

Received
LA Room

APR 15 2019

Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT



Decor & You, Inc.
A Delaware Corporation
900 Main Street South, Building No. 2
Southbury, Connecticut 06488
Phone: (203) 405-2126
Fax: (203) 264-3516
www.decorandyou.com
kpowell@decorandyou.com

Decor & You franchises operate businesses that provide interior decorating to residential and commercial customers ("DY Business(es)"). We offer three franchises depending on the level of experience of the franchisee and support and training required. The Decor Coach franchise is for individuals looking to enter into the interior decorating business ("Decor Coach Franchise"), while the Styleprint Decor Designer franchise is for established interior designers and for those who desire to provide full-service interior design products and services ("SDD Franchise"). The Enterprise Firm consists of three Styleprint Decor Designer franchises operated as one outlet ("Enterprise Firm.")

The total investment necessary to begin operation of a Decor Coach Franchise or SDD Franchise is between \$34,640 and \$68,500. This includes \$17,000 that must be paid to the franchisor or its affiliates for a Decor Franchise or \$28,000 that must be paid to the franchisor or its affiliates for an SDD Franchise.

The total investment necessary to begin operation of an Enterprise Firm is between \$150,580 and \$178,940. This includes \$77,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Karen Powell at 900 Main Street South, Building 2, Southbury, CT 06488, (203) 405-2126.

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, DC 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.

ISSUANCE DATE: April 24, 2018, 2019



STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION, AND/OR LITIGATION ONLY IN CONNECTICUT. OUT-OF-STATE MEDIATION, ARBITRATION, OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE, AND/OR LITIGATE WITH US IN CONNECTICUT THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CONNECTICUT LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOU MUST PAY US MINIMUM CONTINUING SERVICE FEES AND ADVERTISING FUND FEES EACH MONTH EVEN IF THE FRANCHISE BUSINESS HAS NO REVENUE.
4. THE TERRITORY IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT THE FRANCHISOR CONTROLS.
5. THE FRANCHISOR MAY ESTABLISH MAXIMUM, MINIMUM, OR OTHER PRICING REQUIREMENTS TO THE FULLEST EXTENT ALLOWED BY LAW.
6. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. IF YOU FAIL TO DO SO, YOU COULD LOSE YOUR TERRITORY OR THE FRANCHISOR COULD TERMINATE YOUR AGREEMENT AND YOU COULD LOSE YOUR INVESTMENT.
7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require the disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The disclosure document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
CALIFORNIA	FEBRUARY 25, 2019
ILLINOIS	APRIL 30, 2018
MARYLAND	JUNE 12, 2018
MICHIGAN	JUNE 3, 2018
MINNESOTA	MAY 15, 2018
NEW YORK	SEPTEMBER 19, 2018
VIRGINIA	JUNE 19, 2018
WASHINGTON	JUNE 22, 2018

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

<u>Item</u>		<u>Page</u>
ITEM 1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE.....	2
ITEM 3	LITIGATION	2
ITEM 4	BANKRUPTCY	2
ITEM 5	INITIAL FEES	3
ITEM 6	OTHER FEES	4
ITEM 7	ESTIMATED INITIAL INVESTMENT	9
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	13
ITEM 9	FRANCHISEE'S OBLIGATIONS	15
ITEM 10	FINANCING	16
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	17
ITEM 12	TERRITORY.....	29
ITEM 13	TRADEMARKS	30
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	3234
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION	3332
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	3433
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	3433
ITEM 18	PUBLIC FIGURES	36
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS.....	3734
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	37
ITEM 21	FINANCIAL STATEMENTS	4240
ITEM 22	CONTRACTS	4240
ITEM 23	RECEIPTS	4240

EXHIBITS:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement
Attachment 1	Franchise Data Sheet and Territory
Attachment 2	Owner's Agreement
Exhibit C	State Addenda to the Franchise Agreement
Exhibit D	List of Current and Former Franchisees
Exhibit E	Financial Statements
Exhibit F	Playbook Table of Contents
Exhibit G	Contracts for use with the Decor & You Franchise
Exhibit G-1	General Release Agreement
Exhibit G-2	System Protection Agreement
Exhibit G-3	Confidentiality Agreement
Exhibit G-4	Automated Clearing House Payment Authorization Form
Exhibit G-5	Approval of Requested Assignment
Exhibit G-6	Promissory Note
Schedule 1	Authorization Agreement for Automatic Payment
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Addenda to the Disclosure Document
Exhibit J	Receipt

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

ITEM 1

To simplify the language in this Franchise Disclosure Document, "DY Inc." and "we," "us," and "our" means Decor & You, Inc., the Franchisor. "You," "your," and "Franchisee" means the person, and its owners if the Franchisee is a business entity, who buys the franchise from DY Inc.

The Franchisor, its Affiliates and its Parents

DY Inc. is a Delaware corporation formed on January 26, 1998. Our principal business address is at our Performance Enhancement Center ("PEC") located at 900 Main Street South, Building 2, Southbury, Connecticut 06488. We began offering and selling franchises in 1998. We do not have any parent companies or predecessors. DY Inc. has never engaged in any other business or offered franchises in any other line of business.

We have an affiliate, Decor & More..., Inc. ("Decor & More") a Connecticut corporation formed on March 30, 1994, with a principal business address at 900 Main Street South, Building 2, Southbury, Connecticut 06488. Decor & More operates a business of the type being franchised. Decor & More has not offered franchises in this or any other line of business. Otherwise, we have no affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Exhibit A contains our agents for service of process.

We do business under our corporate name and Decor & You. We do not do business under any other name. We offer franchises ("DY Franchise(s)" or "Franchise(s)") for DY Businesses and provide training and support to franchisees that operate DY Businesses.

We previously offered Decor & You "Territory Director(s)" franchises. Territory Directors were similar to Area Developers. We offered Territory Director franchises from approximately 2007 to 2011. Territory Directors are individuals with the rights to operate a ten unit DY Franchise territory. This is a category of franchisee no longer available, but the designation still exists.

DY Franchises

DY Businesses are granted the use of our "DECOR & YOU" trademarks, trade names, service marks, and logos ("Marks") and operate under our proprietary system ("System"). DY Businesses provide interior decorating products and services to residential and commercial customers.

We offer three franchises depending on the level of experience of the franchisee and support and training required. The Decor Coach franchise is for individuals looking to enter into the interior decorating business ("Decor Coach Franchise"). The Decor Coach Franchise assists clients with creating design plans and guiding clients with project implementation. The Styleprint Decor Designer franchise is for established interior designers and for those who desire to provide full-service interior design products and services ("SDD Franchise"). The SDD Franchise will assist client with design plans, project implementation, and will specify, product, and facilitate product installation for a complete finished project. The Enterprise Firm consists of three Styleprint Decor Designer franchises operated as one outlet ("Enterprise Firm").

You may operate your DY Business from your home and are not required to rent or purchase real estate. You may choose to rent commercial office space or an executive suite, but it is not required.



The Market and Competition

DY Businesses service the needs of individuals seeking to purchase interior design services. Business is year-round. The market for the goods and services offered by DY Businesses is well developed and highly competitive. DY Businesses compete with other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will compete with independent, franchised, and other chain operators that provide similar services as DY Businesses, as well as independent businesses and individuals.

Industry-Specific Regulations

In addition to laws and regulations that apply to businesses generally, the DY Business is subject to federal, state, and local occupational, health, and safety regulations. Some states have licensing requirements: (i) to use the term "interior designer," "registered interior designer," or "certified interior designer," or to perform certain interior decorating activities; or (ii) to install or contract for the installation of carpet, tile, and window coverings. You should investigate the application of these laws further.

ITEM 2

BUSINESS EXPERIENCE

ITEM 2

Founder, Chief Executive Officer, and Chairman: Karen M. Powell, CFE

Ms. Powell has been our Chief Executive Officer and Chairman in Southbury, Connecticut since August 2009. From January 1998 to August 2009, Ms. Powell served as our President. Ms. Powell is also Chief Executive Officer of Decor and More, Inc., and has been since March 1994 in Southbury, Connecticut.

Vendor Relations Liaison: Jane Cyr

Ms. Cyr has been our Vendor Relations Liaison/Executive Support Partner in Southbury, Connecticut since August 2014. From April 2013 until June 2015, Ms. Cyr served as a Broker Associate for Coldwell Banker in Southbury, Connecticut. From August 2012 to April 2013, Ms. Cyr worked as an independent broker and real estate agent in Middlebury, Connecticut. From September 2007 to August 2012, Ms. Cyr served as franchise owner/managing broker for Weichert Realtors-Gateway Properties in Southbury, Connecticut.

Controller: Cory Denninger

Mr. Denninger has been our Controller since January 2011, and has also been the Controller of TES Franchising, LLC and AdviCoach Franchising, LLC, in Southbury, Connecticut since January 2011.

ITEM 3

LITIGATION

ITEM 3

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

ITEM 4

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



ITEM 5

INITIAL FEES

ITEM 5

The Initial Franchise Fee for a Decor Coach Franchise is \$17,000. This includes tuition for the principal operator and our Start-up Support Package that includes initial marketing materials, including microsite, along with other initial materials for a Decor Coach Franchise (e.g. hands on design templates, customized accounting software, and specialized coaching/mentoring).

The Initial Franchise Fee for a SDD Franchise is \$28,000. This includes tuition for the principal operator and two other commissioned salesperson ("DYCS Individuals") who all attend training at the same time. The SDD Franchise Initial Franchise Fee also includes one certified interior decorator ("CID") certification and our Start-up Support Package, that includes initial marketing materials, including microsite, along with other initial materials for a SDD Franchise (e.g. hands on design templates, customized accounting software, and specialized coaching/mentoring).

The Initial Franchise Fee for an Enterprise Firm is \$77,000. This includes tuition for the principal operator and up to 8 DYCS Individuals who must attend training in three groups of three. The Enterprise Firm Initial Franchise Fee also includes one certified interior decorator ("CID") certification and our Start-up Support Package, that includes initial marketing materials, including microsite, along with other initial materials for an Enterprise Firm Franchise (e.g. hands on design templates, customized accounting software, and specialized coaching/mentoring).

The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement and is deemed fully earned by us once paid and is non-refundable.

For Decor Coach and SDD Franchises we will discount your Initial Franchise Fee by 10% for the second Franchise, and by 15% for the third and each additional Franchise you purchase.

We participate in the International Franchise Association VetFran Program and offer a discount on the Initial Franchise Fee to qualified military members and/or veterans. In addition, we have a program called "MilSpouse," that offers the same discount on the Initial Franchise Fee to spouses or partners in a civil union of qualified military members and/or veterans. If you are a member of the military or an honorably discharged veteran, or the spouse of a member of the military or an honorably discharged military veteran, we will grant you a 15% discount off the Initial Franchise Fee. You will be required to provide us with a copy of current orders or DD214 (for the military member, in addition to a copy of a marriage certificate or civil union documents, as applicable, for a MilSpouse discount) to receive this discount.

We disclose financing terms in Item 10.

ITEM 6

OTHER FEES

ITEM 6

Decor Coach Franchise & SDD Franchise

Type of Fee (Note 1)	Amount	Due Date	Remarks
CPE Tuition Fee	\$3,500 or \$5,000 per person <u>\$1,500 per additional individual via virtual CPE curriculum, and \$3,500 per additional individual for on-site CPE program</u>	7 days before the requested additional assistance	If you require CPE Initial Training for additional DYCS Individuals. Non-refundable. Franchise Agreement ("FA") Sec. III.3.
Refresher CPE	Then current fee (currently \$399).	7 days before the requested additional assistance	Every three years you must take a refresher CPE at our location. You are responsible for all travel expenses to attend refresher (Continuing Professional Education ("CPE")). Franchise Agreement ("FA") Secs. III.3, and V.1.
Additional CPE and/or Administrative Assistance	Then current fee (currently \$500 to \$2,500, depending upon the type of additional assistance requested). The charge will be determined and agreed upon in advance of the additional assistance.	7 days before the requested additional assistance	Payable if you require or request additional ("CPE") support or on-site assistance other than what is provided to all franchisees. You are responsible for all travel expenses to attend or receive additional CPE or assistance. The timing of all advice, consultation and operating assistance is subject to the availability of our personnel. FA Secs. III.4, IV.9, and V.1.
Continuing Service Fee ("CSF") (See Notes 2, 3, and 43)	Decor Decor Coach \$500 per month; SDD Franchise \$735 Enterprise Firm \$2,205	By the first Wednesday of each month	After 3 years or if you reach \$500k in sales as a Decor Coach; \$750k in gross sales as a SDD Franchisee; or \$1.75M in gross sales as an Enterprise Firm and after 5 years in operation you may become eligible for a reduction of \$100 for the Decor Coach and SDD Franchise and \$300 for an Enterprise Firm of your CSF if you meet certain conditions. Franchise Agreement ("FA") Secs. III.5 and VIII.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Brand Building Fund Fee ("BBF") (See Note 4)	Decor Coach-Currently \$100 per month SDD Franchise \$125 per month Enterprise Firm-\$375 per month.	Same as CSF By the first Wednesday of each month	Advertises and promotes the Brand for the benefit of all franchisees. We reserve the right to increase the BBF Fee, but in no event will it exceed up to \$400 per month for Decor Coach and SDD, up to \$1,200 per month for an Enterprise Firm. FA Secs. III.6 and IX.1-5.
Technology Fee (See Note 4)	Currently, \$90300 per month for up to 3 people. Additional people are \$35/month per person for design software access or \$65/month per person for a Design Assistant	Same as CSF By the first Wednesday of each month	You are required to pay this fee for each user account for the DY Franchise. This fee begins on the last day of the month following award of your DY Franchise. We reserve the right to increase this fee in the event we offer updated or additional software or technology for use in the DY Franchise (not to exceed \$250 500 per month). FA Sec. III.8.
Annual Conference Fee	Then-current fee (currently, \$399 to \$799 per person)	2 months prior to the Annual Conference	Attendance at the annual conference is mandatory for all individuals working in your DY Business. Payable to us to help defray the cost of your attendance at any annual convention that we choose to hold. FA Secs. III.9, IV.5, and V.8. In addition to the Annual Conference fees, you are solely responsible for all expenses to attend the Annual Conference including lodging, transportation, food, and similar travel expenses. FA Secs. III.9, IV.5, and V.8.
Late Payment Fee and Interest	\$100 per occurrence or the maximum rate permitted by law, whichever is higher. Plus, interest on the amount overdue at the daily equivalent of 18% per year simple interest or the maximum interest rate allowed by law, whichever is lesser	As incurred	Payable if any payment due to us or our affiliates, including CSFs is not made by the due date. Interest accrues from the original due date until payment is received in full. FA Secs. III.10-11.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Insufficient Funds Fee	The lesser of \$100 per occurrence, or the highest amount allowed by law	As incurred	Payable if any check or electronic funds transfer payment is not successful due to insufficient funds, stop payment, or any similar event. FA Sec. III.12.
Transfer Fee	25% of the then-current Initial Franchise Fee for DY Franchises, plus cost of training (currently \$5,000 for 3 people).	\$1,000 non-refundable deposit at time of transfer application submittal, and the remaining balance of fee at the time of approved transfer	Payable in connection with the transfer of your DY Business, a transfer of ownership of your legal entity, or the Franchise Agreement. FA Sec. III.13.
<u>Local Advertising Client engagement Payment</u>	<u>The difference between the amount you spent on local advertising and your required local advertising expenditure (\$8,000 per year) - \$9,000 per year</u>	On invoice	<u>To You must spend these funds to promote your business, you must spend \$8,000 per year on local advertising. If you fail to meet this requirement, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Building Fund. FA Secs. III.14 and IX.6-9.</u>
<u>Unauthorized Advertising Materials Fee</u>	<u>\$500 per occurrence</u>	<u>As incurred</u>	<u>If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Building Fund. FA Sec. IX.7.</u>
Successor Fee	<u>\$5,000 \$5,000 plus all reasonable costs, including attorney fees, incurred in connection with franchisor entering into the successor franchise agreement</u>	At the time you sign a successor franchise agreement	Payable if you qualify for a renewal of your DY Franchise and choose to enter into a successor Franchise Agreement. FA Secs. III.15 II.6(e) and II.6-(h).

Type of Fee (Note:1)	Amount	Due Date	Remarks
Professional Expenses and Court Fees	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees/expenses that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any costs and expenses in enforcing our rights against you under the Franchise Agreement, or payable for any fees we incur for any transfer that is not completed. FA Secs. III.18 and XIX.8.
Optional Certification Courses	At then-current negotiated rate for DY Franchises, currently from \$800 to \$1,500 for Color Certification and \$250 to \$500 for GREEN AP Training/Certification.	On invoice	Payable to third parties. If you meet our proficiency and sales target standards, you may choose to take optional Certification courses. FA Sec. V.1.
Client Issue Resolution	Reimbursement to us of actual costs that we incur in responding to any complaints from or issues with your customers	On invoice	Payable if a customer of your DY Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue. FA Sec. V.10.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report within five days of request	Payable if you fail to submit any required report or financial statement when due. You will continue to incur this fee until you submit the required report. FA Sec. V.12.
Insurance	Reimbursement of the insurance premium obtained for your business	On invoice	Payable to us if you fail to obtain or maintain insurance. We may procure insurance for you and you must reimburse us for the cost of insurance premium obtained. FA Sec. V.14-(d).
Computer Software and Maintenance Fee	Approximately \$500 per year	On invoice	Payable to third parties or do it yourself. We may require you to upgrade/update your computer hardware and software to our specifications. FA Sec. VI.6.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Payment Service Fee	Up to 4% of total charge	As incurred	If payment is made to us or our affiliates by credit card for any fee required, we may charge a service charge of 4% of the total charge. FA Sec. VIII.6.
Unauthorized Advertising Fee	\$500 per occurrence	As incurred	Payable to the Brand Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement. FA Sec. IX.7.
Indemnification	Our damages and actual costs	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your DY Business or Franchise. This indemnity obligation continues in full effect after the expiration or termination of your Franchise Agreement with us. FA Sec. Secs. V.23, X.3(b), XI, and XV.2.
Management Fee	\$250 per day, plus costs and expenses	As incurred	Payable if we manage your DY Business because you are in breach of the Franchise Agreement. FA Sec. XII.7.
Transfer Assistance Fee	\$10,000, plus any broker lead costs	Upon demand	Payable if you request that we assist you with a transfer. FA Sec. XIII.2.(f).

