.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

ILLINOIS

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law shall apply to and govern the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

INDIANA

The Risk Factors on the cover page of the Offering Circular shall be amended by the addition of the following language:

> THE FRANCHISE AGREEMENT STATES THAT ILLINOIS LAW GOVERNS THE AGREEMENT (EXCEPT THAT THE FRANCHISE AND RELATED AGREEMENTS SHALL BE INTERPRETED AND CONSTRUED UNDER THE INDIANA FRANCHISE LAWS) AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

Item 5 and Item 17(c) is amended by the addition of the following language to the original language that

appears therein:

> "Indiana law prohibits franchisors from requiring its franchisees to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability under Indiana Code 23-2-2.7-1(5)."

Item 6, under Attorney Fees and Costs, shall be amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits the limitation of litigation brought for breach of the agreement in any manner whatsoever under Indiana Code 23-2-2.7-1(10)."

Item 8 is amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits Franchisor from obtaining money, goods, services or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the Franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee under Indiana Code 23-2-2.7-1(4) and Indiana Code 23-2-2.7-2(6)."

Item 17(r) is amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits covenants not to compete in an area greater than the exclusive area granted by the franchise agreement under Indiana Code 23-2-2.7-1(9)."

Item 17(v) and Item 17(w) is amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits the limitation of litigation brought for breach of the Agreement in any manner whatsoever under Indiana Code 23-2-2.7-1(10)."

Item 17 shall be amended to include the following language at the end of the table:

> "THE conditions under which a franchise can be terminated and your rights upon non-renewal may be affected by Indiana Code 23-2-2.5 and Indiana Code 23-2-2.7. If the franchise agreement contains a provision that is inconsistent with Indiana law, Indiana law will control."

Exhibit D.10 of the Installment Collateral Note is amended by the addition of the following language:

> "Indiana law prohibits the limitation of litigation brought for breach of the Agreement in any manner whatsoever. Any provision which designates jurisdiction or venue in a forum outside of Indiana is void with respect to any cause of action which is otherwise enforceable in Indiana. The Franchise Agreement and all related agreements shall be interpreted and construed under the

Indiana Franchise Laws, except to the extent governed by the United States Trademark Act of 1946."

MARYLAND

All state specific changes for this state apply to residents of this state, without respect to their franchise location, and to non-residents who will operate their franchise in this state.

Item 17.c. is amended by the addition of the following language to the original language:

"The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Distribution and Disclosure Law."

Item 17.m. is amended by the addition of the following language to the original language:

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

Item 17.v. is amended by the addition of the following language to the original language:

"A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

Item 17. is amended by the addition of the following language to the original language:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et. seq.)."

The Franchise Disclosure Questionnaire is amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

MINNESOTA

The Franchise Disclosure Document shall be amended for Franchisees in Minnesota as follows:

1. Item 6 is revised to provide that the NSF Fee is $30 per occurrence (and not $50 per occurrence).

2. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT.

CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)

    a. that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and

    b. that consent to the transfer of the franchise will not be unreasonably withheld.

4. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

5. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

7. Any Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

NEW YORK

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

    INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRASTORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

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

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

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

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

York

RHODE ISLAND

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

In spite of the provisions of Item 17v and Item 17w of the disclosure document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor. To the extent required by Section 19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

SOUTH DAKOTA

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law.

The franchise Agreement provides for arbitration in Illinois. Under South Dakota law, arbitration must be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates Illinois law as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but contractual and all other matters, will be subject to application, construction, enforcement, and interpretation under the governing law of Illinois.

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

Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make payments contained in the disclosure document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.

Pursuant to SDL 37-5A86, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void. Any acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.

VIRGINIA

The following statements are added to Item 5 and 17.e.

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

WASHINGTON

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

The State of Washington has a statute, RCW 19.100.180, that may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

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

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

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

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

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

The franchise agreement requires you to sign a general release of claims as a condition of renewing or

reselling the franchise. A release or waiver of rights signed by a franchise owner may not include rights under the Washington Franchise Investment Protection Act. This will not prevent a franchisor from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute after the agreement is in effect and when you are represented by independent counsel.