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer ("EFT") or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document as Exhibit G-4). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.
2. "Gross Revenue" means the total selling price of all services and products sold at, from, or through your DY Business, whether or not sold or performed at or from the DY Business, including the full redemption value of any gift certificate or coupon sold for use at the DY Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and all income and revenue of every other kind and nature related to your DY

Business operation, whether for cash or credit, and regardless of collection in the case of credit. Gross Revenue does not include the payment of any required state sales or service taxes. You are required to report Gross Revenue weekly.

3. Continuing Service Fee ("CSF"). We have an incentive plan that allows franchisees that achieve certain sales benchmarks to pay a reduced CSF. Once your DY Business has been open for 3 years or you reach \$500k in sales as a Decor Coach, \$750k in gross sales as a SDD Franchisee, or \$1.5M as an Enterprise Firm, you may apply to us for a \$100 reduction in your monthly CSF. Once your DY Business has been open for 5 years, you may apply to us for an additional \$100 reduction in your monthly CSF.

Each \$100 CSF reduction is available only if you: (i) have continually remained current on all amounts due to us throughout the term of your agreement; (ii) timely submit all required financial statements and reports to us; (iii) have attended and participated in all required trainings, webinars, conferences, and summits; (iv) have submitted, no less than quarterly, client project photos, along with client reviews; and (v) otherwise substantially comply with the Franchise Agreement (the "CSF Reduction Terms"). You must apply for reduced monthly CSF upon successfully completing the CSF Reduction Terms and your CSF Business has been open for the minimum 3 or 5-year period. If you fail to continue to meet the CSF Reduction Terms your CSF will revert to \$500 per month— for Decor Coach, SDD Franchise \$735 for SDD Franchise, and \$2,205 for an Enterprise Firm.

ITEM 7

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Decor Coach Franchise and SDD Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$17,000	\$28,000	Lump Sum	When you sign the Franchise Agreement	Us
Travel And Living Expenses ⁽²⁾	\$1,500	\$7,500	As Incurred	As Incurred	Airlines, Hotels, Restaurants
Samples and Supplies ⁽³⁾	\$0	\$7,500	As Incurred	Prior to Opening	Vendors
Local Advertising Client engagement ⁽⁴⁾	\$4,000 \$500	\$4,000 \$500	As Incurred	As Incurred	Vendors
BBF Fee ⁽⁵⁾	\$600	\$750	As Incurred	As Incurred	Us

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Vehicle Lease Or Usage ⁽⁶⁾	\$0	\$2,000	As Incurred	As Incurred	Vendors
Equipment and Furnishings ⁽⁷⁾	\$1,000	\$2,000	As Incurred	Prior to Opening	Vendors
Insurance Premiums – Annual ⁽⁸⁾	\$350	\$700	As Incurred	Prior to Opening	Vendors
License and Registration	\$100	\$200	As Incurred	Prior to Opening	Vendors
Dedicated Phone Line/ Yellow Pages Listing	\$300	\$500	As Incurred	Prior to Opening	Vendors
Grand Opening	\$750	\$1,200	As Incurred	Within 120 days of award	Vendors
CSF Fee ⁽⁹⁾	\$3,000	\$4,410	As Incurred	As Incurred	Us
Technology Fee-6 Months ⁽¹⁰⁾	\$540 1,800	\$3,240 5,400	As Incurred	As Incurred	Us
Additional Funds – 6 Months ⁽¹¹⁾	\$5,500	\$6,500	As Incurred	As Incurred	Suppliers, Deposits, Professionals, Utilities, Development Assistant
TOTAL ESTIMATED INITIAL INVESTMENT ⁽¹²⁾	\$34,640 36,400	\$68,500 71,160			

Enterprise Firm

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$77,000	\$77,000	Lump Sum	When you sign the Franchise Agreement	Us
Travel And Living Expenses ⁽²⁾	\$13,500	\$22,500	As Incurred	As Incurred	Airlines, Hotels, Restaurants

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Samples and Supplies ⁽³⁾	\$4,500	\$7,500	As Incurred	Prior to Opening	Vendors
Local Advertising Client engagement ⁽⁴⁾	\$12,000 13,500	\$12,000 13,500	As Incurred	As Incurred	Vendors
BBF Fee ⁽⁵⁾	\$2,250	\$2,250	As Incurred	As Incurred	Us
Vehicle Lease Or Usage ⁽⁶⁾	\$0	\$6,000	As Incurred	As Incurred	Vendors
Equipment and Furnishings ⁽⁷⁾	\$1,000	\$6,000	As Incurred	Prior to Opening	Vendors
Insurance Premiums—Annual ⁽⁸⁾	\$1,050	\$2,100	As Incurred	Prior to Opening	Vendors
License and Registration	\$100	\$600	As Incurred	Prior to Opening	Vendors
Dedicated Phone Line/ Yellow Pages Listing	\$300	\$1,500	As Incurred	Prior to Opening	Vendors
Grand Opening	\$2,250	\$3,360	As Incurred	Within 120 days of award	Vendors
CSF Fee ⁽⁹⁾	\$13,230	\$13,230	As Incurred	As Incurred	Us
Technology Fee-6 Months ⁽¹⁰⁾	\$16,200 5,400	\$5,400 16,200	As Incurred	As Incurred	Us
Additional Funds—6 Months ⁽¹¹⁾	\$16,500	\$19,500	As Incurred	As Incurred	Suppliers, Deposits, Professionals, Utilities, Development Assistant
TOTAL ESTIMATED INITIAL INVESTMENT ⁽¹²⁾	\$145,300 150,580	\$178,940 191,240			

Notes: None of the fees or costs estimated in this Item 7 are refundable except to the extent that you can negotiate with vendors. Payments to us are not refundable.

1. Initial Franchise Fee. The Initial Franchise Fee for one Decor Coach Franchise is \$17,000. The Initial Franchise Fee for one SDD Franchise is \$28,000. The Initial Franchise Fee for an

Enterprise Franchise totals \$77,000. We will finance up to 50% of the Initial Franchise Fee for SDD Franchises and the Enterprise Firm only. For an SDD Franchise, you pay \$14,000 of the Initial Franchise Fee at the time you sign the Franchise Agreement. The note is payable in 36 equal amortized monthly installments at 9%, making your monthly payment \$445.20. For an Enterprise Firm, you pay \$38,500 of the Initial Franchise Fee at the time you sign the Franchise Agreement. The note is payable in 36 equal amortized monthly installments at 9% making the monthly payment \$1,224.29. The terms of financing are described in Item 10.

2. 2. Travel and Living Expenses. This amount reflects six days of lodging, airfare, meals, vehicle rental, and incidentals while attending CPE programs at the PEC in Connecticut. You must pay your own entire out-of-pocket expenses while attending the CPE programs.
3. 3. Samples and Supplies. If you purchase a Décor Coach Franchise, you have the option to purchase items such as catalogs for furniture, lighting, bedding, artwork mats, frame samples, fabric samples, rugs, wall coverings, window coverings, and books/samples. If you purchase a SDD Franchise, you must purchase these items.
4. Local Advertising-4. Client engagement. This estimate provides for six months of the ~~Local Advertising~~ Client engagement Requirement.
5. 5. BBF Fee. This estimate provides for six months of the BBF Fee.
6. 6. Vehicle Lease or Usage. We do not require you to obtain a vehicle for use in the DY Business. We recommend that you have a vehicle large enough to be able to deliver products to your clients in order to avoid increased shipping costs to your clients. You may use a vehicle that you already own. This range reflects current ownership of an appropriate vehicle to six months of payments for a leased vehicle.
7. 7. Equipment and Furnishings. This estimate includes an all-in-one copier, printer, scanner, and fax machine appropriate for a small home office; cell phone; laptop computer; iPad with 3G; Intuit Credit Card Reader for iPad; webcam if not included in your laptop; microphone and speakers or USB headset with microphone; digital camera; and fabric wall hanging unit. You may already have some or all of this equipment that meets our requirements, which would reduce these initial costs.
8. 8. Insurance Premiums – Annual. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a DY Business, your rates may be significantly higher than those estimated above.
9. 9. CSF Fee. The low end reflects six months of the CSF Fee as a Décor Coach Franchise. The high end reflects six months of the CSF Fee as a SDD Franchise.
10. 10. Technology Fee-Six Months. The low end reflects six months of payments towards the Technology Fee for one person that will be paid to us. The high end reflects six months of payments toward the Technology for three people under the SDD Franchise.
11. 11. Additional Funds-Six Months. These amounts represent our estimate of the amount needed to cover your expenses for the initial six month start-up phase of your DY Business. These figures do not include debt service. For purposes of this disclosure, we estimated the start-up phase to be six months from the date your DY Business opens for business. These figures are estimates, and

we cannot guarantee that you will not have additional expenses starting your DY Business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your DY Business. Additional funds for the operation of your DY Franchise will be required after the first six months of operation if sales produced by the DY Franchise are not sufficient to produce positive cash flow. Our estimates are based on our experience, the experience of our affiliates and our current requirements for DY Franchises.

12. Figures May Vary. This is an estimate of your initial start-up expenses for one DY Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8 **ITEM 8**
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must operate your DY Franchise in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential web-based interactive operations manual, which we refer to as the “Playbook,” which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent; or (ii) otherwise operate in any manner which reflects adversely on our System.

Our Playbook states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your DY Franchise. We reserve the right to change the contents of the Playbook. We will post changes to the Playbook through an online portal. Revisions to the Playbook are based on what we deem to be in the best interest of the System, including the enhancement of quality and goodwill, increased efficiency, decreased administrative burdens, or improvement of our and our franchisees’ profitability. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Playbook, or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase and use only supplies that conform to the standards and specifications described in the Playbook or otherwise in writing.

You must use the computer hardware and software that we periodically designate to operate your DY Business. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify (which may be limited to us and/or our affiliates).

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your DY Business is located, and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or

additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties.

Purchases from Approved Suppliers

You must purchase certain supplies, marketing aides, advertising materials, or other products or services used for the operation of your DY Franchise from approved suppliers.

Whether We or our Affiliates are Approved Suppliers

We are an approved supplier, but the not the only approved supplier of advertising material.

Officer Interests in Suppliers

Our officer, Karen Powell, owns an interest in us.

Approval of New Suppliers

Periodically, we may update the list of approved suppliers in the Playbook. If you desire to have a non-approved supplier or product or service designated as an approved supplier, product, or service, you must submit samples of the supplier's products and services to us, along with a written statement describing why such products, services, or suppliers should be approved for use in the System. We do not charge a fee to evaluate the proposed supplier. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. In approving suppliers, we take into consideration the price and quality of the products or services, and the reliability of the supplier in getting the products or services to you in a timely manner. We generally will notify you of our approval or disapproval within 30 days of our receipt of all requested materials from you. If we do not respond within 60 days of receipt of your request, you may consider that we have denied the new supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

Issuance and Modification of Specifications

We issue and modify specifications and standards to franchisees or approved suppliers through our Operations Manual or through informational bulletins we issue from time to time.

Revenue from Required Purchases

~~For the~~During our last fiscal year ended December 31, 2017-2018, neither we nor our affiliates derived \$0 in revenue from required franchisee purchases of Start-up Support Packages, representing 0% of our total revenue of \$123,955 or leases.

Required Purchases as a Proportion of Costs

We estimate that approximately 65% of purchases required to open your DY Franchise, and 80% of purchases required to operate your DY Franchise will be from us or from other approved suppliers and under our specifications.

Supplier Payments to Us



Designated suppliers may make payments to us from franchisee purchases.

In the fiscal year ended December 31, ~~2018~~2017, we did not yet receive any supplier rebates but anticipate supplier rebates in the future.

Purchasing or Distribution Cooperatives

At this time, we do not have any purchasing or distribution cooperatives.

Purchase arrangements

We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees.

Material Benefits

We do not provide material benefits to you based on your use of a particular supplier. However, when your franchise is up for renewal, to continue your franchise rights, we require you to be in compliance with your franchise agreement, which includes compliance with any supplier standards that are contained in our Operations Manual.

ITEM 9

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. <u>a.</u> Site selection and acquisition/lease	Section V.7	Items 7 and 11
b. <u>b.</u> Pre-opening purchases/leases	Section V	Items 7, 8, and 11
c. <u>c.</u> Site development and other pre-opening requirements	Section V	Items 7 and 11
d. <u>d.</u> Initial and ongoing training	Sections IV.1, IV.5, V.1, and V.8	Items 7 and 11
e. <u>e.</u> Opening	Sections VI.1 and VI.3	Item 11
f. <u>f.</u> Fees	Sections II, III, IV, V, VI, VIII, IX, XI, XII, XIII, XIX, and Attachment 1	Items 5, 6, and 7
g. <u>g.</u> Compliance with standards and policies/operations manual	Sections II.1, IV.3, V and VII.10	Items 8 and 11
h. <u>h.</u> Trademarks and proprietary information	Sections V.11 and VII	Items 13 and 14
i. <u>i.</u> Restrictions on products/services offered	Sections V.5 and VI.5	Items 8 and 16
j. <u>j.</u> Warranty and customer service requirements	Sections V.10 and V.15	Not Applicable

Obligation	Section in Franchise Agreement	Disclosure Document Item
k. <u>k.</u> Territorial development and sales quotas	Section II.3 and Attachment 1	Item 12
l. <u>l.</u> Ongoing products/services purchases	Section V	Items 8 and 16
m. <u>m.</u> Maintenance, appearance, and remodeling requirements	Section V.7	Not Applicable
n. <u>n.</u> Insurance	Section V.14	Items 7 and 8
o. <u>o.</u> Advertising	Sections VI and IX	Items 7 and 11
p. <u>p.</u> Indemnification	Sections XI and XV.2	Item 6
q. <u>q.</u> Owner's participation/management/staffing	Sections V.15 and VI.2	Items 11 and 15
r. <u>r.</u> Records and reports	Sections V.12 and V.13	Item 11
s. <u>s.</u> Inspections and audits	Sections IV.4 and VII.10	Item 11
t. <u>t.</u> Transfer	Section XIII	Items 6 and 17
u. <u>u.</u> Renewal	Section II.6	Item 17
v. <u>v.</u> Post-termination obligations	Section XV	Item 17
w. <u>w.</u> Non-competition covenants	Section XIV	Item 17
x. <u>x.</u> Dispute resolution	Section XIX	Item 17
y. <u>y.</u> Personal Guaranty	Section V.18 and Attachment 2	Item 15

ITEM 10

ITEM 10

FINANCING

We do not offer direct or indirect financing for Decor Coach franchisees.

We offer the following financing program for qualified SDD franchisees and the Enterprise Firm:

Summary Of Financing Offered	
Item Financed	Initial Franchise Fee
Source of Financing	Us
Down Payment	\$14,000 for SDD Franchise \$38,500 for Enterprise Firm
Amount Financed*	Up to 50%
Interest Rate	9%
Period of Repayment	36 months
Prepayment Penalty	None

Summary Of Financing Offered	
Security Required	Personal Guaranty
Liability on Default	Accelerated obligation to pay the entire amount due, pay our court costs and attorney fees incurred in collecting the debt, and termination of the franchise.
Loss of Legal Right on Default	Waive objection to venue in the state where we maintain our principal place of business; waive right to counterclaim; waive right to jury trial.

*The required down payment, amount financed, term, and interest rate will vary depending upon your creditworthiness, down payment, desired term, and industry experience.

Exhibit G-6 contains the form of Promissory Note that you must sign for us to extend financing to you. We reserve the right to suspend the financing program at any time.

We do not guarantee your notes, leases, or obligations. We do not have any past or present practice to sell, assign or discount to any third party, any note, contract or other instrument signed by you, but we reserve the right to do so. We do not receive any direct or indirect payments or other consideration for placing financing.

ITEM 11

ITEM 11

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

Except as listed below, DY Inc. is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your DY Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Designate the territory for the DY Business ("Territory") (Franchise Agreement, Section II.3 and Attachment 1).

2. Identify the materials and services you must use to open and operate the DY Business, the minimum standards, and specifications that you must satisfy in opening and operating the DY Business, and the designated and approved suppliers from whom you must or may buy or lease these items. Except for providing the Start-up Support Package, we do not provide assistance with providing equipment, signs, fixtures, opening inventory, and supplies (Franchise Agreement, Section III.2, IV, V, and VI).

3. Enroll you in our CPE program at our interactive online education portal which we call "D&Y Learning Platform and Forum," and provide you with on-site and virtual education more fully described below in the section titled "Training Program" (Franchise Agreement, Section V.1). Franchisees will receive CPE in collegiate semester formats culminating in National Professional Certification granted by Certified Interior Decorators International ("CIDI") (Franchise Agreement, Section IV.1).

4. Grant you online access to the Playbook, as updated, revised, or amended from time to time, which will include standards and specifications for the operation of your DY Business through our online portal. (Franchise Agreement, Section V.4).

Site Selection

Because you do not have to locate a site from which to operate your DY Business, we do not provide you with assistance in doing so. You may open an office, but it is not required. You will not need our approval in approving the site of your office if you choose to open one. (Franchise Agreement, Section V.7).

Schedule for Opening

You are required to begin operation of your DY Business within five days after you sign the Franchise Agreement. Within three business days of signing of the Franchise Agreement, you will be enrolled in the CPE and granted access to our technology systems, which include access to technologies for marketing, offering products and services, and decorating. You will complete our initial training programs while you begin operation of the DY Business, including our virtual training program and our on-site training. To begin operation of your DY Business means you will begin CPE training and set up of your decorating business. (Franchise Agreement, Sections VI.1 and V.1).

Continuing Obligations

During the operation of the DY Business, we will (or our designee(s)) will provide the following assistance and services to you:

1. Provide you access to ongoing CPE, seminars, refresher courses, conferences, webinars and other educational programs, in the manner and at times and locations designated by us. Most of our CPE is provided via our virtual D&Y Learning Platform and Forum classrooms to which you will have access 24/7 at no additional cost. If travel to the PEC or other location is necessary, you will be required to pay for your travel, meals, and lodging expenses (Franchise Agreement, Sections V.1 and V.8). You must attend the additional and/or continuing education programs and seminars we require (Franchise Agreement, Section V.8).

2. Provide training at any annual conference that we hold. We reserve the right to discontinue the annual conference either temporarily or permanently, but do not currently have plans to do so. You and anyone working in the DY Business are required to attend our annual conference, which usually lasts between 3-4 days at a time and location designated by us, within North America. Your failure to attend the annual conference is a breach of the Franchise Agreement (Franchise Agreement, Section V.8).

3. Advise you regarding the DY Business operation based on your reports and our inspections (Franchise Agreement, Sections IV.4 and VII.10).

4. Provide you with bulletins and notices concerning changes, improvements, and new developments through electronic mail and our D&Y Learning Platform and Forum (Franchise Agreement, Sections IV.3, IV.7, and V.21).

5. Maintain a website with company information accessible only to you through an intranet. We will also provide you with a brand-specific e-mail address which you are required to use as your business e-mail and must be used for all communications relating to your DY Business, including communications with the PEC and clients. (Franchise Agreement, Section IV.6).

6. 6. _____ Maintain a website for public access and viewing. You will be provided a personal Uniform Resource Locator ("pURL") linked to our public website. You may not operate any other website related to your DY Business, including a blogging site. (Franchise Agreement, Section V.19).

7. 7. _____ Provide you with administrative, bookkeeping, and accounting procedures for the operation of your DY Business (Franchise Agreement, Section IV.9).

8. 8. _____ Provide you with marketing and technical assistance, and consultation and advice on products and operating procedures (Franchise Agreement, Sections, IV.9, V.2, and V.5).

9. 9. _____ Provide you with assistance by telephone on an ongoing basis during normal business hours (Franchise Agreement, Section IV.9).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques (Franchise Agreement, Sections V.4 and XVI).

2. Maintain and administer the Brand Building Fund. We may dissolve the Brand Building Fund upon written notice (Franchise Agreement, Section IX.5).

3. Hold periodic national or regional conferences to discuss business and operational issues affecting DY franchisees (Franchise Agreement, IV.5).

Advertising

Brand Building Fund (Franchise Agreement, Section IX.1-5)

We have established a Brand Building Fund ("BBF") for the purpose of promoting the Marks and the System. You are required to pay the BBF Fee. Your contribution to the Brand Building Fund will be in addition to all other advertising requirements set out in Section IX of the Franchise Agreement and Item 11 of this FDD. Each franchisee will be required to contribute to the Brand Building Fund, but certain franchisees may contribute on a different basis, depending on when they signed their Franchise Agreement. Franchisor-owned outlets may, but are not required to, contribute to the Brand Building Fund on the same basis as franchisees.

The Brand Building Fund will be administered by us or our or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Building Fund will be in a separate bank account, commercial account, or savings account. The Brand Building Fund provides sources for camera-ready art for print ads, advertising, and other promotional materials, such as newsletters and brochures, letterhead, and business cards.

We have complete discretion on how the Brand Building Fund will be utilized. We may use the Brand Building Fund for local, regional, or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System, and any other purpose to promote the DY brand. We may reimburse ourselves or our authorized representatives from the Brand Building Fund for

administrative costs; independent audits; reasonable accounting, bookkeeping, reporting, and legal expenses; taxes; and all other reasonable direct or indirect expenses associated with the programs funded by the Brand Building Fund.

We do not guarantee that advertising expenditures from the Brand Building Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Building Fund contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing, or include information regarding acquiring a Franchise on or as a part of materials and items produced by or for the Brand Building Fund.

We assume no fiduciary duty to you or other direct, or indirect liability or obligation to collect amounts due to the Brand Building Fund or to maintain, direct, or administer the Brand Building Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Building Fund on any terms we deem reasonable.

The Brand Building Fund is not audited. We will provide an annual accounting for the Brand Building Fund that shows how the Brand Building Fund proceeds have been spent for the previous year upon written request.

During our most recent fiscal year ended December 31, ~~2018~~²⁰¹⁷, the Brand Building Fund was spent as follows: ~~22.912%~~ on production, ~~69.580%~~ on media placement, ~~40%~~ on its administrative expenses, ~~6.68%~~ on web hosting, and 0% on the solicitation of new franchises.

Local Advertising Client engagement

In addition to the BBF Fees, you must meet the Local Advertising Client Engagement Requirement by spending \$89,000 per year on local advertising client engagement per unit for a Décor Coach and SDE Franchise and per unit for an Enterprise franchise. (Franchise Agreement, Section IX.6-9).

Grand Opening Advertising

In addition to the BBF Fee, you are required to spend at least \$750 for your grand opening advertising within 120 days of opening your DY Business. (Franchise Agreement, Section III.7).

Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing

You must order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we may require from time to time. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your DY Franchise, those items or services must be in your Gross Revenue. If you use

unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Building Fund. (Franchise Agreement, Section IX.7).

You may not conduct marketing activities outside of your Territory. You may market your DY Business through Social Media (the term "Social Media" means common social networks on the Internet, including Facebook; professional networks such as LinkedIn; Twitter; virtual worlds; file, audio, and video-sharing sites; and other similar social networking or media sites or tools) sites so long as you follow our policies and procedures. We may require you to allow us access to your Social Media pages to manage content. Participation in Social Media is not considered marketing outside of your Territory for the purposes of the Saturation Policy in your Franchise Agreement. In all Social Media activities, you must identify yourself as an independently-owned and operated franchisee. You may not establish a Website or Blog (as defined below), nor offer, promote, or sell any products or services, or make any use of the Marks through the Internet other than in a manner approved by us in our Social Media policy. We will create a website URL for your use. Any other website is considered "advertising" outside of your Territory in violation of the advertising restrictions of your Franchise Agreement. (The term "Website" means an interactive electronic document contained in a network of computers linked by communications software and includes Internet and World Wide Web home pages. The term "Blog" means an online journal website accessible by the public and used to market or promote your DY Business). (Franchise Agreement, Sections IV.6 and V.19-20).

Our online policies and procedures may change as technology and the Internet changes. Under our online policies and procedures, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We may require you to allow us access to your social media pages to manage content. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. You may not provide any goods or services related to the operation of your DY Business that we have not approved. (Franchise Agreement, Section IX.8).

Advertising Councils

We currently do not have, but may form an Advisory Council ("Council") to advise us on advertising policies. The purpose of the Council is to provide input regarding the Brand Building Fund and to promote communications between us and all franchisees. We will select the Council's members, and we may change or dissolve the Council at any time in our sole discretion. We anticipate that a Council would serve in an advisory capacity, but may grant to the Council any operational or decision-making powers that we deem appropriate. The Council will be governed by bylaws. (Franchise Agreement, Section IX.10).

Advertising Cooperative.

You are not required to participate in a local or regional advertising cooperative.

Computer System

You are required to purchase a computer system that consists of the following hardware and software: (a) laptop/portable computer system in a configuration equal to the most optimal configuration that is then-available (no specific brand is currently required, although we reserve the right to specify the computer hardware to be used in connection with the DY Business, and you may use a computer that you currently own); iPad; and Intuit Credit Card reader for the iPad, and (b) the current version of Microsoft

Office; antivirus software; Minutes Matter; and QuickBooks for PC ("Computer System"). We estimate the cost of purchasing the Computer System will be between \$1,000 and \$2,000. The Computer System will manage the daily workflow of the DY Business, coordinate the customer ordering experience, track inventory, labor, and other information. You must record all Gross Revenue on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Revenue of your DY Franchise. You must install a router that masks your internal IP address and change the default password. You may not use typical residential Internet service. In addition to offering and accepting DY gift cards and loyalty cards, you must use any credit card vendors and accept all credit cards and debit cards that we determine. The term "credit card vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the Computer System. You must arrange for installation, maintenance, and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating, or upgrading the Computer System or its components because it will depend on your repair history, costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time. In prior years we estimated the annual costs to be \$500. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation. (Franchise Agreement, Section VI.6).

We (or our designee(s)) have the right to independently access your electronic information and data relating to your DY Franchise through our proprietary data management and intranet system and to collect and use your electronic information and data in any manner we promote developing the System and the sale of Franchises. This may include posting financial information of each DY franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your DY Business, or from other locations. (Franchise Agreement, Sections VI.6 and V.23).

Operations Manual

Exhibit F contains the table of contents of the Playbook and supplementary materials. The Playbook is interactive and totals approximately 500 pages. The supplementary materials total approximately 878 pages. We update our Playbook regularly with new information, and the exact number of pages is difficult to quantify, as one "page" of interactive material may include multiple "pages" of information.

Training

You will immediately (within three business days of signing the Franchise Agreement) start the CPE training program. CPE is conducted on-site at the PEC (Southbury, Connecticut), and virtually (from your location), over the Internet, and through our proprietary web-based instructional portal, D&Y Learning Platform and Forum. With the PEC's assistance, you will have everything needed to be fully operational within days of beginning your CPE. Franchisees typically attend and complete on-site training within 60-120 days of signing their Franchise Agreement after they have fulfilled the franchise launch curriculum requirements. CPE is designed to provide you with a full understanding of our System and is ongoing throughout the term of your Franchise Agreement (Franchise Agreement, Sections V.1 and VI.1).

You (and your principal operator and/or DYCS Individuals, if applicable) must participate and successfully complete our CPE program and complete all curricula to our satisfaction throughout the term of



your Franchise Agreement. If an individual fails to successfully complete any portion of the CPE program, the individual will be required to retake those portions of the program and successfully complete the portion within one month. If an individual fails to successfully complete the on-site instruction to our satisfaction, the individual must re-attend the on-site instruction, and you must make payment of the additional assistance fee. You are responsible for all your expenses to attend any training program or portion of a program, including lodging, transportation, food, and similar expenses. Your failure to successfully complete any CPE program may result in termination of the Franchise Agreement. (Franchise Agreement, Section V.1).

Franchise Launch Curriculum

Our "Franchise Launch Curriculum" is our virtual initial training program. Virtual curriculum is conducted live via our interactive D&Y Learning Platform and Forum and is made available to you 24/7 within the D&Y Learning Platform and Forum archives. Franchisees are enrolled in D&Y Learning Platform and Forum within three business days of becoming a Franchisee and may begin the Franchise Launch Curriculum immediately upon enrollment. The Franchise Launch Curriculum consists of approximately 90 to 102 hours of training. We plan to provide the training listed in the table below. The hours presented for each subject are estimates and may change. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program.

TRAINING PROGRAM

Decor Coach Franchise

Subject/Day	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Decorating Design			
Virtual Sessions	6		Virtual / Home office
Recorded Sessions	6		Virtual / Home office
Mary Gilliatt Course	5		Virtual / Home Office
24 practice sessions with practice clients		24	Home Office / Practice Clients
Business Set Up	6	30	Virtual / Home Office
Trusted Advisor Sales	1	10	Virtual / Home Office
TOTALS	24 Hours	64 Hours	

SDD & Enterprise Franchise

Subject/Day	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Decorating Design			

Subject/Day	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Virtual Sessions	6		Virtual / Home office
Recorded Sessions	6		Virtual / Home office
Mary Gilliatt Course	5		Virtual / Home Office
24 practice sessions with practice clients		24	Home Office / Practice Clients
Business Set Up	6	30	Virtual / Home Office
Product Partner Overview	2	12	Virtual / Home Office
Trusted Advisor Sales	1	10	Virtual / Home Office
TOTALS	26 Hours	76 Hours	

On-Site Curriculum (On Site Event ("OSE"))

Our "On-Site Curriculum" is our classroom training program. On-site classes are held every 60 days, or when appropriate, at the PEC in Southbury, Connecticut. On-Site Curriculum materials are a combination of PowerPoint presentations and our interactive CPE programs and the DecorPlan System workbook. We plan to provide the training listed in the table below. The hours presented for each subject are estimates and may change. We reserve the right to vary the length and content of the On-Site Curriculum based upon the experience and skill level of the individual attending the On-Site Curriculum.

Decor Coach Franchise

Subject/Day	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Welcome/Intro/About Us/Agenda	5.5	0	Southbury, CT
ILWE – Business as a Vehicle			
About You – DISC, Etc.			
Business Overview			
Business Case Study	1	0	Southbury, CT
Listening Skills/Mental Prep	1.5	0	Southbury, CT
System Overview – Steps	8	2	Southbury, CT
Deliverables			
Practice			
A Day in the Life of a DC			

Subject/Day	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Discipline 1: Business Development	8	2	Southbury, CT
Generating Leads			
Creating Your Marketing Plan			
30-Second Commercial			
Trusted Advisor Training			
Role Play			
Creating Your Calendar			
Elements of Decorating Design	8	2	Southbury, CT
Review with Practical Exercises			
Final Project and Presentation			
Next Steps	1	2	Southbury, CT
Levels of Accomplishment			
Timeline for your Goals			
TOTALS	33 Hours	8 Hours	

SDD & Enterprise Franchise

Subject/Day	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Welcome/Intro/About Us/Agenda	5.5	0	Southbury, CT
ILWE – Business as a Vehicle			
About You – DISC, Etc.			
Business Overview			
Business Case Study	1	0	Southbury, CT
Listening Skills/Mental Prep	1.5	0	Southbury, CT
System Overview – Steps	8	2	Southbury, CT
Deliverables			
Practice			
A Day in the Life of a SDD			

Subject/Day	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Discipline 1: Business Development	8	2	Southbury, CT
Generating Leads			
Creating Your Marketing Plan			
30-Second Commercial			
Trusted Advisor Training			
Role Play			
Creating Your Calendar			
Elements of Decorating Design	8	2	Southbury, CT
Review with Practical Exercises			
Final Project and Presentation			
Window Treatment Design and Marketing as a Specialty	4	2	Southbury, CT
Vendor Selection/Ordering	3	3	Southbury, CT
Client Fulfillment			
Next Steps	1	2	Southbury, CT
Levels of Accomplishment			
Timeline for your Goals			
TOTALS	40 Hours	13 Hours	

POST On-Site – Business Development and Client Services

Following the completion of the On-site Curriculum, Franchisees participate in the following six week program (twice a week) virtually from their location as noted in the table below.

Subject/Day - Business Development/Client Services	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Week 1: - KPI Review - Networking/COI - Referrals/Strategic Partners	1.5	5-12	Virtually/ Your home office
Week 2: - KPI Review - Social Media - Pinterest, Facebook, Houzz	1.5	5-12	Virtually/ Your home office

Subject/Day - Business Development/Client Services	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Week 3: • • KPI Review • • Speaking Engagements/Webinars	1.5	5-10	Virtually/ Your home office
Week 4: • • PR, Ads, Newsletters, Follow Up	1.5	5-10	Virtually/ Your home office
Week 5: • • KPI Review • • Business Intros/CCC Calls	1.5	5-10	Virtually/ Your home office
Week 6: • • KPI Review • • Decor Plan System Review	1.5	5-10	Virtually/ Your home office

Decor Clinics

Twelve decorating category specific online courses are required (with subsequent course work submitted to the PEC). This course work may be completed prior to, during, or after attendance at the On-Site Education Event. We plan to provide the training listed in the table below. The hours presented for each subject are estimates and may change. We reserve the right to vary the length and content of the Decor clinics based upon the experience and skill level of the individual attending the Decor clinics.

Subject/Day - Decorating Clinics	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Week 1: • • Scale and Balance	1	2-5	Virtually/ Your home office
Week 2: • • The Decorating Process	1	2-5	Virtually/ Your home office
Week 3: • • Space Planning	1	2-5	Virtually/ Your home office
Week 4: • • Accessories Selection and Placement	1	2-5	Virtually/ Your home office
Week 5: • • Mixing Styles	1	2-5	Virtually/ Your home office
Week 6: • • Fabric	1	5-10	Virtually/ Your home office
Week 7: • • Windows	1	5-10	Virtually/ Your home office
Week 8: • • Rugs and Flooring	1	2-5	Virtually/ Your home office
Week 9: • • Lighting	1	2-5	Virtually/ Your home office
Week 10: • • Upholstery	1	2-5	Virtually/ Your home office
Week 11: • • Case Goods	1	2-5	Virtually/ Your home office
Week 12: • • Art Selection	1	2-5	Virtually/ Your home office

Subject/Day Decorating Clinics	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
TOTALS	21	60-134	

Certification courses.

If you meet our proficiency and sales target standards, you may choose to take the following courses. Each of the courses in the chart below are optional.

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Digital Design Certification	30	2	Virtually/Your home office
Color Certification Scheduled Individually Based on Demonstrated Proficiency of DecorPlan System, including Sales Targets*	15	2	Virtually/Your home office
CID Certification Prep/Test Scheduled Individually Based on Demonstrated Proficiency of DecorPlan System, including Sales Targets	2	2	Virtually/Your home office
Hunter Douglas Certification Scheduled Individually Based on Demonstrated Proficiency of DecorPlan System, including Sales Targets	25	0	Virtually/Your home office
GREEN AP Training/Certification Scheduled Individually Based on Demonstrated Proficiency of DecorPlan System, including Sales Targets*	12	0	Virtually/Your home office
TOTALS	84	6	

* These courses are provided by third parties. If you choose to take these courses you will pay the third-party providers a fee at the then-current negotiated rate for DY Franchises, which currently from \$800 to \$1,500 for Color Certification and \$250 to \$500 for GREEN AP Training/Certification.

Notes:

1. Karen Powell, founder and Chief Executive Officer of Decor & You, Inc. conducts the CPE Training Program. Ms. Powell has over 30 years of experience and is the creator of the franchise.
2. Other instructors will include members of the PEC staff, DY franchisees, and subject matter experts are utilized as instructors on an as needed and subject basis. DY franchisees used for training purposes have a minimum of three years' experience and are selected from our top performers. Each instructor has been trained to present all of the various curriculum topics. In addition to our instructors, persons who are active operations and administrative managers, as well as support staff, all of whom have industry experience, assist our instructors. We will also draw upon the substantial experience of our management, personnel from our various suppliers, experts in various relevant

fields, and occasionally from other franchisees to enhance our CPE programs. All our instructors will assist and work under the supervision of Ms. Powell.