Under Washington law, resale fees may be collected only to the extent that they reflect the franchisor's reasonable estimated or actual costs in connection with the resale.

EXHIBIT L
STATE ADDENDA

Following this page are addenda to the Franchise Agreement, Area Development Agreement, and other documents noted.

1. California (also Exhibit M, Confidentiality Agreement and Ancillary Covenants Not to Compete, and Exhibit H, Franchisee Disclosure Questionnaire)
2. Hawaii
3. Illinois
4. Indiana
5. Minnesota
6. New York
7. North Dakota
8. South Dakota
9. Washington
10. Wisconsin

You must sign the signature page for this exhibit if:
(1) you are an individual resident of any of these states; or
(2) you are an entity formed in any of these states; or
(3) you are an entity with your principal place of business in any of these states; or
(4) your franchised business will be in any of these states.

If none of these conditions applies, then this exhibit is not applicable to you.

CALIFORNIA Addendum to Franchise Agreement

Notwithstanding anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Item 6 of the Franchise Disclosure Document on "Other Fees" is amended by the addition of the following:

The highest interest rate allowed in California is 10%.

2. The Franchisor reserves the right to establish alternative channels of distribution within the Franchisee's Area of Primary Responsibility/Exclusive Territory.

3. Item 17 of the Franchise Disclosure Document on "Renewal, Termination, Transfer and Dispute Resolution" is amended by the addition of the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

5. The franchise agreement requires binding arbitration. The arbitration will occur at Chicago, Illinois, with the costs being borne by Franchisor and Franchisee.

6. The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision is not enforceable under California law.

7. Subsection XVI(C)(2) of the Franchise Agreement is hereby deleted.

8. Section XXVI of the Franchise Agreement shall be amended to delete the following:

"No other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise."

The remainder of Section XXVI remains in full force and effect.

9. Section XXXIII(B) of the Franchise Agreement is hereby deleted.

10. Any condition, stipulation or provision in the Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that the contractual provision violates this act.

CALIFORNIA Addendum to Area Development Agreement

1. Section 10.B. is hereby amended by adding the following language:

   The incorporation of Section XVI(C) of the Franchise Agreement shall not include Subsection XVI(C)(2).

2. Section 17 is hereby deleted and stricken in its entirety for California Franchisees.

CALIFORNIA Addendum to Exhibit M, (Confidentiality Agreement and Ancillary Covenants Not to Compete)

Notwithstanding anything to the contrary in the Confidentiality Agreement and Ancillary Covenant Not to Compete, the following provision will supersede and apply to all franchises offered and sold in the State of California:

1. Subsections 7(b) and 8(d) of the Confidentiality Agreement and Ancillary Covenant Not to Compete shall be deleted and stricken in their entirety for California Franchisees.

CALIFORNIA Addendum to Exhibit H, (Franchisee Disclosure Questionnaire)

Exhibit H shall be deleted and stricken in its entirety for California Franchisees.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of California as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

HAWAII

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Hawaii:

1. Any provision of the Agreement that requires you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is deleted from the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Hawaii as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

ILLINOIS

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

5. Illinois law shall apply to and govern the Franchise Agreement.
6. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
7. Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
8. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Illinois as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

INDIANA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

Section II.B.7 and Section XIX shall be amended by the addition of the following language:

> "Indiana law prohibits franchisors from requiring its franchisees to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability under Indiana Code 23-2-2.7-1(5)."

Section XVI is amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits covenants not to compete in an area greater than the exclusive area granted by the franchise agreement under Indiana Code 23-2-2.7-1(9)."