3. Our training program includes a review of the Playbook, live and virtual instruction, and on-the-job training.

Ongoing Training

We may require that you complete additional refresher programs either at the PEC in Southbury, Connecticut or at your DY Franchise for the purpose of training you on how to use any new required equipment, explaining any new systems, or reviewing any new procedures. You will be required to pay the additional assistance fee for refresher programs that take place on-site at the PEC in Southbury, Connecticut or at your DY Franchise. Some courses may be optional while others may be required. Most refresher programs occur through our interactive D&Y Learning Platform and Forum website at no additional cost to you. If you appoint a new principal operator, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your DY Business. If we determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. If you request or require any additional CPE support or services from us in addition to that which we ordinarily provide to our franchisees, you must pay the additional assistance fees for such additional support or services. (Franchise Agreement, Sections III.4, IV.9, and V.1)

ITEM 12

TERRITORY

ITEM 12

The Franchise Agreement for your DY Franchise grants you a non-exclusive Territory. The size of the Territory will be determined based on the population located within the Territory and may range from part of a state to an entire state, depending on where your DY Business will be located. You will share the Territory with other DY franchisees. Under our saturation policy ("Saturation Policy"), we will place no more than one DY Business per each 100,000 people in any given territory. More than one DY franchisee may share a larger area based on the above one per 100,000 people. For purposes of territory determination and the Saturation Policy, the number of people will be determined using the latest available U.S. Census data. You may not operate from a temporary or permanent site outside the Territory, unless you receive our express written consent, which we may withhold in our sole discretion.

You do not have to locate a site from which to operate your DY Business, we do not provide you with assistance in doing so. You may open an office, but it is not required or recommended that you do. If you decide to operate your DY Business from an office, you must comply with the standards and specifications of a DY Business location if we include such standards and specifications in the Playbook. The location must be in a professional office setting and you must advise us of your proposed location or relocation and lease amount before signing a lease. You will not need our approval in approving the site of your office if you choose to open one or relocate one.

If you fail to meet your obligations under the Franchise Agreement, we may terminate your Franchise Agreement and any and all rights you have to use our Marks, whether in the Territory or otherwise, or take other action, including but not limited to, surpassing the Saturation Policy within your Territory.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will abide by our Saturation Policy within your Territory.



You may not advertise outside of your Territory either through traditional or alternative channels of distribution (except for advertising intended for the Territory that may inadvertently and unintentionally be disseminated beyond the Territory, and approved Social Media such as LinkedIn, Twitter, Facebook, etc. is not considered advertising outside of your Territory), unless you submit and receive prior written approval from us within five business days. However, if you are in full compliance with your Franchise Agreement and all other agreements related to the Franchise Agreement, we may allow you to market in undeveloped areas (a territory without a DY franchisee). You must make your request to market outside your Territory to us in writing, and we will advise you of our decision within five business days. If we disapprove your request, you may not market in the undeveloped area. If we subsequently sell the undeveloped area to another DY franchisee, we will notify you in writing and you must immediately cease your marketing activities in that territory.

We reserve all rights not expressly granted to you under the Franchise Agreement, including, among other things, the right to (1) manage and service company-owned client contracts both within and outside the Territory, (2) offer, grant, and support DY franchisees, (3) offer and sell products and services, under the Marks, through any mail-order catalogs, infomercials, Internet websites, direct sales, or any other channel of distribution, both within the Territory and elsewhere, (4) offer Franchises for sale in the Territory subject to the limitations of our Saturation Policy; and (5) establish, administer and direct all advertising and promotional activities of the System. We make no representation or warranty to you that there will be any right to participate in these business activities, whether as a franchisee or otherwise. You will not be entitled to, and we will not pay you, any compensation if we exercise any of our above reserved rights. We do not pay compensation for soliciting or accepting orders inside your Territory.

If you wish to purchase an additional DY Businesses, you must notify us in writing of your desire to enter into a subsequent franchise agreement. We will provide you with the then-current Franchise Disclosure Document, subject to the availability of DY Businesses within the territory. We consider a variety of factors when determining whether to grant additional Franchises. Among the factors we consider, in addition to the then-current requirements for new DY franchisees, are whether or not the franchisee is in compliance with the requirements under their current franchise agreement. You must meet our System's licensing standards at the time you enter into subsequent franchise agreements with us. These include being in substantial compliance with all terms of your existing franchise agreement(s). You may only operate one DY Business under any single franchise agreement. You do not receive the right to acquire additional DY Franchises within the Territory. You are not given a right of first refusal on the sale of existing DY Franchises.

We have established other franchisees who also use the Marks. We have not established other franchises or company-owned outlets or another channel of distribution selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future. All franchisees may accept business from anywhere, provided they do not advertise, market, or solicit outside their Territory, except as described above in this Item 12.

ITEM 13

ITEM 13

TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the Proprietary Marks. ~~You may also use other future trademarks, service marks, and logos we approve to identify your DY Franchise.~~ following principal trademarks ("Marks") registered or applied for with the U.S. Patent and Trademark Office ("USPTO"):



DY Inc. has registrations with the United States Patent and Trademark Office ("USPTO") for the following Marks:

Registered-Mark	Registration Number	Registration Date	Register
Dabble In Decorating	5,129,593	January 24, 2017	Principal Register
Decor&You	4,022,195	September 6, 2011	Principal Register
Decor & You	2,134,603	February 3, 1998	Principal Register
DecorDreamHome	3,874,742	November 9, 2010	Principal Register
Decor Express	4,857,780	November 24, 2015	Principal Register
Decorator Match	4,804,668	September 1, 2015	Principal Register
Home is Where Your Sparkle Lives	87/570,965 (serial number)	Pending Notice of Use	Principal Register
Love the Space You're In	3,037,819	January 3, 2006	Principal Register
Love the Space You're In	4,005,737	August 2, 2011	Principal Register
Decor&You	4,022,195	September 6, 2011	Principal Register
StylePrint	4,209,529	July 3, 2012	Principal Register
The StylePrint Design System	4,281,750	January 29, 2013	Principal Register
Decorator Match	4,804,668	September 1, 2015	Principal Register
Decor Express	4,857,780	November 24, 2015	Principal Register
The Styleprint Design System Dabble In Decorating	5,641,948/5,129,593	January 1, 2019/24, 2017	Principal Register
Home is Where Your Sparkle Lives	87/570,965 (serial number)	Pending Notice of Use	Principal Register

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There is no pending infringement, opposition, or cancellation proceeding in connection with our Marks. All required affidavits have been filed. No agreement significantly limits our right to use or license the Marks in any manner material to the DY Business. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks.

Decor & More, owns the trademarks listed in the chart above and licenses them to us pursuant to a written License Agreement effective January 1, 2019. The License Agreement is perpetual in duration and may be terminated upon a material breach not remedied after 30 days' written notice. If the License Agreement was terminated, you could lose the right to use the trademarks licensed to us under the License Agreement. There are no other currently effective agreements that significantly limit our rights to use or license the use of our trademarks listed in this section.



You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your DY Business that you are an independently-owned and operated licensed franchisee of DY Inc. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the DY Business, or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14 **ITEM 14** **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We do not own any rights in or licenses to any patents or patents pending that are material to the DY Business. We do claim rights under copyright laws for various works, including printed matter, artwork, advertising and promotional materials, the Playbook and the like, but we have not filed applications for copyrights for these works.

There are no current material determinations of the USPTO, the United States Copyright Office, or a court regarding any patent or copyright. No agreement, other than our Franchise Agreement which contains confidentiality provisions, limits your use of our copyrights.

You must notify us immediately if you become aware of any infringement of, or challenges to, our rights in our copyrights. We have the sole right to take any action we deem appropriate to protect our copyrights, including the exclusive right to control any litigation or administrative proceeding concerning our copyrights arising out of any such infringement, challenge, or claim relating to any of our copyrights including, but not limited to, the right to compromise, settle, or otherwise resolve the claim, and determine whether to appeal a final determination of the claim. You will execute all instruments and documents, render assistance, and do all things that, in our opinion, are necessary and advisable to protect and maintain our interests in the Marks. We may, but are not required to, participate in your defense and/or indemnify you for expenses or damages incurred if you are a party to an administrative or judicial proceeding involving

a trademark we license to you, or if the proceeding is resolved unfavorably to you, providing you notify us within 48 hours of any claim against you.

The Playbook and other material made available to you contain our confidential and proprietary information. We possess and will develop and acquire certain confidential, proprietary information and trade secrets consisting of the following categories of information, methods, techniques, procedures, and knowledge that we and our franchisees have developed ("Confidential Information") including: (i) methods, techniques, tools, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development and operation of the System and DY Business; (ii) our marketing and promotional programs; (iii) knowledge of suppliers and specifications of certain materials or software to be used in the DY Business; and (iv) our knowledge of customer lists, operating results, and financial performance.

We will disclose to you all of the Confidential Information as required for the operation of your DY Business immediately following the signing of the Franchise Agreement, as well as during the guidance and assistance that we will furnish to you during the term of the Franchise Agreement. You may disclose the Confidential Information that we will provide to you and the information that you learn during the operation of your DY Business only to the extent necessary to operate your DY Business.

All persons and employees with access to the Playbook or to any other Confidential Information must first sign our Confidentiality Agreement attached to this Franchise Disclosure Document as Exhibit G-3. The Confidentiality Agreement requires you to maintain all Confidential Information supplied by us as confidential, both during and after the term of the Franchise Agreement, as outlined above.

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

You are not required to personally participate in and devote your full time efforts to the DY Business; however, you are responsible for ensuring all obligations under the Franchise Agreement are met, including the obligation for the DY Business to operate full time, unless we grant you permission in writing otherwise, which permission you must request before entering into the franchise with us. You may engage an individual to manage the direct day-to-day operations of the DY Business on a full-time basis ("Principal Operator"); in accordance with our System licensing standards. The Principal Operator may be you or someone you designate. The Franchisee and Principal Operator must complete our CPE program to our satisfaction. You must keep the DY Business open and in normal operation for a minimum of 40 hours per week, except as may be limited by local law or the landlord's rules and regulations.

We do not require you to obtain our approval for any Principal Operator or DYCS Individual; however, you are responsible for insuring that any individual working in the DY Business possesses good moral character, business reputation, and credit rating, and has the aptitude and ability to operate the DY Business in accordance with our System standards and specifications.

If the franchisee is a corporation, partnership, limited liability company, or other entity, you must maintain a current list of all owners of any interest in the entity.

Any Principal Operator, DYCS Individual, and, if you are an entity, an officer that does not own equity in the Franchisee entity must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document as Exhibit G-2. All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is

attached to this Franchise Disclosure Document as Exhibit G-3. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owner's Agreement guarantying the obligations of the entity, in the form of which is attached to the Franchise Agreement as Attachment 2.

ITEM 16

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only the products and services that meet our uniform standards of quality and quantity, as we expressly approve for sale in the Playbook or otherwise in writing. You must offer all such products and services that we specify in the Playbook. The currently approved products and services are for you to provide interior decorating to residential and commercial customers. We may change or add to our required products and services at our discretion with prior notice to you (See Item 8). You must begin using these products and services within 30 days of notice by us. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may only sell approved products or services to customers in your Territory unless we permit otherwise. You may not solicit business outside your Territory through the use of a toll-free number, catalog, direct mail, or other advertising method, unless you receive prior written approval from us.

You must refrain from using or permitting the use of the DY Business for any purpose or activity other than the operation of your DY Business, unless you obtain our written consent. We will have the sole right to formulate and make policy decisions concerning every aspect of sales, promotions, advertising, and other programs.

We reserve the right to designate additional required services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. We will have the sole right to formulate and make policy decisions concerning every aspect of sales, promotions, advertising, and other programs.

ITEM 17

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provisions	Section in Franchise Agreement	Summary
a. <u>a.</u> Length of the franchise term	Section II.5	You may select a term of three, five, or ten years.
b. <u>b.</u> Renewal or extension of the term	Section II.6	Can be renewed for successive terms if you are in compliance with your Franchise Agreement ("Agreement").

Provisions	Section in Franchise Agreement	Summary
e. <u>c.</u> Requirements for franchisee to renew or extend	Section II.6	On the expiration of your Franchise Agreement, provided there is no material default or money owed, you may execute a successor franchise agreement with us by signing a successor franchise agreement and any ancillary documents; execute a general release (subject to state law); pay the renewal fee; and enroll in our CPE program. Your successor franchise agreement may have materially different terms than your initial Franchise Agreement.
d. <u>d.</u> Termination by franchisee	None	Not applicable.
e. <u>e.</u> Termination by franchisor without cause	None	Not applicable.
f. <u>f.</u> Termination by franchisor with cause	Section XII.3-5	We can terminate if you default on your obligations under the Franchise Agreement, or as a cross-default based on default under other agreements with us.
g. <u>g.</u> "Cause" defined – curable defaults	Section XII.4	Subject to applicable state law, you have 30 days to cure defaults capable of being cured and three days to cure defaults for non-payment of fees.
h. <u>h.</u> "Cause" defined – non-curable defaults	Section XII.3	Subject to applicable state law, non-curable defaults: conviction of felony or crime involving dishonesty; repeated defaults, even if cured; abandonment; trademark misuse; under-reporting of Gross Revenue; and unapproved transfers.
i. <u>i.</u> Franchisee's obligations on termination/non-renewal	Section XV	Obligations include complete de-identification and payment of amounts due (also see "r." below).
j. <u>j.</u> Assignment of contract by franchisor	Section XIII.1	No restriction on our right to assign.
k. <u>k.</u> "Transfer" by franchisee – defined	Section XIII.2	Includes transfer of contract or assets, or ownership change.
l. <u>l.</u> Franchisor approval of transfer by franchisee	Section XIII.2	We have the right to approve all transfers, but will not unreasonably withhold approval.
m. <u>m.</u> Conditions for franchisor's approval of transfer	Section XIII.2	Purchaser qualifies; transfer fee paid; purchase agreement approved; arrange for purchaser's enrollment in our CPE program; release signed by you (subject to state law); and current Franchise Agreement signed by purchaser (also see "r." below).

Provisions	Section in Franchise Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Section XIII.4	We have the right, within 30 days of receipt from you of information concerning a proposed transfer, to purchase the DY Business on the same terms.
o. Franchisor's option to purchase franchisee's business	None	Not Applicable.
p. Death or disability of franchisee	Section XIII.9	Franchise must be assigned by estate to approved buyer within six months.
q. Non-competition covenants during the term of the franchise	Section XIV	No involvement in another business conducting any activities the same or similar to your DY Business.
r. Non-competition covenants after the franchise is terminated or expires	Section XIV	No competing business for two years within: (i) a 50-mile radius from your DY Business; and (ii) a 50-mile radius from all other DY Businesses that are operating or under development (including after assignment).
s. Modification of the agreement	Section XVI	No modifications generally; but Playbook subject to change.
t. Integration/merger clause	Section XVIII	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section XIX	Except for certain claims, all disputes must be arbitrated in the city and state in which we maintain our principal place of business; currently Southbury, Connecticut (subject to applicable state law).
v. Choice of forum	Section XIX.3	All disputes must be arbitrated and litigated in the city and state in which we maintain our principal place of business (currently Southbury, Connecticut), except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section XIX.2	Connecticut law applies, subject to any contrary provision contained in the State-Specific Addendum, subject to applicable state law.

ITEM 18

ITEM 18

PUBLIC FIGURES

We use the following public figure, Mary Gilliatt, to promote our Franchise. DY Inc. has had a long-standing relationship and financial arrangement on a contract basis per project as needed with Mary Gilliatt for the ongoing use of her name in promoting the sale of our Franchise.



Ms. Gilliatt will also provide CPE, lecturing, and consulting services to our franchisees. We have the right to renew our agreement with her on as yet undisclosed terms.

A native of England, Ms. Gilliatt began her career as the Home Design and Architecture columnist for the "Times" of London and Home Editor and Senior Feature Writer for the "Sunday Telegraph." After taking leave to raise her children, she became a regular contributor to several British and Australian magazines while starting her own decorating firm. In 1965, Mary was commissioned to write her first book, English Style, which was simultaneously published in England, France, and the U.S. to great acclaim. She has since written over 40 books, including The Complete Guide to Home Design; Decorating: A Realistic Guide; Dream Houses; Period Style; and Decorating with Mary Gilliatt, the companion guide to her highly rated 13-part PBS series, which first aired in 1992 and repeated several times since.

Ms. Gilliatt's many design commissions have included the modernization of Liberty of London, and Liberty's Centenary Exhibition; the reception rooms for the East India Club in St. James Square, London; the public rooms for the new Roslyn Claremont Hotel in Roslyn, Long Island, as well as numerous private homes, including New York City apartments and country houses for several noted celebrities.

Mary has also designed her own lines of wallpaper and fabric, including several top selling faux finish and border collections, and has recently served as Consulting Editor and Columnist for Ladies Home Journal.

Ms. Gilliatt is not involved in the management or control of DY Inc., and has no ownership interest or financial investment in DY Inc.

Other than Ms. Gilliatt, we do not use any public figures to promote our Franchise.

ITEM 19

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, and/or affiliate-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Karen Powell, 900 Main Street South, Building 2, Southbury, CT 06488, and 203-405-2132, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For years 20152016 to 20182017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<u>20162015</u>	<u>3321</u>	<u>2419</u>	<u>-122</u>
	<u>20172016</u>	<u>2419</u>	<u>1917</u>	<u>-2</u>
	<u>20182017</u>	<u>1917</u>	<u>1716</u>	<u>-21</u>
Company-Owned	<u>20162015</u>	<u>0</u>	<u>01</u>	<u>0+1</u>
	<u>20172016</u>	<u>01</u>	<u>1</u>	<u>+10</u>
	<u>20182017</u>	<u>1</u>	<u>1</u>	<u>0</u>
Total Outlets	<u>20162015</u>	<u>3321</u>	<u>2420</u>	<u>-121</u>
	<u>20172016</u>	<u>2420</u>	<u>2018</u>	<u>-12</u>
	<u>20182017</u>	<u>2018</u>	<u>1817</u>	<u>-21</u>

Table No. 2

Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For years 20152016 to 20182017

State	Year	Number of Transfers
Massachusetts	<u>20162015</u>	<u>10</u>
	<u>20172016</u>	<u>0</u>
	<u>20182017</u>	<u>0</u>
Totals	<u>20162015</u>	<u>10</u>
	<u>20172016</u>	<u>0</u>
	<u>20182017</u>	<u>0</u>

Table No. 3

Status of Franchised Outlets
For years 20152016 to 20172018

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
AlabamaColorado	<u>20162015</u>	<u>16</u>	<u>0</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>06</u>
	<u>20172016</u>	<u>06</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>06</u>

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2018 2017	06	0	0	0	0	0	06
Colorado	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
	2017	6	0	0	0	0	0	6
District of Columbia	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Florida	2015	+	0	0	+	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Georgia	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Massachusetts	2015	+	0	0	0	0	+	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Illinois	2016 2015	01	10	0	0	0	0	1
	2016	+	0	0	0	0	0	+
	2017	1	0	0	0	0	1	0
Michigan	2018 2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Nebraska	2016 2015	1	0	0	0	0	0	1
	2017 2016	1	0	0	0	0	0	1
	2018 2017	1	0	0	0	0	0	1
New Hampshire	2016 2015	1	0	0	0	0	0	1
	2016	+	0	0	0	0	0	+
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
New Jersey	2016 2015	43	0	0	10	0	01	32
	2016	3	0	0	0	0	+	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	1	0	0	1
New York	2016 2015	31	0	10	10	0	01	10

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2016	4	0	0	0	0	4	0
	2017	0	0	0	0	0	0	0
Ohio	20152018	30	0	0	0	0	30	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Pennsylvania	2015	4	0	4	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Rhode Island	20162015	1	0	0	0	0	0	1
	2016	4	0	0	0	0	0	4
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Texas	20162015	21	0	40	0	0	0	1
	2016	4	0	0	0	0	0	4
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Virginia	20162015	76	0	40	0	0	0	6
	2016	6	0	0	0	0	0	6
	2017	6	0	0	1	0	0	5
Washington	20152018	45	0	0	0	0	40	05
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Total Outlets	20162015	3321	40	50	30	0	52	2419
	2016	21	0	0	0	0	2	49
	2017	19	0	0	1	0	1	17
	2018	17	0	0	1	0	0	16

Table No. 4

Status of Company-Owned Outlets
For years 20152016 to 20172018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Connecticut	20162015	0	01	0	0	0	01
	20172016	01	10	0	0	0	1
	20172018	1	0	0	0	0	1
Total Outlets	20162015	0	01	0	0	0	01
	20162017	01	10	0	0	0	1
	20172018	1	0	0	0	0	1

Table No. 5

Projected Openings
as of December 31, 20172018

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	1	0
Colorado	0	1	0
Connecticut	0	1	0
Florida	0	1	0
Massachusetts	0	1	0
New YorkJersey	0	1	0
Virginia	0	1	0
TOTALS	0	57	0

Exhibit D contains a list of the names of all current franchisees and the address and telephone number of each of their outlets.

Exhibit D also contains a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within

10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the DY Franchise System.

We are not aware of any trademark-specific franchisee organizations associated with the franchise system being offered.

ITEM 21

ITEM 21

FINANCIAL STATEMENTS

Exhibit E contains our audited financial statements for our fiscal years ended December 31, 2017, 2016, and 2015, as well as our unaudited Balance Sheet as of November 30, 2018, 2017, and 2016, 2018, and our unaudited Profit and Loss Statement for the time period January 1, 2018 – November 30, 2018.

ITEM 22

ITEM 22

CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit B	Franchise Agreement
Attachment 1	Franchise Data Sheet and Territory
Attachment 2	Owner's Agreement
Exhibit C	State Addenda to the Franchise Agreement
Exhibit G	Contracts for use with the DY Franchise
Exhibit G-1	General Release Agreement
Exhibit G-2	System Protection Agreement
Exhibit G-3	Confidentiality Agreement
Exhibit G-4	Automated Clearing House Payment Authorization Form
Exhibit G-5	Approval of Requested Assignment
Exhibit G-6	Promissory Note
Schedule 1	Authorization Agreement for Automatic Payment

ITEM 23

ITEM 23

RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date, and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	Department of Business Oversight 320 West 4th Street Los Angeles, CA 90013 1515 K Street, Suite 200 Sacramento, CA 95814 1-866-275-2677	Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street Los Angeles, CA 90013
Connecticut	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
Indiana	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Secretary of State, Securities Division West Washington Street, Room E- 111 Indianapolis, IN 46204
Kentucky	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	
Maryland	Office of the Attorney General Securities Commissioner 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 373-7117	Department of Attorney General 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913

State	State Administrator	Agent for Service of Process
Minnesota	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
Nebraska	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st Floor New York, NY 10005 212-416-8236 Phone	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492 Phone
North Dakota	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501
Texas	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769	
Utah	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	
Virginia	State Corporation Commission Division of Securities and Retail Franchising, 9 th Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Securities Administrator Washington State Department of Financial Institutions	Securities Administrator Washington State Department of Financial Institutions

State	State Administrator	Agent for Service of Process
	150 Israel Road SW Tumwater, WA 98501 (360) 902-8760	150 Israel Road SW Tumwater, WA 98501
Wisconsin	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

EXHIBIT B

FRANCHISE AGREEMENT

EXHIBIT B



FRANCHISE AGREEMENT

Decor & You, Inc.
900 Main Street South, Building 2
Southbury, CT 06488
(203) 405-2126

TABLE OF CONTENTS

<u>Section</u>		<u>Page</u>
SECTION I.	DEFINITIONS	1
SECTION II.	GRANT	4
SECTION III.	FEES.....	65
SECTION IV.	DUTIES OF FRANCHISOR	8
SECTION V.	DUTIES OF FRANCHISEE	10
SECTION VI.	OPERATING REQUIREMENTS	16
SECTION VII.	USE OF SYSTEM AND MARKS.....	17
SECTION VIII.	CONTINUING SERVICE FEE.....	19
SECTION IX.	ADVERTISING AND MARKETING.....	2120
SECTION X.	RELATIONSHIP OF THE PARTIES	23
SECTION XI.	INDEMNIFICATION	24
SECTION XII.	DEFAULT AND TERMINATION	25
SECTION XIII.	TRANSFERABILITY.....	27
SECTION XIV.	COVENANTS.....	30
SECTION XV.	RIGHTS AND OBLIGATIONS OF PARTIES.....	31
SECTION XVI.	CHANGES AND MODIFICATIONS	33
SECTION XVII.	NOTICES	33
SECTION XVIII.	ENTIRE AGREEMENT	3433
SECTION XIX.	GOVERNING LAW AND DISPUTE RESOLUTION	34
SECTION XX.	SEVERABILITY AND CONSTRUCTION	38
SECTION XXI.	ACKNOWLEDGEMENTS	40

ATTACHMENTS:

Attachment 1 – Data Sheet

Attachment 2 – Owner's Agreement

DECOR & YOU, INC.
FRANCHISE AGREEMENT

This Franchise Agreement ("**Agreement**") is effective on the last date identified on the signature page (the "**Effective Date**") between Decor & You, Inc., a Delaware corporation ("**Franchisor**," "**we**," or "**us**") and the Franchise Owner identified on **Attachment 1** ("**Franchisee**," "**you**" or "**your**"), (collectively the "**Parties**").

RECITALS:

WHEREAS, as a result of the expenditure of time, skill, effort and money, we offer franchises under unique business formats and operating systems and a distinctive method for operating businesses that offer interior decorating products and services to commercial and residential clients (the "**System**");

WHEREAS, we identify the System with the Decor & You ("**DY**") trademarks, system marks, logos and other intellectual property and such other service marks, trademarks, and logos that we may designate in writing for use with the System (the "**Marks**");

WHEREAS, we offer two different types of DY franchises (each a "**Franchise**"). Our Decor Coach franchise ("**Decor Coach Franchise**") is for individuals looking to enter into the interior decorating business, while the Styleprint Decor Designer franchise ("**SDD Franchise**") is for established interior designers and for those who desire to provide full-service interior design products and services. The Enterprise Firm consists of three Styleprint Decor Designer franchises operated as one outlet ("**Enterprise Firm**"). The type of Franchise will be indicated in **Attachment 1**. Each Franchise provides for the sale and marketing of interior decorating services including draperies, fabric, furniture, window treatments, interior design services, installation services, decorative shades, wallpaper, carpet and all other related home furnishings and fashion merchandise, services and labor ("**Products and Services**") using our System and Marks;

WHEREAS, you wish to obtain the non-exclusive right to serve as a DY franchisee in a designated non-exclusive area set forth in **Attachment 1** (the "**Territory**"), and to operate a Decor & You Franchise to provide Products and Services (the "**DY Business**");

WHEREAS, you understand and acknowledge the importance of our uniformly high standards of quality and service and the necessity of ensuring that Franchisees operate their DY Businesses in strict conformity with our system standards and specifications.

AGREEMENT:

NOW, THEREFORE, the Parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, hereby mutually agree as follows:

SECTION I. SECTION I.
DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following are defined terms under the Agreement.

1. 1. **Blog.** An online website journal accessible by the public and used to market or promote your DY Business.



~~2.~~ 2. **Competing Business.** Any business that is the same as or similar to the DY Business, including without limitation, a business that provides interior decorating or design services and/or provides referrals to existing businesses whether franchised or not franchised..

~~3.~~ 3. **Confidential Information.** Information that is considered confidential by Franchisor, described in **Section XIV.4** of the Agreement.

~~4.~~ 4. **Confidentiality Agreement.** An agreement entered into by the Franchisee and Franchisor, as well as Franchisee's principal, manager, supervisor, member, partner, employee or a person in a managerial position describing the obligations of confidentiality and non-competition.

~~5.~~ 5. **Consent.** Franchisor's express consent, in writing, specifically stating to what it is consenting. No action by the Franchisor creates an implied consent where Franchisor's consent is required under the Agreement.

~~6.~~ 6. **CPE, Continuing Professional Education.** The entire curriculum provided for franchisee education throughout the term of this Agreement.

~~7.~~ 7. **Decor Designer Commissioned Salesperson.** An individual you engage to assist you or your Principal Operator in the operation of the DY Business.

~~8.~~ 8. **D&Y Learning Platform and Forum.** Our interactive Continuing Professional Education program.

~~9.~~ 9. **DYCS Individuals.** Commissioned and/or salaried salespersons hired by you, if you purchase an SDD Franchise or Enterprise Firm, to assist in the operation of your DY Business. Decor Coach Franchises may not hire any DYCS Individual. An SDD Franchisee may hire up to two DYCS in addition to the Principal Operator. An Enterprise Firm may hire up to 9 DYCS Individuals in addition to the Principal Operator.

~~10.~~ 10. **Effective Date.** The date this Agreement becomes effective. This date is the last date listed on the signature page of the Agreement.

~~11.~~ 11. **DY Business.** The business conducted by you under this Agreement.

~~12.~~ 12. **DY Franchisees.** Individuals who have executed a unit franchise agreement with Franchisor to operate a single unit business using our Marks and System.

~~13.~~ 13. **Gross Revenue:** The total selling price of all Products and Services sold at, from, or through your DY Business, whether or not sold or performed at or from the DY Business, including the full redemption value of any gift certificate or coupon sold for use at the DY Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and all income and revenue of every other kind and nature related to your DY Business operation, whether for cash or credit, and regardless of collection in the case of credit. Gross Revenue does not include the payment of any required state sales or service taxes.

14. 14. Mediation Organization. The American Arbitration Association or other mediation services provider the Franchisor may choose to conduct mediation.

15. 15. Parties. All persons and entities identified collectively in this agreement are referenced hereinafter as the "Parties" and individually as a "Party."

16. 16. Permanent Disability. Any physical, emotional or mental injury, illness or incapacity that would prevent a person from performing the obligations described in this Agreement for at least six consecutive months and from which condition recovery within six months from the date of determination of disability is unlikely.

17. 17. Playbook. Our proprietary Operations Playbook which describes the procedures, standards, and methods for operating and maintaining a Franchise Business.

18. 18. Portal. The computer systems provided to you by us which includes, but is not limited to email access, CPE tools, access to the Playbook and updates and changes, and other company information.

19. 19. Principal Operator. The operator of a franchise who will personally participate in and devote full time efforts to the DY Business and conduct business activities we consider adequate in order to promote the Franchise Business and to obtain and service clients and customers, unless we grant you permission in writing to operate part time.

20. 20. Products and Services. The sale and marketing of interior decorating services including draperies, fabric, furniture, window treatments, interior design services, installation services, decorative shades, wallpaper, carpet and all other related home furnishings and fashion merchandise, services and labor.

21. 21. Saturation Policy. We will place no more than one Single Unit franchise per 100,000 people according to the latest U.S. Census data in any given state or group of states; however, more than one Single Franchisee may share a larger area based on the above one per 100,000 people. Franchisees are able to accept business from anywhere provided they do not advertise, market or solicit outside their territory. Franchisee participation on social media websites is not considered marketing outside any territory for the purposes of this Saturation Policy.

22. 22. Social Media. Social and professional networks on the Internet; virtual worlds; file, audio and video-sharing sites; and other similar social networking or media sites or tools.

23. 23. System. The uniform, recognizable and proprietary manner in which the DY Business is operated using our unique and proprietary system for providing business facilitation and support services to businesses in all stages, from inception to full implementation, in advertising, sales, marketing, customer service, leadership, team building, business planning, management, and organizational development.

24. 24. Territory. The area described in **Attachment 1** within which you operate your DY Business.

~~25.~~ 25. Website. An interactive electronic document, contained in a network of computers linked by communications software. The term website includes, but is not limited to, Internet and World Wide Web homepages.

SECTION II. SECTION II. **GRANT**

~~1.~~ 1. Rights Granted. Subject to the terms and conditions of this Agreement, we grant you the right to serve as a DY Franchisee under the System in the Territory in order to provide Decor Products and Services to persons seeking to decorate their home or business, all in strict accordance with the System and under the Marks. We also grant you a non-exclusive license to use and display the Marks and to use our proprietary technology and methods and our copyrighted materials solely in connection with the operation of your DY Business. You acknowledge that this is a limited grant of rights and upon termination of this Agreement for any reason, your rights to operate a DY Business will cease and the license terminate.

~~2.~~ 2. Rights Reserved. We reserve all rights not expressly granted to you under this Agreement, including, among other things, the right to (1) manage and service company-owned client contracts both within and outside the Territory, (2) offer, grant, and support DY Franchisees, (3) offer and sell Products and Services, under the Marks, through any mail order catalogs, infomercials, Internet websites, direct sales, or any other channel of distribution, both within the Territory and elsewhere, (4) offer Franchises for sale in the Territory subject to the limitations of our Saturation Policy; and (5) establish, administer and direct all advertising and promotional activities of the System. We make no representation or warranty to you that there will be any right to participate in these business activities, whether as a franchisee or otherwise. You will not be entitled to, and we will not pay you, any compensation if we exercise any of our reserved rights.

~~3.~~ 3. Territory. Your license under this Agreement is limited to the Territory. Your Territory is defined in **Attachment 1**. Your rights in the Territory are non-exclusive and we may license other Franchises or own or operate our own DY Businesses in the Territory (under the terms of the Saturation Policy). You may not operate from a temporary or permanent site outside the Territory, unless you receive our express written consent ("**Consent**"), which we may withhold in our sole discretion. You may not advertise outside of your Territory (except for advertising intended for the Territory that may inadvertently and unintentionally be disseminated beyond the Territory), unless you receive our Consent which we may withhold in our sole discretion. Your Territory will not have more than 100,000 persons.

~~4.~~ 4. Saturation Policy. Except as otherwise provided herein, we will adhere to our Saturation Policy when placing Franchises within any territory. Franchisees are able to accept business from anywhere provided they do not advertise, market or solicit outside their Territory. Franchisee participation on social media websites is not considered marketing outside any territory for the purposes of this Saturation Policy.

~~5.~~ 5. Term. You may, at your option, select a term of three years, five years or ten years. The term of this Agreement will be for the number of years from the Effective Date selected by you in **Attachment 1**.

6. 6. **Successor Agreement.** You may, at your option, enter into a successor franchise agreement for one additional three, five, or ten-year period, subject to the following conditions, all of which must be met prior to entering into a successor agreement (unless otherwise waived by us):

a. a. You must give us written notice of your election to enter into a successor franchise agreement not less than six months, and not more than twelve months, prior to the end of the initial term;

b. b. You must not be in default of any provision of this Agreement, any amendment hereof or successor hereto or any other agreement you have entered into with us or our affiliates, and must have substantially complied with all the terms and conditions of this Agreement and any such other agreement;

c. c. You must have satisfied all monetary obligations to us and our affiliates and must have timely met these obligations throughout the term of this Agreement and any other agreement you have entered into with us or our affiliates;

d. d. You must execute, our then-current form of franchise agreement and ancillary documents (including but not limited to Owners Agreement or other guaranty), which will supersede in all respects this Agreement, and the terms of which may differ materially from the terms of this Agreement, including, without limitation, an increased fee schedule;

e. e. You must pay us a successor fee of \$5,000 (the "Successor Fee").

f. f. You must comply with our then-current qualifications and CPE requirements for new Franchises;

g. g. You must execute a general release, in a form we prescribe, of any and all claims against us and our affiliates, and their respective officers, directors, agents and employees; and

h. h. You must reimburse us for all reasonable costs incurred in connection with entering into the successor franchise agreement, including our attorney fees.

i. i. If you have opened an office location outside of your home, you must upgrade your location to meet our then-current standards and specifications for an office location, at your expense.

j. j. Upon renewal, you may apply for a reduced monthly CSF upon successfully completing the CSF Reduction Terms as described in Section VIII 2.

SECTION III. SECTION III.
FEES

1. **1. Initial Franchise Fee.** You must pay to us an Initial Franchise Fee ("Initial Franchise Fee") in the amount set forth in Attachment 1. The Initial Franchise Fee is in consideration of all of our pre-opening assistance that we provide to allow you to open your DY Business and our lost or deferred opportunity to enter into this Agreement with others, and it offsets some of our expenses for franchisee recruitment. You agree that, in view of our administrative, professional, and related expenses incurred in connection with this Agreement, we have fully earned the Initial Franchise Fee upon receipt and it is non-refundable.