Section XVII is amended by the addition of the following language to the original language that appears therein:

> "Unilateral termination of the franchise is not permitted under Indiana law if such termination is without good cause or in bad faith. Good cause within the meaning of Indiana law includes any material violation of the Franchise Agreement. The conditions under which a franchise can be terminated and your rights upon non-renewal will be affected by Indiana Code 23-2-2.5 and Indiana Code 23-2-2.7"

Section XVIII is amended by the addition of the following language to the original language that appears therein:

> "Franchisor shall not permit a franchise to fail to renew without good cause or in bad faith. However, Indiana law does not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if Franchisee meets certain conditions specified in the agreement."

Section XVIII and Section XX are amended by the addition of the following language to the original language that appears therein:

> "Franchisee is required to indemnify Franchisor from all claims arising out of Franchisor's operation of the Franchised Business, except that Franchisee is not required to indemnify Franchisor for claims arising from Franchisor's negligence or misconduct."

Section XVIII is amended to read as follows or to include the following language:

> A. "In the event of an alleged breach of Paragraph VI, VII or VIII of the Franchise Agreement, Franchisor shall be entitled to seek immediate equitable remedies, including without

limitation, restraining orders and injunctive relief in order to safeguard such proprietary and confidential information."

B. "Franchisee is not responsible for tortious claims arising from Franchisor's gross negligence or willful misconduct in the making of or causing of such changes necessary in Franchisor's protection of its Marks."

Section XXV.B. shall be amended by the addition of the following language to the original lanugage that appears therein:

"Indiana law prohibits the limitation of litigation brought for breach of the agreement in any manner whatsoever under Indiana Code 23-2-2.7-1(10)."

Section XXVIII is amended by the addition of the following language to the original language that appears therein:

"Indiana prohibits the limitation of litigation brought for breach of the Agreement in any matter whatsoever under Indiana Code 23-2-2.7-1(10). Any provision which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue in a forum outside of Indiana is void with respect to any cause of action which is otherwise enforceable in Indiana. The Franchise Agreement and all related agreements shall be interpreted and construed under the Indiana Franchise Laws, except to the extent governed by the United States Trademark Act of 1946."

Section XXIX is amended by the addition of the following language to the original language that appears therein:

"The Franchise Agreement provides that any disputes between the parties shall be arbitrated in Cook County, Illinois. However, in the event that an Indiana franchisee elects to arbitrate in the state of Indiana, arbitration shall take place at a mutually appointed time and place in Indiana."

Exhibit B is amended by the addition of the following language to the original language that appears therein:

"Notwithstanding the foregoing, a prospective general release of claims for liability imposed under the Indiana Deceptive Practices Act is specifically prohibited under Indiana Code 23-2-2.7-1(5)."

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Indiana as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

MARYLAND – Franchise Agreement

All state specific changes for this state apply to residents of this state, without respect to their franchise location, and to non-residents who will operate their franchise in this state.

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

1. Paragraph II.B.9 of the Franchise Agreement on Renewal, and Paragraph XIX.B.2.c)(8) of the Franchise Agreement on Transfer by Franchisee are amended by the addition of the following language to the original languages:

   "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Paragraph XXVIII.B. of the Franchise Agreement on Jurisdiction shall be amended by the addition of the following language to the original language:

   "Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

3. The Franchise Agreement shall be amended by the addition of the following new Paragraph XXXVIII:

   "XXXVIII. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

4. The Franchise Agreement shall be amended by the addition of the following new Paragraph XXXIX:

   XXXIX. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Maryland as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:	FRANCHISEE:
CREATIVE COLORS INTERNATIONAL, INC.	Entity name (if any):
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date: _____	
	By: _____
	Printed Name: _____
	Title: _____

MARYLAND – Area Development Agreement

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all Area Development Agreements offered and sold in the State of Maryland:

1. Paragraph 13C(3) of the Area Development Agreement on Transfer by Area Developer is amended by the addition of the following language to the original languages:

   "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Paragraph 10.B. of the Area Development Agreement on Jurisdiction shall be amended by the addition of the following language to the original language:

   "Area Developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

3. The Area Development Agreement shall be amended by the addition of the following new Paragraph 22:

   "22. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

4. The Area Development Agreement shall be amended by the addition of the following new Paragraph 23:

   23. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Maryland as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

MINNESOTA

This Addendum is to a Franchise Agreement ("FA"), and Area Development Agreement ("ADA"), dated, 20_____ between Creative Colors International, Inc. and _____ (Franchisee/Area Developer) to amend said Agreement as follows:

1. All payments under this Agreement that are not honored for any reason will be charged a fee of $30.00 to help offset bank charges and administrative expenses. This fee will be in addition to any late fee or interest that may accrue because of insufficient funds.