2. **2. Start-up Support Package.** We will provide to you a Start-up Support Package appropriate for your level of franchise that includes initial marketing materials, including microsite, along with other initial materials (e.g. hands on design templates, customized accounting software, and specialized coaching/mentoring) ("Start-up Support Package"). If you are an SDD Franchise or an Enterprise Firm we will also provide one certified interior decorator ("CID") certification.

3. **3. CPE Fee.** If you have a Decor Coach Franchise, only one person may attend the CPE curriculum. If you have a SDD Franchise, the principal operator and two other DYCS Individuals may attend training, however all three individuals must attend training at the same time. If you have an Enterprise Firm, the principal operator and up to 8 DYCS Individuals may attend training, however, training must be attended by all nine individuals in no more than three groups of three.

If you require CPE initial training for any additional DYCS Individuals or if a DYCS Individual cannot attend CPE initial training with the rest of the group, the fee for each DYCS Individual shall be \$1,500 if your DYCS Individual enrolls in our virtual CPE curriculum, and \$3,500 if your DYCS Individual enrolls in our on-site CPE program.

You must pay an additional fee at our then current rates (currently \$399) every three years for a refresher CPE course taught at our location. (See Section V for details). The fee for the refresher CPA must be paid at least seven days in advance of the CPE.

4. **4. Additional CPE and Support Fee.** You must pay an additional fee at our then-current rates (currently \$500 to \$2,500 per day, depending on the type of assistance requested) for any additional CPE Support we may require or that you request above and beyond that which is provided by us (See Section V for details). These fees must be paid at least seven days in advance of the CPE or assistance.

5. **5. Continuing Service Fee.** You must pay to us a Continuing Service Fee as described in Section VIII.

6. **6. Brand Building Fund Fee.** You must pay to us a Brand Building Fund fee which is described in Section IX.

7. 7. Grand Opening. You must spend at least \$750 on grand opening advertising for your DY Business within 120 days of the signing of this Agreement.

8. 8. Technology Fee. You must pay to us a monthly "Technology Fee" which is currently \$90300 per month for technology development and usage charges up to three people. Additional people are \$35/month per person for you and one additional administrative support employee design software access or \$65/month per person for a Design Assistant. We reserve the right to increase the Technology Fee upon notice to you. Payment will begin the last day of the month of the Effective Date for the upcoming month. You must pay an additional \$90 per month for each additional management person, Principal Operator, or DYCS Individual. The additional fees Any additional fees for additional people will begin on the last day of the month immediately following your engagement of the additional person. This fee may be increased upon sixty days' notice, but not to exceed \$250500 per month per person.

9. 9. Annual Conference Fee. Attendance at the DY annual conference ("Annual Conference") is mandatory for you, any Principal Operator and/or any DYCS Individual. You will pay an Annual Conference fee (currently, \$399-\$799) per person, which may be increased in our discretion). The Annual Conference fee will be automatically deducted from your account for each attendee approximately two (2) months prior to the commencement of the Annual Conference. In addition to the Annual Conference fees, you are solely responsible for all expenses to attend the Annual Conference including lodging, transportation, food, and similar travel expenses. We reserve the right to discontinue the Annual Conference either temporarily or permanently. We may preclude you from attending the Annual Conference if you are then in default of this Agreement or if you have had two notices of default within 12 months prior to the Annual Conference. We may also preclude you from participating in system calls, meetings, or webinars while you are in default of this Agreement.

10. 10. Late Fee. Any payment not made by the due date will be deemed overdue. In the event of any overdue amounts, you will pay us a late fee of \$100, or the maximum rate permitted by law, whichever is higher, calculated daily, plus interest.

11. 11. Interest. If we are allowed, pursuant to this Agreement, to charge interest on any monies owed to us, interest will be in an amount up to 18% per annum, or the maximum interest rate allowed by law in the state in which we maintain our principal place of business or in your Territory, whichever is lower.

12. 12. Insufficient Funds Fee. If any check or payment from you to us does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you shall pay, upon demand, an insufficient funds fee of the lesser of \$100, or the maximum amount allowed by law.

13. 13. Transfer Fee. The transfer fee is equal to the sum of: (i) an amount equal to 25% of our then-current Initial Franchise Fee applicable to the franchise; and (ii) our then-current fees for providing training to any transferee, currently, we charge \$5,000 to train up to three individuals at one time. A \$1,000 non-refundable deposit is due at the time of transfer application submittal and the remaining balance of fee at the time of the approved transfer.

14. 14. Minimum Local Advertising Client Engagement. You are required to expend a minimum annual amount equal to \$89,000 per year on ~~local advertising client engagement~~. You must retain copies of all receipts for ~~local advertising client engagement~~ expenditures for our review upon request and provide us with expenditure reports quarterly.

15. 15. Successor Fee. This fee is discussed in Section II.6.

16. 16. Application of Funds. We may apply payments from you in any manner we choose to for the amounts you owe us, excluding the Brand Building Fund fee payments which we will apply only to the Brand Building Fund, but which we may apply in any manner we choose for the amounts you owe us for the Brand Building Fund.

17. 17. Timing of Payments. We have the right to periodically specify (in the Playbook or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card and payment by check.

18. 18. Professional Expenses and Court Fees. You must reimburse us for any legal or accounting fees/expenses that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any costs and expenses in enforcing our rights against you under the Franchise Agreement. You must reimburse our costs that we incur for any transfer that is not completed.

SECTION IV. SECTION IV. **DUTIES OF FRANCHISOR**

1. 1. Continuing Professional Education. We will provide a Continuing Professional Education ("CPE") Program. CPE is conducted through D&Y Learning Platform and Forum, our proprietary web-based instruction portal, on-site at our Performance Enhancement Center, virtually over the Internet and through certified proctors for DYCS Individuals. Franchisees will receive CPE in collegiate semester formats culminating in National Professional Certification granted by Certified Interior Decorators International ("CIDI").

2. 2. Promotional Materials. We may, in our sole discretion, furnish materials, layouts, and promotional items in reproducible art format for you to use to attract new leads and promote the business and goodwill of the System.

3. 3. Playbook. We have created and developed special procedures, standards and methods for operating and maintaining DY Businesses, which standards are incorporated into the Playbook. We will provide you access, through our Intranet, to our Playbook, as updated, revised, modified or amended from time to time, which will include standards and specifications for inventory and supplies, and other mandatory operating procedures. We will notify you of updates, revisions, modifications or amendments to the Playbook through email to your System email address. You acknowledge that your compliance with the Playbook is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation through the System. However, while the Playbook is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the DY Business.

4. **4. Review of Operations.** We may, from time to time, review your operations, management, techniques, sales program, and support services, at our discretion, with or without your approval or knowledge, to ensure that you conduct business in accordance with our standards. We may conduct an investigation in person or require you to provide us with copies of all records relating to the operation of your DY Business, at your expense. Records include, but are not limited to, invoices, receipts, federal and state tax returns, sales tax returns, contracts, profit and loss statements, balance sheets, financial statements, banking records, cancelled checks and accounting records. In addition, we will have the right at all reasonable hours to physically examine all records concerning transactions and communications relating to the operation of your DY Business and will have full and free access to all records for review and for the purpose of making copies. We have the right to audit your books and records.

5. **5. Annual Conferences, Meetings and Ongoing Education.** We may hold periodic meetings with franchisees to provide information on significant developments concerning us and our Products and Services, including annual conferences. The Annual Conference will be held at such location as we may determine. We reserve the right to discontinue, either permanently or temporarily, the annual conference. We may also offer regional education programs, study groups, DY Franchisee meetings, and conferences, which we may offer in our sole discretion. Nothing in this Agreement will be construed to require us to provide ongoing regional education programs, study groups, franchisee meetings, or conferences. We may offer conferences, meetings, and ongoing education in-person or in any manner we deem appropriate.

6. **6. Technology Access.** We will provide you with a personal Uniform Resource Locator ("pURL") linked to our public website and an email address for use in the operation of your DY Business. We will also provide you with a brand-specific e-mail address which you are required to use as your business e-mail and must be used for all communications relating to your DY Business, including communications with the PEC and clients.

7. **7. Communications with Franchisees.** We may provide you with notices, updates, changes and other communications regarding the System through email to your System email address or through the Portal daily Monday through Friday. Notice will be considered to have been made once when emails are sent or postings are made on our Portal.

8. **8. Supplier Designation.** We may designate and approve suppliers of proprietary products required for the operation of your DY Businesses. We reserve the right to designate exclusive suppliers, which may include us or our affiliates, to earn fees on your purchases from suppliers, and to include surcharges on purchases from approved suppliers. You are required to purchase all products and services only from the suppliers that we designate.

9. **9. Support and Administrative Services.** We will provide support and administrative services in the amount and manner we deem appropriate. We remain obligated to ensure that you receive those services we deem appropriate. We may charge you a fee in the amount specified in Section V.1 of this Agreement for operating assistance made necessary by your failure to comply with this Agreement or operating assistance greater than that which we normally provide to all our franchisees. The timing of all advice, consultation and operating assistance provided under this Agreement will be subject to the availability of our personnel.

~~10.~~ 10. **Collections from Clients.** We reserve the right, in our sole discretion, to collect fees from your clients on your behalf and to disseminate the appropriate funds to you less any fees or other amounts owed to us. You agree to sign all documents we require in order to give effect to this provision upon our request.

SECTION V. SECTION V. **DUTIES OF FRANCHISEE**

In addition to your other obligations under this Agreement, you covenant and agree to comply with, or perform, the following in a diligent and timely manner:

~~1.~~ 1. **Continuing Professional Education.** You agree to participate and complete to our satisfaction, all CPE we require throughout the term of this Agreement (Section IV.1 above). You, your DYCS Individuals (and your Principal Operator, if applicable) must participate and successfully complete our CPE program and complete all curricula to our satisfaction throughout the term of your Agreement. If an individual fails to successfully complete any portion of the CPE program, the individual will be required to retake those portions of the program and successfully complete the portion within one month. If an individual fails to successfully complete initial CPE, the individual must re-attend and you must make payment of the additional CPE support fees. Failure to successfully complete any CPE program may result in termination of the Agreement. If the Franchisee is owned/operated by a corporation, partnership, or limited liability company ("**Entity**"), any holder of a 50% or greater share in the Entity or, if no shareholder holds a 50% or greater share, the shareholder in any entity who will personally participate in, and devote full time efforts to, (unless we grant permission in writing for part time), the DY Business and conduct business activities we consider adequate in order to promote the Franchise Business and to obtain and service clients (the "**Principal Operator**") must participate and complete all CPE. You are also required to attend a refresher CPE, at our location, every three years and must pay us our then-current fee for such refresher CPE. If you request or require any CPE in addition to that which is provided to all franchisees, you must pay us our then-current fees for such additional CPE support. You will be responsible for any other costs and expenses you and your employees incur in connection with the refresher CPE or on-site CPE including, without limitation, the costs of transportation, lodging, meals and wages. If you request our representatives provide CPE to you at your DY Business, in addition to the CPE fee for this additional training, you will be responsible for all reasonable costs and expenses incurred by our representatives to travel to your DY Business including, without limitation, the costs of transportation, lodging, meals, and expenses. You will also be required to attend any regional training provided by us or provided by any third parties upon notice to us.

Optional Certification Courses. If you meet our proficiency and sales target standards, you may choose to take optional Certification courses. These courses are provided by third parties. If you choose to take these courses you will pay the third-party providers a fee at the then-current negotiated rate for DY Franchises, which are currently from \$800 to \$1,500 for Color Certification and \$250 to \$500 for GREEN AP Training/Certification.

~~2.~~ 2. **Promotional Materials.** You agree to use, in the manner we specify, any materials, layouts, and promotional items in reproducible art format that we provide you to attract

new clients and promote the business and goodwill of the System, as described in Section IV.2 above. You will be responsible for all costs associated with the duplication of these items by an approved supplier. You agree to follow any policies regarding the use and approval of promotional materials as contained in our Playbook or otherwise communicated to you, which may include our prior written consent for the use of all sales, promotional, and advertising and other materials you proposed to use to attract clients as further set out in Section IX.

3. 3. Equipment and Samples. You agree to purchase all furniture, lighting, bedding, artwork, mats, frame samples, fabric samples, rugs, wall coverings, window coverings, and other equipment and books and samples we designate in the Playbook for your DY Business.

4. 4. Playbook. You agree to operate your DY Business solely in accordance with our requirements and specifications as set forth in the Playbook. You agree and acknowledge that you are obligated to implement any and all updates, revisions, modifications and amendments we send to you within the period prescribed in the notice at your own expense. You further agree to maintain the confidentiality of the Playbook. The entire contents of the Playbook, plus updates, revisions, modifications or amendments constitute provisions of this Agreement just as if they were written on these pages. You agree that changes to the Playbook do not materially alter this Agreement and no future consideration is required. You also acknowledge complete and detailed uniformity under many varied conditions may not be possible or practical, and we reserve the right to vary standards for any franchisee based upon any condition we deem appropriate to the successful operation of the DY Business.

5. 5. Approved Products, Services and Suppliers. You agree to use only those products, services, and suppliers we have approved. You may submit products and suppliers to us for our approval. The procedures for submitting products and suppliers are described in the Playbook. You must discontinue using any product, service, or supplier upon receipt of written notice from us.

6. 6. Pricing. Subject to all applicable laws, you must honor the terms of all promotional or discount programs that we may offer to the public for DY Businesses and comply with any pricing policies we may specify, including minimum and maximum price policies, minimum advertised price policies and unilateral price policies. You must also, subject to all applicable laws, provide those services and other items we specify on such terms and at such rates, including free-of-charge, as we may specify.

7. 7. Location of the DY Business.

a. a. Most DY Franchisees operate their DY Business from their residences. You may, in your sole discretion and at your own expense, operate from an office outside your home, although we do not require or recommend that you do so. If you decide to operate the DY Business from an office, you must comply with the standards and specifications of a DY Business location if we include such standards and specifications in the Playbook. The location must be in a professional office setting and you must inform us of your proposed location and lease amount before signing the lease. We do not approve office locations nor provide site selection assistance.

~~b.~~ b. If we implement standards and specifications after you have opened an office location outside your home, you will be required to upgrade your location to meet our standards and specifications and incur any associated costs for any such upgrades.

~~8.~~ 8. **Conferences, Meetings and Ongoing Education.** You, as well as any DYCS Individuals and/or Principal Operator from each DY Business you own must attend, at your own expense, any periodic meetings we organize, including our Annual Conference. You agree to have one Principal Operator from each DY Business you own, attend, at your own expense, other ongoing education that we may offer from time to time, including regional education programs, study groups, DY Franchisee meetings, webinars, and conferences. Your failure, or that of any of your DYCS Individuals or Principal Operators, to attend the Annual Conference is a breach of this Agreement, which may result in termination if the non-attendees do not attend a make-up session within one month of the Annual Conference at your expense.

~~9.~~ 9. **Compliance with Laws.** You must comply with all federal, state and local laws and regulations, and must take all necessary steps, (including, but not limited to, making any required filings at your expense), to ensure compliance with all federal, state and local laws. All sales efforts you make, or that are made under your discretion, must be courteous and dignified, and in a professional, ethical and responsible manner. You acknowledge that we have the sole right to formulate and make policy decisions concerning every aspect of sales, promotions, advertising and other programs for the System.

~~10.~~ 10. **Highest and Best Service.** You agree that your primary goal will be the success of your DY Business (such success is ultimately dependent on your efforts) and that you will always provide the highest and best service to each client. We may, in our sole discretion, remedy any issues with customers of your DY Business, including full reimbursement to the customer of any fees they paid to you. You are required to reimburse us for any reasonable costs that we incur in responding to any complaints from or issues with your customers.

~~11.~~ 11. **Protection of the Marks.** You may not use or permit the use of the Marks or any other aspect of the System for any purpose other than the operation of the DY Business or for any purpose other than those provided by the terms and conditions of this Agreement.

~~12.~~ 12. **Record-Keeping.** You must keep accurate records concerning all transactions and communications among us, you, and your clients relating to the operation of the DY Business. All such records must be kept available for at least three years after the termination or expiration of this Agreement for any reason whatsoever, and you must provide us access to these records upon request. You agree to submit to us copies of any and all records we request upon ten days' notice, at your expense. You agree to submit to us weekly during the term of this Agreement, a summary of your operations (on forms we prescribe) accurately reflecting all operations during the preceding week and such other data and information regarding your DY Business as we may require. You must submit Gross Revenue reports to us by 5:00 p.m., Monday of each week for the preceding week. If you fail to provide any report required under this Section V when due, you will incur a late fee of \$100 per occurrence plus \$100 per week until the applicable report is submitted which amounts we may elect to debit from your bank account within five days of request.

~~13.~~ 13. **Annual Financial Statements.** You must submit to us, within thirty days after the end of each fiscal year, your annual statements of profit and loss and source and disposition of funds for the fiscal year and your end-of-year balance sheet in electronic format or as specified in the Playbook.

~~14.~~ 14. **Insurance Coverage.**

~~a.~~ a. **Required Insurance Coverage.** At all times during the term of the Agreement, you must maintain in force, at your sole expense, the amount and specific types of insurance coverage set forth in the Playbook (which may be changed by us from time to time), including but not limited to: (1) general comprehensive public liability insurance against claims for bodily and personal injury, death and property damage caused by, or incurred in connection with, your operation of, or conduct of business; (2) an umbrella policy; (3) employer liability insurance; (4) automobile liability insurance, (5) worker's compensation insurance (as required by law if you have employees); (6) data theft and cybersecurity and; (7) any other insurance required by statute or rule of your locality, city or state. The policies must be an occurrence policy, and not a claims-made policy. The insurance coverage may be maintained under one or more policies of insurance containing the amounts and types of coverage we may prescribe from time to time and be issued by insurance companies rated A or higher by Alfred M. Best & Company, Inc. or such other insurance rating company as we designate.

~~b.~~ b. **Additional Insured.** All insurance policies required by this Agreement must name us as an additional insured and be endorsed to give us 30 days prior written notice of any determination, expiration, cancellation, termination, or change of any such policy.