   Modifies: FA - Section XI.C.

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

   Modifies: FA - Sections XXVIII, XXXIII.B, and XXXVII;
   ADA - Section 16.D.; and

3. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)

   a. that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and

   b. that consent to the transfer of the franchise will not be unreasonably withheld.

   Modifies: FA - Article XVII;
   ADA - Article 11; and

4. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

   Modifies: FA - Article VI; and

5. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

   Modifies: FA - Paragraph II.B.9 on Renewal, and Paragraph XIX.B.2.c)(8)on Transfer by Franchisee;
   ADA - Paragraph 13C(3) on Transfer by Area Developer; and

   The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek

injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

Modifies: FA - Paragraphs VIII.E. and XXVIII.D; and
ADA - Paragraph 16.A.

6. Any Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Minnesota as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

NEW YORK

Notwithstanding anything to the contrary in the Franchise Agreement and Area Development Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of New York:

1. Section 7.A. of the Franchise Agreement under the heading "CONFIDENTIAL MANUALS", shall be amended by adding the following language to the end of Section 7.A.:

"The changes to the Operations Manual contemplated by this Section shall not impose an unreasonable economic burden on Franchisee or unreasonably increase Franchisee's obligations under this Agreement."

2. Section 19.A. of the Franchise Agreement and Section 13 of the Area Development Agreement shall be amended by adding the following language:

"However, no assignment shall be made by Franchisor except to an assignee who, in the good faith judgment of Franchisor, is willing and able to assume Franchisor's obligations under this Agreement."

3. Section 17.A. of the Franchise Agreement, Section 11 of the Area Development Agreement shall be amended by adding the following language:

"Franchisee, Area Developer or may terminate this Agreement under any grounds available under the New York General Business Law."

4. Section 28 of the Franchise Agreement and shall be amended by adding the following language:

"This provision is not a waiver of any right conferred upon Franchisee by the General Business Law of the State of New York, Article 33."

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

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of New York as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

NORTH DAKOTA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.

2. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Agreement or Illinois law.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of North Dakota as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

SOUTH DAKOTA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of South Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

2. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Agreement will be and remain subject to the construction, enforcement and interpretation of the laws of Illinois.

3. Termination provisions covering breach of the Agreement, failure to meet performance and quality standards, and failure to make payments contained in the Agreement will afford you 30 days written notice with an opportunity to cure said default prior to termination.

4. REGISTRATION OF THIS FRANCHISE DOES NOT CONSITITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of South Dakota as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

WASHINGTON

Washington Addendum to the
Franchise Agreement, Area Development Agreement, Disclosure Questionnaire
And Related Agreements

Notwithstanding anything to the contrary in the Agreement, the following provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will supersede and apply to all franchises offered and sold in the State of Washington:

The State of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

6. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring

any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Washington as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

WISCONSIN

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats. Supersedes any provisions of the Agreement that are inconsistent with that law.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Wisconsin as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: _____
Printed Name: _____
Title: _____

Date: _____

FRANCHISEE:
Entity name (if any):

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

EXHIBIT M TO FRANCHISE DISCLOSURE DOCUMENT
(Employee)

CONFIDENTIALITY AGREEMENT, PROPRIETARY RIGHTS AND NON-COMPETITION AGREEMENT

This Confidentiality Agreement, Proprietary Rights and Non-Competition Agreement (the "Agreement") is made and entered into on _____, among _____ ("Franchisee") and _____ ("Employee"). Franchisee and Employee are sometimes collectively referred to as the "Parties", and each is a "Party".

RECITALS

A. Creative Colors International, Inc., an Illinois corporation ("Franchisor") has the right to use and license the use of a "System" for the operation of a CREATIVE COLORS INTERNATIONAL businesses relating to the establishment, development and operation of such businesses specializing in providing services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; upholstering furniture, booths, tables and similar items; and providing related services on a mobile basis, primarily to commercial customers (referred to as "Accounts").

B. The System is identified by the "Mark," "CREATIVE COLORS INTERNATIONAL" or "CCI" and includes "Confidential Information" which provides economic advantages to Franchisor, franchisees, and other licensed users of the System.

C. Confidential Information means all proprietary and confidential information, including trade secrets relating to the establishment and operation of CREATIVE COLORS INTERNATIONAL businesses, including without limitation: (i) the System, (ii) Franchisor's standards, operating procedures, drawings, techniques, equipment, products, inventory supplier standards and specifications; (iii) advertising and marketing programs and plans; (iv) product research and development; (v) Franchisor's training, sales manuals and other confidential manuals; (vi) knowledge of the operating and financial results of CREATIVE COLORS INTERNATIONAL businesses; (vii) customer lists, customer contacts and related information about the services, products and pricing for customers; and (viii) compilations of data.

D. Franchisee, also known as "Company" in the Employment Agreement, and Franchisor are parties to a franchise agreement (the "Franchise Agreement"), pursuant to which Franchisee has been granted limited rights to use the System and has undertaken the obligations set forth therein.

E. Employee is an employee of Franchisee and in connection with Employee's training and duties for Franchisee, it will be necessary for Employee to have access to some or all of the Confidential Information.

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

G. Employee acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Employee herein.

NOW THEREFORE, in consideration of the mutual covenants and obligations contained in this Agreement, the Parties agree as follows:

1. **RECITALS.** The foregoing Recitals are incorporated into this Agreement by this reference.

2. **CONFIDENTIALTY.**

a. In connection with Employee's employment with Franchisee and Employee's duties and responsibilities as an employee of Franchisee, Confidential Information will be disclosed to Employee and, at all times, Employee shall maintain the confidentiality of the Confidential Information and shall use the Confidential Information only in the course of Employee's employment by, or association with, Franchisee and only in connection with the development and/or operation of Franchisee's CREATIVE COLORS INTERNATIONAL business.

b. Employee shall not, at any time, make copies of any documents or compilations containing some or all of the Confidential Information.

c. Employee shall not, at any time, disclose or permit the disclosure of the Confidential Information, except to employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the operation or development of the CREATIVE COLORS INTERNATIONAL businesses.

d. Employee shall surrender the Confidential Information and any other material containing some or all of the Confidential Information to Franchisee (or to Franchisor) upon request, or upon termination of employment by, or association with, Franchisee, or upon conclusion of the use for which the Confidential Information or other information or material may have been furnished to the Employee.

e. Employee shall not, directly or indirectly, do any act or omit to do any act which would, or would likely be, injurious or prejudicial to the goodwill associated with the System.

f. Employee acknowledges that Franchisor and Franchisee granted Employee access to the training manuals, sales manuals, and other confidential manuals for limited purposes only and that no manuals related to CREATIVE COLORS INTERANATIONAL may be reproduced, in whole or part.

g. The restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain being communicated to the Employee through no fault of the Employee; (b) information that entered the public domain after it was communicated to the Employee through no fault of the Employee; (c) information that was in the Employee's possession free of any obligation of confidence at the time it was communicated to the Employee; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings if the Employee is legally compelled to disclose the information, if the Employee has notified the Franchisee and Franchisor before disclosure and used the Employee's best efforts, and afforded the Franchisee and Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Franchisee and Franchisor of confidential treatment for the information required to be so disclosed.