~~c.~~ c. **Certification of Insurance.** You must provide us with a certificate of insurance showing maintenance of all required insurance coverage within 30 days award of your franchise and annually thereafter, as well as within 30 days of any changes to the policy.

~~d.~~ d. **Failure to Maintain Coverage.** If you fail to obtain and maintain the required insurance, we may, at our option, in addition to any other rights we may have, procure such insurance for you without notice and you shall pay, upon demand, reimbursement for the premiums.

~~15.~~ 15. **Franchisee's Business Efforts.** You, or your Principal Operator(s), where applicable, must personally participate in and devote full-time efforts to the DY Business, and may not operate or be employed by other businesses. You must conduct certain business development activities that we consider adequate in order to promote the DY Business and to obtain and service clients. You, or your Principal Operator, are required to be the manager of and exercise daily supervision over the DY Business and use your best efforts to grow the DY Business. If you are unwilling or unable to devote the required full-time effort towards the required business development activities, you must engage and pay for a part-time business development assistant to

conduct those activities for the DY Business who must participate and complete all CPE, at your expense, including all then-current CPE fees.

~~16.~~ 16. **Confidentiality and Non-Competition Agreements.** You and your employees, DYCS Individuals and Principal Operator must sign confidentiality and non-competition agreements in the form appended to the Franchise Disclosure Document, as may be updated in the Playbook, as we may revise from time to time. Such agreements are required in order to protect us, you and other parties from wrongful appropriation of accounts and Confidential Information (as defined in **Section XIV** below), unfair competition, and the loss of trade secrets.

~~17.~~ 17. **Acknowledgements.** You acknowledge that you have read this Agreement and our Franchise Disclosure Document, and that you have no knowledge of any representations we or our officers, directors, shareholders, employees or agents have made about the DY Business or about us or our franchising program or policies which are contrary to the statements in our Franchise Disclosure Document or to the terms of this Agreement. You also acknowledge that you understand and accept the terms, conditions and covenants in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all facilities which operate pursuant to the System and thereby to protect and preserve the goodwill of the Marks.

~~18.~~ 18. **Restrictions on Entities.** Except as we may otherwise approve in writing, you must confine your activities, and your governing documents must at all times provide, that your activities are confined exclusively to operating the DY Business. If Franchisee is an Entity, you must maintain and furnish upon request a list of all individuals with a direct or indirect legal or beneficial ownership interest in the Franchisee, regardless of percentage of interest or involvement in the operations of the DY Business. The Principal Operator and any individual with a direct or indirect legal or beneficial ownership interest in the Franchisee of 10% or greater will execute the Owner's Agreement appended to this Agreement as **Attachment 2**.

~~19.~~ 19. **Websites.** You specifically acknowledge and agree to not establish a Website or Blog, nor offer, promote, or sell any Products or Services, or make any use of the Marks, through the Internet other than in a manner approved by us. As a condition to granting any such consent, we have the right to establish such requirements as we deem appropriate, including but not limited to the requirement that your only presence on the Internet be through a webpage we have established on our Portal.

~~20.~~ 20. **Social Media.** You may participate in Social Media in accordance with our Social Media Policy, which is part of our Playbook and which we may amend from time to time. Participation in Social Media websites is not, for the purposes of this Agreement, considered to be marketing outside any territory for the purposes of the Saturation Policy. Customer leads generated through Social Media are considered to be leads generated through your personal circle of influence. You must provide us with all Social Media account information we request and you, hereby, grant us independent access to your Social Media accounts in order to make upgrades, post information, and manage the Social Media account as we deem appropriate for the benefit of your Social Media efforts and the System.

21. **Technology Access.** You agree that access to our computer Portal is provided to you as part of the System and that your login information is specific to you. You agree that your employees, DYCS Individuals, Principal Operators and agents are not permitted, nor will you allow them, access to our Portals using your personal login information. If you require an employee, DYCS Individual, Principal Operator or agent to have access to our portal, you must obtain personal login information for each, and you must insure that they do not share personal login information. Anyone having access to our Portal, must access it daily, Monday through Friday, and accessing the Portal constitutes your agreement to abide by any notices, updates or changes to the Playbook posted therein. Failure to access the Portal as required may result in electronic tools and resources being blocked by us, as will failure to file required reports within the time allotted for the filing of reports.

a. **a.** In the event of a change of address, telephone number, or other contact information, you are required to update your Profile in our Portal within forty-eight hours of the change and send a copy of the changes to us. You agree and acknowledge that we will communicate with you at the address you provide to us and that your failure to update your Profile and notify us could result in you not receiving important notices. You are deemed to have received any notice sent to you at the address you have provided to us.

b. **b.** All obligations to us, including the obligation to make payments to us as required by this Agreement, will not cease as a result of having electronic tools and resources blocked. You will also be given a pURL to which you must grant us independent access, as well as an email address which you must use as your business email address and in all communications relating to your DY Business. You agree to use only the pURL linked to our public website and the email address provided for use in the operation of your DY Business. You agree not to create or use any other website or email addresses for use in your DY Business.

22. **Privacy.** You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("**Privacy Laws**"). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

23. **Customer Data.** All data that you collect, create, provide or otherwise develop (including, but not limited to customer information) is (and will be) owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and solely for your use in connection with the business franchised under this Agreement. You agree to provide us with the information that we reasonably require with respect to data and cybersecurity requirements. You agree to indemnify us for any loss of data including, but not

limited to customer information, resulting from a breach of such data caused, in whole or in part, by you.

SECTION VI. SECTION VI. OPERATING REQUIREMENTS

~~1. **Opening.** You must open the DY Business within five business days following execution of this Agreement.~~ **1. Opening.** You will, within three business day of executing this Agreement, have access to our decorating technologies and vendors and participate in our Franchise Launch Curriculum. You must begin our CPE training within one month of executing this Agreement. You must open the DY Business within six months following execution of this Agreement. If you do not successfully complete our CPE program, we may terminate this Agreement. All monthly fees are due in accordance with Section III above.

~~2. **Supervision.**~~ **2. Supervision.** The DY Business must be under your direct, day-to-day supervision for the entire term of this Agreement. No other person is authorized to act as a franchisee under this Agreement. You are responsible for all activity in the DY Business and insuring that all activities are conducted in compliance with our system licensing standards, regardless of whether the unit is operated by you personally, or another Principal Operator.

~~3. **Days and Hours of Operation.**~~ **3. Days and Hours of Operation.** The DY Business must be operated full-time. **"Full-Time"** means at least forty hours per week, unless we grant you permission in writing otherwise.

~~4. **Telephone Numbers and Telephone Book Advertising.**~~ **4. Telephone Numbers and Telephone Book Advertising.** You must maintain at least one business telephone number, separate from any home telephone number you may use, to be used only for activities relating to your DY Business. You are required to list your business in the White and Yellow Pages for your Territory. A copy of any printed ad must be submitted to and approved by us prior to its publication. All telephone numbers used for activities relating to your DY Business belong to us and must be turned off or transferred to us, as we determine, upon termination of the DY Business.

~~5. **Products and Services Offered.**~~ **5. Products and Services Offered.** You must offer for sale only the Products and Services that we specify in this Agreement and the Playbook. You must offer all such Products and Services that we specify in this Agreement and the Playbook.

~~6. **Computer Hardware and Software.**~~ **6. Computer Hardware and Software.** We reserve the right, in our sole discretion, to specify the computer hardware and software, including accounting software, to be used in connection with the DY Business. We may require you to obtain and/or upgrade your computer hardware and software. You must pay any costs associated with hardware and software upgrades, including any monthly software fees. You have thirty days to acquire and install the computer hardware as well as implement any associated changes in your operating procedures. We currently require that you purchase a laptop/portable computer system equal to the most optimal configuration available, iPad, and Intuit Credit Card Reader for iPad, Microsoft Office and antivirus software. You must purchase the most recent version of QuickBooks for a PC. You must set up your Minutes Matter account and register for QuickBooks set-up and training through our approved

QuickBooks Pro advisor within fourteen days of this Agreement. In addition to this accounting software, as of the date of this Agreement, if you are a Decor Coach Franchise, you are required to use design software that we designate or approve, and if you are a SDD Franchise or Enterprise Firm, you are required to use design software and client relationship management software that we designate or approve. If you use the software we designate, we will provide you with all information necessary to set up accounts to use such software. You must maintain your online accounts throughout the term of this Agreement, unless we advise otherwise. You must use the computer and general business forms we provide or specify in the Playbook. We have the right to access all of the information and data stored on your computer system and the Portal. You must ensure that we have such access at all times and you will take no action to interfere with our access to such information.

~~7.~~ 7. **Franchisee Identification.** You must identify your DY Business as an independently owned and operated franchise and yourself as a franchisee in all dealings with the public and not as an owner of the franchise company. The identification must be clearly visible and appear on all advertising and marketing materials, client contracts, checks and negotiable instruments in a form and manner we prescribe from time to time. You may only advertise the Products and Services using the Marks, as approved by us.

~~8.~~ 8. **General Operations.** You must conduct the DY Business in a manner that reflects favorably on you, us and our other franchisees. You will protect the good name, goodwill and reputation of the entire System and avoid, at all costs, deceptive, misleading and unethical practices in the operation of your DY Business.

~~9.~~ 9. **Credit Cards / Methods of Payment.** You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that we may periodically designate as mandatory. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

~~SECTION VII.~~ SECTION VII.
USE OF SYSTEM AND MARKS

~~1.~~ 1. **Ownership of the Marks.** You acknowledge that we are the sole owner of the Marks and all goodwill in the Marks and that, neither this Agreement nor the operation of your DY Business will in any way give or be deemed to give to you any interest in the Marks except for the right to use the Marks solely in the Territory in accordance with the terms and conditions of this Agreement. You may not use the Marks or any contraction, variation or abbreviation thereof in any manner calculated to represent that you are the owner of the Marks. No right, title or interest

in the Marks is transferred to you except the right to use them only during the term of this Agreement in the manner and subject to the terms and conditions set forth in this Agreement.

2. 2. **Business Name.** You will not use either the Marks or any variations thereof as part of your Entity, corporate, firm or business name or for any other purposes save and except in accordance with the terms and conditions of this Agreement or as we may otherwise specifically authorize in writing. The following is an example of a prohibited use of the Mark in an entity or trade name. It is for clarification purposes only and not a complete list of improper usages. For example: "Décor & You of Connecticut" is an improper use of our Marks in your entity or trade name.

3. 3. **No Dispute or Impairment of the Marks.** Neither during the term of this Agreement nor at any time after termination hereof, may you, either directly or indirectly, dispute or contest the validity or enforceability of the Marks, attempt any registration thereof anywhere in the world, or attempt to dilute the value of any goodwill attaching to the Marks. You may not take any action that might invalidate the Marks, impair any of our rights in and to such Marks or create any rights adverse to ours.

4. 4. **Correct Use of the Marks.** You may use the Marks only in the style as registered or, if not registered, as we have prescribed. Moreover, you will use the Marks correctly spelled and/or depicted and not in any manner which might endanger the validity of the Marks or of the registration thereof.

5. 5. **No Warranty.** We have not received any notice that the use of the Marks constitutes an infringement of any trademark, service mark, patent or any other proprietary right of any third party. However, you acknowledge that we have made no investigation in connection with the foregoing and agree that we will not be charged with constructive knowledge of any infringement. You further acknowledge that we have made no representation or warranty that the use of the Marks will not infringe any trademark, service mark, patent or any other proprietary right of any third party in the Territory.

6. 6. **Infringement Notification and Response.** In the event that you learn of any infringement or threatened infringement or piracy of any of the Marks or any actual or intended common law passing-off by reason of limitation of, or otherwise, or that any third party alleges or claims or intends to allege or claim that any of the Marks are liable to cause deception or confusion to the public or that any third party alleges or claims or intends to allege or claim that any of the Marks infringe on the trademark, service mark, patent or any other proprietary right of any third party in any manner, you must forthwith give notice thereof to us together with all information with respect thereto. The Parties undertake and agree to consult with each other with respect to how to respond to each infringement or violation. However, only we may, in our absolute discretion, institute proceedings or defend proceedings as we deem advisable. You may not, under any circumstances whatsoever, institute any legal proceedings relating to the Marks without first obtaining our Consent. In the event we undertake the defense or prosecution of any such legal proceedings, you agree to execute any and all documents and do such acts and things as may, in our counsel's opinion, be necessary to carry out such defense or prosecution. If we defend such

claim, we will have no obligation to indemnify or reimburse you with respect to any of your expenses, costs, fees, or disbursements of any attorney you have retained.

7. 7. **Modifications to the Marks.** You acknowledge and agree that we hereby reserve the right to change the Marks as we deem necessary in the best interest of the System. We will notify you of any changes to the Marks and require you, as well as all our franchisees, to promptly conform to the changes within ten days and cease using any Marks which have been discontinued. Conformance with changes will be at your own expense.

8. 8. **Notices of Mark Registrations.** You agree to give such notices of trademark and service mark registrations as we specify and to obtain such fictitious or assumed name registrations as may be required under applicable law.

9. 9. **Goodwill.** You agree that any goodwill associated with the Marks, including the goodwill associated with the Marks that arise through your activities, will inure exclusively to our benefit.

10. 10. **Inspection Rights.** In order to preserve the validity and integrity of the Marks and to ensure that you are properly employing the Marks in the operation of the DY Business, we and/or our agents will, at all reasonable times and without notice, have the right: (1) to enter and inspect your business premises, including all records and reports of the business; (2) to observe the manner in which you are conducting your DY Business; (3) to confer with your employees and clients; and (4) to select Products and Services for evaluation, in order to make certain that your DY Business is operating in compliance with our quality standards. We may conduct inspections in any manner we deem appropriate and may employ the use of audio or video taping. We may also require you to send us copies of any and all records of the business, including but not limited to client lists, purchase orders, financials, and tax returns, either in electronic or paper form.

11. 11. **Photo/Video Release.** You acknowledge and authorize us to use your likeness in a photograph or video in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph or video using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph or video of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph or video of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action which you may have in connection with this authorization. For purposes of this Section, you shall refer to your Principal Operators if you are an Entity.

~~SECTION VIII.~~ SECTION VIII. CONTINUING SERVICE FEE

1. 1. **Fee.** You must pay us a non-refundable Continuing Service Fee ("CSF") each month. The CSF for a Decor Coach Franchise is \$500 per month, the CSF for a SDD Franchise is \$735 per month; and the CSF for an Enterprise Firms is \$2,205.

2. 2. **Reduced CSF Incentives.** We have an incentive plan that allows franchisees that achieve certain sales benchmarks to pay a reduced CSF. Once your DY Business



has been open for 3 years or you reach \$500k in gross sales as a Decor Coach, \$750k in gross sales as a SDD Franchisee, or \$1.75M in sales as an Enterprise Firm, you may apply to us for a \$100 reduction in your monthly CSF for Decor Coach and SDD Franchise and a reduction of \$300 for an Enterprise Firm. Once your DY Business has been open for 5 years, you may apply to us for an additional \$100 reduction in your monthly CSF if you are a Decor Coach or SDD Franchise or \$300 if you operate an Enterprise Firm. Each CSF reduction is available only if you: (i) have continually remained current on all amounts due to us throughout the term of your agreement; (ii) timely submit all required financial statements and reports to us; (iii) have attended and participated in all required trainings, webinars, conferences, and summits; (iv) have submitted, no less than quarterly, client project photos, along with client reviews; and (v) otherwise substantially comply with this Agreement (the "**CSF Reduction Terms**"). You must apply for reduced monthly CSF upon successfully completing the CSF Reduction Terms and your DY Business has been open for the minimum 3 or 5-year period. If you fail to continue to meet the CSF Reduction Terms your CSF will revert to the amount set forth in Section VIII.1 of this Agreement.

3. 3. **Reporting.** You must report your Gross Revenues for each preceding week no later than 5:00 p.m. Eastern Standard Time on the Monday immediately following the preceding week.

4. 4. **Payments.** We draw CSF and Brand Building Fund payments on the first Wednesday of each month for the prior month. Your obligation to pay CSF and Brand Building Fund payments will begin immediately following execution of this Agreement; for example, if you execute this Agreement on a Tuesday you will be required to report your Gross Revenue received for the period from Tuesday through Friday on the following Monday by 5:00 p.m. and make your first CSF and Brand Building Fund payments on the first Wednesday of the following month.

5. 5. **Bank Account.** You must open, prior to operation of the DY Business, and maintain at all times during the term of this Agreement, a checking account solely for the DY Business. You must deposit all revenue derived from the DY Business into this account and retain, at all times, available funds sufficient to allow us to deduct monies owed from your account, including but not limited to Brand Building Fund fees, Technology Fees, and CSF. If you close your account, for any reason, you must notify us no less than ten business days prior to closing the account and provide us with correct bank account information. If we receive notice from a bank of non-payment due to insufficient funds or a closed account, you will be charged the Late Fee and insufficient funds fee.

6. 6. **Electronic Funds Transfer.** All monies you owe us shall be payable via check, credit card, electronic funds transfer ("EFT") or whatever method we designate from time to time. We have the right to periodically specify (in the Playbook or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly or monthly payment, payment by auto-draft, credit card and payment by check. If you make any payment to us or our affiliates by credit card for any fee or required payment, we may charge a service charge of up to 4% of the total charge. You shall not subordinate to any other obligation its obligation to pay the CSF or any other fee or charge due to us or our affiliate under this Agreement, including the CSF and any other fees or monies owed to us. You must also authorize us to deposit funds into your account via EFT. We may require you to remit fees and other amounts due to us under this Agreement via EFT or

other similar means utilizing an approved computer system or otherwise. You agree to comply with our procedures and/or perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish payment

~~SECTION IX.~~ SECTION IX.
ADVERTISING AND MARKETING

1. 1. Brand Building Fund. You are required to pay us our then-current monthly, non-refundable Brand Building Fund Fee ("**Brand Building Fund Fee**"). The current Brand Building Fund Fee for a Decor Coach Franchise is \$100 per month, for an SDD Franchise \$125 per month, and for an Enterprise Firm \$375; however, we reserve the right to increase the Brand Building Fund upon thirty days' notice up to \$400 per month for Décor Coach and SDD and up to \$1,200 per month for an Enterprise Firm.