3. **COVENANTS NOT TO COMPETE**

a. To protect the goodwill of the System and in consideration of disclosure of the Confidential Information to Employee, during the time Employee is employed by, or associated with, Franchisee, Employee shall not:

i. Divert or attempt to divert, directly or indirectly, any business, business opportunity, customer or Account of Franchisor, Franchisee, or any other franchisee of Franchisor.

ii. Without consent, employ or seek to employ any person who is at the time, or was at any time during the prior twenty (20) months, a technician or employed by Franchisee, or any other franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

iii. Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other entity, own, maintain, manage, operate, engage in, or have any financial or beneficial interest in, advise, assist or render services or make loans to, any business that is of a character and concept similar to the CREATIVE COLORS INTERNATIONAL businesses, including any business which looks like, copies, imitates or operates in a manner similar to a company providing services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, or providing upholstering services.

b. To also protect the goodwill of the System and in consideration of disclosure to Employee of the Confidential Information, Employee agrees and covenants that for a period of twenty (20) months from the date of termination of Employee's employment by, or association with Franchisee, within Franchisee's Area of Primary Responsibility ("APR"), and within a twenty five (25) mile radius of Franchisee's "APR" as set forth in the Employment Agreement, Exhibit A, and within the Area of Primary Responsibility of any other franchisee of Franchisor, and within a twenty five (25) mile radius of the Area of Primary Responsibility of any other franchisee of Franchisor, that he/she shall not, regardless of the cause for termination; individually, or jointly with others, either directly or indirectly, for itself or himself/herself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company or other entity:

i. Divert or attempt to divert, directly or indirectly, any business, business opportunity, customer or Account of Franchisee, Franchisor, or any other franchisee of Franchisor.

ii. Solicit Franchisee's customers to either directly or indirectly provide services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics, and other upholstery surfaces.

iii. Provide services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics, and other upholstery surfaces to any customers, who either were customers at the time of Employee's termination of employment by Franchisee, or who were customers within six (6) months prior to the date of Employee's termination of employment.

iv. Without consent, employ or seek to employ any person who is at the time, or was at any time during the prior twenty (20) months, a technician or employed by Franchisor, or any other franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

v. Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or corporation or other entity, without consent, own, maintain, manage, operate, engage in, or have any financial or beneficial interest in, advise, assist or render services or make loans to, any business that is of a character and concept similar to the CREATIVE COLORS INTERNATIONAL businesses, including any business which looks like, copies, imitates or operates in a manner similar to a company providing services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, or providing upholstering services.

c. Employee agrees that 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 Franchisor, the goodwill of the System and the Confidential Information.

d. Employee agrees that a violation of this Agreement would cause irreparable harm and there would be no adequate remedy at law. Therefore, in addition to any other remedies which are made available to it at law or equity, Employee agrees that temporary and/or permanent injunctive relief (or similar form of remedy) and a decree for the specific performance of the terms of this Agreement shall be entered against Employee, without the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

e. Any obligation of Employee that contemplates performance of such obligation after the termination or expiration of this Agreement shall be deemed to survive the termination or expiration of this Agreement.

f. During any period in which Employee is in violation of the restrictions set forth in this Section 3, Employee acknowledges and agrees that any period of restriction set forth in Section 3 shall toll and shall not run, and that all restrictions shall automatically be extended by the period Employee was in violation of any such restrictions.

g. 18 U.S.C. 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, the Parties to this Agreement have the right to disclose in confidence trade secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The Parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. 1833(b).

4. **DISCLOSURE AND ASSIGNMENT OF INVENTIONS**.

a. Employee agrees to promptly disclose to the Franchisee and the Franchisor any and all inventions, under the applicable patent, trademark or copyright statutes, which Employee makes, conceives, reduces to practice or learns during the period of employment by Franchisee, either alone or jointly with others, relating to any business in which the Franchisee and the Franchisor, during the period of Employee's employment, is or may be concerned ("Inventions"). Such disclosures shall be made by Employee to the Franchisee and the Franchisor in a written report, setting forth in detail the structures, procedures and methodology employed and the results achieved.

b. Consistent with and to the extent permitted by applicable law, Employee hereby assigns and agrees to assign to the Franchisee and the Franchisor all rights in and to the Inventions and proprietary rights therein, based thereon or related thereto, including, but not limited to, applications for United States and foreign patents and resulting patents and to cooperate with the Franchisee and the Franchisor in maintaining, obtaining, and protecting such proprietary rights.

c. Employee acknowledges notice from the Franchisee and the Franchisor that this foregoing obligation to assign rights in and to any Inventions does not apply to an Invention for which no equipment, supplies, facility or trade secret information of Franchisee and the Franchisor was used and which was developed entirely on Employee's own time, and (i) which does not relate (A) directly to the business of the Franchisee and

the Franchisor or (B) to the Franchisee and the Franchisor's actual or demonstrably anticipated research or development, or (ii) which does not result from any work performed by Employee for the Franchisee.

d. Employee further agrees that prior to separation from employment with the Franchisee for any reason, Employee shall disclose to the Franchisee and the Franchisor, in a written report, all Inventions, the rights to which Employee has agreed to assign to the Franchisee and the Franchisor under (a) and (b) above, and which Employee has not previously disclosed.

5. **SEVERABILITY.** If any provision of this Agreement shall be held, declared, or pronounced void, voidable, invalid, unenforceable, or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, the holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

6. **EFFECT OF WAIVER**. Any failure to object to or take action regarding any breach of any provision of this Agreement by Employee shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Employee.

7. **BINDING EFFECT.** This Agreement shall be binding upon and inure to the benefit of Employee and Franchisee and their respective heirs, executors, representatives, successors, and assigns.

8. **THIRD-PARTY BENEFICIARY.** Franchisor, and its affiliates, successors, heirs, and assigns, shall be a third-party beneficiary to the agreements made hereunder between the Franchisee, on the one hand, and the Employee, on the other hand, and Franchisor shall have the right to enforce such agreements directly to the extent it may deem such enforcement necessary or advisable to protect its rights and/or its rights in the System, the Mark and/or the Confidential Information

9. **ENTIRE AGREEMENT**. This Agreement, along with any Employment Agreement executed by Employee, contains the entire agreement of Employee and the Franchisee relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

10. **CHOICE OF LAW. THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF THE FRANCHISEE'S PRINCIPAL PLACE OF BUSINESS WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF. THE EXCLUSIVE VENUE FOR ANY DISPUTES OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISEE'S PRINCIPAL PLACE OF BUSINESS IS LOCATED, PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, AN ACTION AGAINST EMPLOYEE MAY BE BROUGHT IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION. EMPLOYEE HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.**

11. **NOTICE.** All notices and demands under this Agreement shall be in writing and shall be delivered personally, either by certified mail, return receipt requested, postage prepaid, by reliable overnight delivery service or sent via facsimile, email, or electronic form of transmission (provided that the sender confirms the recipient's receipt of the transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties:

Notices to Franchisor:

CREATIVE COLORS INTERNATIONAL, INC.
19015 S. Jodi Road, Suite E
Mokena, IL 60448
Attn: Terri Sniegolski, Senior Vice President
Facsimile No. (708) 478-1437
Terri.Sniegolski@creativecolorsintl.com

Andrew P. Bleiman, Esq.
Marks & Klein, LLP
1363 Shermer Road, Suite 318
Northbrook, IL 60062
Facsimile No. (732) 219-0625
andrew@marksklein.com

Notices to Franchisee:

_____
_____
_____
_____
_____

Notices to Employee:

_____
_____
_____
_____
_____

12. **ATTORNEYS' FEES.** Employee agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisee (and/or Franchisor) in enforcing the terms of this Agreement against Employee.

13. **COUNTERPARTS.** This Agreement may be executed in counterpart originals, all of which shall constitute one and the same agreement and may be transmitted to the other party by facsimile or email in .pdf format, with originals to follow. The Parties agree that such signature transmitted by facsimile or email shall bind each such party to this Agreement as of the execution date.

The Parties have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

_____
Franchise Name

By: _____

Title: _____

EMPLOYEE

By: _____

_____
Print Name

_____
Address

_____
City, State & Zip Code

_____
Email Address

EXHIBIT N to
FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE
(Transfer)

In consideration of the consent by Creative Colors International, Inc. ("Franchisor") to the assignment of the Franchise Agreements of _____, a _____ corporation, and _____, individually, ("Franchisee") to _____, a _____ corporation, and _____, individually, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee does hereby forever release, discharge and hold Franchisor, its officers, agents, employees, shareholders, guarantors, successors, and assigns, on behalf of themselves, their heirs, executors, administrators, officers, agents, employees, shareholders, guarantors, successors, and assigns, harmless from and against any and all claims, causes of action, demands, damages, costs, suits, obligations, negligence, misrepresentations, omissions, and fraud, whatsoever, in law or in equity, arising out of any relationship with one another whether contractual or otherwise which they now have, had, or which their heirs, executors, administrators, or assigns hereafter can, shall, or may have, for, upon or by reason of any matter, cause, or thing whatsoever at any time prior to the date of this Release, which Release is not limited to claims relating to the assignment of Franchise Agreement being assumed by Franchisee.

This General Release extends to any and all claims, known or unknown, the existence of which Franchisee may not know or suspect as of the date of executing this document, it being the understanding and intent of Franchisee that Franchisee is releasing Franchisor from any and all liability to Franchisee, except for obligations required to be performed by Franchisor subsequent to the date of this Release. Further, Franchisee has had an opportunity to seek advice from legal counsel and is executing this Release with full knowledge of its legal effect.

Dated: _____

_____,
A _____ corporation

By: _____
Its: _____

_____
individually and as principal of
_____

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	12/21/21
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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 Creative Colors International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Creative Colors International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit A.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the Creative Colors International, Inc. franchise (check names that apply):

Name	Address	Telephone Number
_____ Mark Bollman, President	19015 S. Jodi Road Suite E Mokena, Illinois 60448	1-800-933-2656 x. 223
_____ Terri Sniegolski, Sr. V. President	19015 S. Jodi Road Suite E Mokena, Illinois 60448	1-800-933-2656 x. 224
_____ Other		

I received a disclosure document with issuance date April 1, 2022, that included the following Exhibits:

EXHIBIT A - LIST OF STATE ADMINISTRATORS
EXHIBIT B - LIST OF AGENTS FOR SERVICE OF PROCESS
EXHIBIT C - TABLE OF CONTENTS TO OPERATIONS MANUAL
EXHIBIT D - TABLE OF CONTENTS TO TRAINING MANUAL
EXHIBIT E - FRANCHISE AGREEMENT
EXHIBIT F – AREA DEVELOPMENT AGREEMENT
EXHIBIT G - FINANCIAL STATEMENTS
EXHIBIT H - FRANCHISEE DISCLOSURE QUESTIONNAIRE
EXHIBIT I - START-UP SUPPLIES
EXHIBIT J - VAN LEASE AGREEMENT
EXHIBIT K – STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT L – ADDENDA TO THE FRANCHISE AGREEMENT FOR CERTAIN STATES
EXHIBIT M – AGREEMENT FOR PROTECTION OF TRADE SECRETS
EXHIBIT N – FORM GENERAL RELEASE
STATE EFFECTIVE DATES

_____ Dated: _____
Prospective Franchisee

Retain this copy for your records

RECEIPT

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EXHIBIT N – FORM GENERAL RELEASE
STATE EFFECTIVE DATES

_____ Dated: _____
Prospective Franchisee

Please return this signed and dated receipt to:
Creative Colors International, Inc.
19015 S. Jodi Road – Suite E
Mokena, Illinois 60448
Terri@CreativeColorsIntl.com
708-478-1636 (facsimile)