2. 2. Purpose. The purpose of the Brand Building Fund is to direct all marketing and advertising programs, including without limitation, the concepts, material, and media used in such programs and their placement and allocation. The Brand Building Fund is intended to maximize general public recognition, acceptance and use of the system and we are not obligated, in administering the Brand Building Fund, to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from expenditures from the Fund.

3. 3. Use of Brand Building Fund Fees. Contributions to the Brand Building Fund will be used to meet any and all costs of maintaining, administering, directing, conducting, creating and/or otherwise preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities with we believe will enhance the image of the System, including without limitation, the costs of preparing and conducting media advertising campaigns, direct mail advertising, marketing surveys and other public relations activities, employing advertising and/or public relations agencies, purchasing or developing promotional items, conducting and administering visual merchandising programs, and providing promotional and other marketing materials and services to the businesses operated under the System

4. 4. Account Management. All sums paid by you to the Brand Building Fund will be maintained in a separate account from the Franchisor's other monies. We have the right to charge the Brand Building Fund for such reasonable administrative costs and overhead as we may incur in activities reasonably related to the direction and implementation of the Brand Building Fund and advertising programs for franchisees and the System, including, without limitation, costs of personnel for creating and implementing advertising, merchandising, and promotional and marketing programs. The Brand Building Fund and its earnings will not otherwise inure to the benefit of us. We, or our designee, will maintain separate bookkeeping accounts for the Brand Building Fund.

5. 5. Brand Building Fund Status. The Brand Building Fund is not a trust, and we do not assume any fiduciary obligation to you for maintaining, directing, or administering the Brand Building Fund or for any other reason. As long as the Brand Building Fund is operational, an unaudited statement of the operations of the Brand Building Fund as shown on our books will

be prepared annually by us and made available to you upon request. The Brand Building Fund will be of perpetual duration and we maintain the right to terminate the Brand Building Fund. The Brand Building Fund will not be terminated, however, until all monies in the Brand Building Fund have been expended for marketing, advertising and/or promotional purposes.

6. ~~Local Advertising~~ **6. Client Engagement and Promotion.** You are required to expend a minimum of \$8,000 per year on ~~local advertising~~ client engagement and promotion. You may only use advertising, identification and promotional materials and programs including, but not limited to, printed and broadcast advertisements, direct mail materials, communications by computer network or computer "bulletin boards," stationary, business cards, press releases, signs, posters, displays, leaflets, newspaper advertisements and inserts, promotional mail outs, general mailings and promotional literature (collectively "**Advertising**") in connection with the DY Business that we have furnished or approved in writing in our sole discretion. You agree to pay for all advertising not furnished by us. If you fail to spend \$8,000 per year on ~~local advertising~~ client engagement and promotion, you must contribute the difference between the amount you spent and \$8,000 to the Brand Building Fund.

7. **7. Submission of Advertising for Approval.** You must follow our Advertising approval process as outlined in the Playbook. All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we may require from time to time. Currently, you are required to submit all Advertising not previously submitted for approval to us for approval. We will notify you of our disapproval within thirty days after receipt of the Advertising. If we do not disapprove the Advertising within thirty days, the Advertising will be deemed approved and you may use the Advertising, however, we reserve the right, upon thirty days' notice to you in writing to withdraw our approval. If we withdraw our approval for any reason other than the infringement of a trademark, you agree to cease using the unapproved Advertising within thirty days. If we disapprove the materials as a result of its infringement of any trademark, whether owned by us or a third-party, we will notify you of the infringement and you must immediately cease using the Advertising. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Building Fund.

8. **8. Manner of Advertising.** You agree to conduct all Advertising that refers in any way to the Marks, the DY Business or the System in a dignified manner, and only with our approval. You agree to conform all Advertising to the standards, specifications and requirements specified in writing by us in the Playbook, website, or otherwise. If you breach the provisions of this Section, we will notify you in writing of the facts that give rise to the breach. If you do not cure the breach within three days following delivery of this notice, then we may terminate or remove any unauthorized Advertising at your expense and will also be entitled to terminate this Agreement immediately.

9. **9. Public Figures.** You may not use a public figure to promote or advertise the DY Business without our Consent.

10. **10. Advertising Council.** We currently do not have, but may form an Advisory Council ("Council") to advise us on advertising policies. The purpose of the Council is to provide

input regarding the Brand Building Fund and to promote communications between us and all franchisees. We will select the Council's members, and we may change or dissolve the Council at any time in our sole discretion. We anticipate that a Council would serve in an advisory capacity, but may grant to the Council any operational or decision-making powers that we deem appropriate. The Council will be governed by bylaws.

SECTION X. SECTION X. **RELATIONSHIP OF THE PARTIES**

~~1.~~ **1. _____ Independent Contractors.** Your appointment pursuant to this Agreement does not make you our agent, partner, legal representative, or employee, and the Parties expressly agree that you are an independent contractor. You will not have the right to bind us, to transact any business or make any promises or representations on our behalf, except as herein expressly provided. You must, at all times, represent yourself only as an independent contractor who has been appointed and licensed as a franchisee. Neither this Agreement nor the relationship between the Parties will constitute a partnership, a joint venture, or any type of fiduciary relationship between you and us. You are not a subcontractor and should not represent yourself as a subcontractor in any dealings with the public. In all public records, in relationships with other persons, and on letterhead and business forms, you shall indicate your independent ownership of the DY Business and that you are solely a franchisee of Décor & You, Inc.

~~2.~~ **2. _____ Your Employees, DYCS Individuals, and Principal Operator.** Your employees, DYCS Individuals and Principal Operators are not our agents, partners, legal representatives, employees, associates or contractors. Except as provided herein, the only obligations we impose upon you with regards to your employees, DYCS Individuals and Principal Operators is the requirement that they execute the Confidentiality and Non-Competition Agreement, which is attached to the Franchise Disclosure Document at Exhibit G-3, as may be modified and updated in the Playbook ("Confidentiality Agreement").

~~3.~~ **3. _____ Support of Your Independent Status.**

~~a.~~ **a. _____** We will not violate your status as an independent business and will provide only such supervision and CPE as is necessary and essential to protect the goodwill, reputation, Marks, Confidential Information, and standards of quality of the System. You will have sole authority and control over the day to day operations of your DY Business and its employees

~~b.~~ **b. _____** You alone are responsible for, and we will have not have any liability for, any action or settlement related to, all employment decisions and functions of your DY Business, including, without limitation, those related to hiring, firing, training, work schedules, wages and remuneration, compliance with workplace laws and wage and hour requirements, union and labor activities, employment taxes, personnel policies, benefits, recordkeeping, supervision, working conditions, workplace safety, unemployment, disability, and discipline of employees, regardless of whether you have

received advice from us on these subjects or not. We will not have the power to hire or fire your employees. All employees hired by or working for you will be your employees alone and will not, for any purpose, be deemed our employees or joint employees or subject to our or our affiliates' control, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You agree to indemnify us for any liabilities or claims related to your employees or workplace or alleged or claimed violations of any workplace, labor or employment laws. You agree to inform each of your employees that you alone are their employer, and that we are not, and within seven days of our request, you and each of your employees will sign an acknowledgement form stating that you alone are the employee's employer and that you alone operate the DY Business. You agree to explain to your employees and contractors the respective roles of a franchisor and franchisee and our relationship with you. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa. You will use your legal name on all documents for use with employees and contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and contractor agreements, and you shall not use the Marks on these documents.

e. c. We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied upon you or the DY Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes we must pay to any state taxing authority on account of either your operation or payments you make to us. The parties agree to file their own tax, regulatory and payroll reports regarding their respective employees and operations, saving and indemnifying the other party hereto from any liability of any nature thereof.

SECTION XI. SECTION XI. **INDEMNIFICATION**

1. 1. **Indemnification Obligations.** You hereby agree to indemnify and save us, as well as our current and former directors, officers, shareholders, employees and agents harmless from any and all liabilities, losses, suits, claims, demands, costs, fines and actions of any kind or nature whatsoever to which they will or may become liable for or suffer as a result of or in connection with or arising from (i) the DY Business you conduct pursuant to this Agreement; (ii) any acts or omissions committed by you or any of your employees, officers, owners, directors, partners, shareholders, managers, members, representatives or agents; or (iii) your breach of this Agreement. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it or enforcing its rights under this Agreement, including, without limitation, reasonable accountants', arbitrators', attorney, and expert witness fees, costs of investigation and proof of facts, court costs, administrative expenses, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

2. 2. **Indemnification Process.** In the event we are made a party to any litigation commenced by or against you, you will, except if due to our fault or negligence or breach of our obligations under this Agreement, indemnify and save us harmless against all losses, damages or claims whatsoever arising therefrom and will pay all costs and expenses, including reasonable legal fees and expenses we incur or pay, in connection with such litigation. You acknowledge and agree that we have, at all times, the right to defend ourselves in the manner we see fit, including but not limited to our choice of counsel and any negotiation and settlement, and our right to defend ourselves will not affect your obligation to indemnify us.

~~SECTION XII.~~ SECTION XII.
DEFAULT AND TERMINATION

1. 1. **Termination by You.** You may not terminate this Agreement prior to the end of the term.

2. 2. **Termination by Us.** We may not terminate this Agreement except for good cause. Unless otherwise provided by law, good cause means the failure to comply with any lawful provision of this Agreement and includes, but is not limited to, the specific defaults listed in this Section.

3. 3. **Immediate Termination.** Notwithstanding anything otherwise contained in this Agreement, we will have the right to terminate this Agreement and the right and license granted to you forthwith and without notice or opportunity to cure, upon the happening of any one or more of the following events:

a. a. You understate or falsify your financial information or, for any reason, understate the Gross Revenue of your DY Business by more than 5% at any time or understate the Gross Revenue of your DY Business by more than 3% on two or more occasions;

b. b. You cease, or take material steps to cease, carrying on normal business operations, or take any action to liquidate your assets;

c. c. You become insolvent, make an assignment for the benefit of creditors, or are unable to pay debts as they come due;

d. d. An order is made or resolution passed for the winding-up or the liquidation of the DY Business or if you adopt or take any corporate proceedings for your dissolution or liquidation;

e. e. You have made a material misrepresentation or omission in obtaining the franchise rights, or are convicted of or plead no contest to a felony or offense or engage in a conduct or practice that, in our sole judgment, reflects unfavorably upon or is detrimental or harmful to our good name, goodwill or reputation or to the business, reputation or goodwill of our DY Franchisees, the System, or the Marks;

f. f. You are in default of the transfer provisions of this Agreement;

~~g.~~ g. You or your affiliates and your respective officers, directors, or employees who are bound to comply with the covenants in Section XIV or any confidentiality or non-competition agreement that any such person is subject to, breaches such covenant or agreement; or

~~h.~~ h. You have received from us, during any consecutive twelve month period, two or more notices of default (whether such notices relate to the same or to different defaults and whether or not you have remedied such defaults).

~~4.~~ 4. **Termination after a Notice Period.** In addition, we will have the right to terminate this Agreement and your right and license under this Agreement in one or more of the following instances:

~~a.~~ a. You fail or refuse to pay when due any monies owed to us or fail or refuse to submit promptly the financial information that we require from you in accordance with the provisions of this Agreement, and such default continues for a period of three days after we have given you notice thereof; or

~~b.~~ b. You fail to comply with any other requirement or obligation imposed upon you by this Agreement or the Playbook, which is not cured within thirty days after you receive notice of the default; or if you do not take and diligently pursue, in our sole discretion, reasonable steps to cure such default, if the default is of a nature that more than thirty days are required for performance.

~~5.~~ 5. **Cross-Default.** Any default by you of this Agreement will be deemed a default under any and all other agreements between the Parties. Any default by you of any other agreement between us will be deemed a default under this Agreement. If the nature of a default under any other agreement would permit us to terminate this Agreement had the default occurred under this Agreement, we have the right to terminate this Agreement and all other agreements between the Parties in the same manner as provided herein for termination of this Agreement.

~~6.~~ 6. **Notice Required by Law.** If any valid, applicable law or regulation of a competent governmental authority, having jurisdiction over this franchise and the Parties, limits our rights of termination, or requires longer notice periods than those set forth in this Agreement, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon termination required by the applicable law or regulation. However, such constructive amendment will not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We are not precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or its termination.

~~7.~~ 7. **Our Step-In Rights.** In addition to our rights to terminate this Agreement, and not in lieu of any other rights against you, we may, if you have not cured a default under this Agreement within the time period to cure outlined above, exercise complete authority in the operation of the DY Business until we determine that your default has been cured and that there is

compliance with the requirements of this Agreement. You agree that we or our representative may take over, control, and operate the DY Business. If we, in our sole discretion, choose this option, you will pay us (in addition to any other amounts due under this Agreement) a service fee as stated in the Playbook that will be at least \$250 per day, plus all travel expenses, room and board, and all other expenses reasonably incurred to enforce compliance of this Agreement. If we assume management of your DY Business you acknowledge that we will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the DY Business incurs, or to any of your creditors for any supplies, products, or other assets or services the DY Business purchases, while we manage it.

~~SECTION XIII.~~ SECTION XIII.
~~TRANSFERABILITY~~

1. 1. **Our Transfer Rights.** We have the right to assign our rights under this Agreement to any person, firm, association or corporation and this Agreement will inure to the benefits of our successors and assigns.

2. 2. **Transfers by You.** This Agreement and the rights it grants are personal to you. You agree that we have granted the license and rights described in this Agreement to you in reliance upon your individual character, skill, aptitude, attitude, business ability, and financial capability. Accordingly, you will not, without our consent, transfer, pledge or otherwise encumber: (1) your rights and obligations under this Agreement; or (2) any of your material assets or the assets of the DY Business. If you are an Entity, you will not, without our Consent, make any changes to the Entity's ownership, management, or structure. If you propose to transfer your obligations hereunder or any material asset, or if one of your principals proposes to transfer any direct or indirect interest in Franchisee, we will have the right to require any or all of the following as conditions of our approval:

a. a. You must execute a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us or our affiliates, and federal, state, and local laws and rules;

b. b. The transferee must meet our educational, managerial and business standards; possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the DY Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the DY Business;

c. c. If a proposed transfer would result in a change in control of Franchisee, at our option, the transferee will execute the form of franchise agreement then being offered for new DY Franchises, and such other ancillary agreements required by us for the DY Business hereunder, which agreements will supersede this Agreement and its

ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement;

d. d. All of your monetary obligations hereunder must be paid in full on a current basis, and you must not be otherwise in default of any of your obligations under this Agreement;

e. e. If a proposed transfer would result in a change in control of Franchisee or the DY Business, you will pay us a transfer fee equal to the amount set out in Section III. 13 above.

f. f. If you request our assistance in a proposed transfer, you must pay us a transfer assistance fee of \$10,000, plus any broker lead costs.

3. 3. **Third Party Offers.** In the event that you receive a bona fide offer, which you wish to accept from any third party, to purchase your rights and license hereunder and all or a significant portion of all the other assets involved in the DY Business, before accepting such bona fide offer, you must first notify us in writing of such offer and set out the following:

a. a. The exact terms of the proposed offer including the name of the proposed purchaser, the purchase price and its terms of payment, and the date and time of closing;

b. b. Information relating to the business and/or professional reputation and qualifications of the proposed purchaser;

c. c. Any credit information you may have as to the financial ability and stability of the proposed purchaser, including if the proposed purchaser is an individual, his personal net worth statement and if the proposed purchaser is a corporation, partnership, or other entity, its latest audited financial statements; and

d. d. Such other information as may be relevant or material to the proposed purchase.

4. 4. **Our Right of First Refusal.**

a. a. Upon receipt of your request to transfer under this Section, notwithstanding the right to sell, assign or transfer granted to you pursuant to the terms of this Section, we have the absolute and assignable right, to be exercised by notice in writing delivered to you within thirty calendar days of the date of the receipt of your request to transfer, to purchase your rights and license and other assets proposed to be sold, assigned or transferred. If we exercise our right to purchase as provided herein, we will complete the purchase upon the same terms and conditions set out in the said request.

b. b. In the event we do not exercise our right to purchase as set out in this Section, we will then determine, in our sole discretion, if we will consent to the proposed sale, assignment or transfer to the proposed purchaser in accordance with the

terms of and based upon the information set out in your request. We will notify you of our decision within thirty days of the date of receipt of the request. Our failure to exercise such right of first refusal shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer. If we fail to exercise our option and the DY Business is not subsequently sold to the proposed purchaser for any reason, we will continue to have, upon the same conditions, a first option to purchase the DY Business upon the terms and conditions of any subsequent offer. Our right of first refusal is fully assignable by us.

5. 5. **Changes in Purchase Terms.** In the event we do not exercise our right to purchase as set out in this Section, and do consent to your sale, assignment or transfer to the proposed purchaser, the sale, assignment or transfer must be completed between you and the proposed purchaser upon the same terms and conditions as were set out in the request you submitted to us. If any of the terms of any proposed sale, assignment or transfer change at any time, you must, before selling, assigning or transferring your right and license, and other assets, again make request to us in the manner as set out in this Section XIII.

6. 6. **General Transfer Provisions.**

a. a. This Section will apply to any proposed sale, assignment or transfer of all or a significant portion of all of the assets or shares of Franchisee in respect of the DY Business.

b. b. For the purposes of this Section, any sale, transfer or assignment of the issued and outstanding shares of the capital stock of or other beneficial interest in Franchisee, the effect of which, whether through one or several transactions, would result in a change of the effective control of Franchisee, will, for the purposes thereof, be deemed to be a sale, assignment or transfer of all or a significant portion of all of the assets of Franchisee in respect of the DY Business and, accordingly all of the provisions of this Section will apply to the purchaser.

c. c. In the event the proposed purchaser is a corporation or entity (other than an individual), for the purposes of this Section, the term "proposed purchaser" will be deemed to include the person or persons who have effective control (voting and otherwise) over the affairs of such corporation or entity.

d. d. If we approve and you consummate any sale, transfer or assignment of this Agreement, or the rights hereunder, you will remain personally bound by, and personally liable for, the breach of each and every provision of this Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, and are not released from any obligations under this Agreement.

7. 7. **Consent to Assignment.** Our consent to the transfer is merely consent to the proposed third party and is not meant as consent to all of the terms and conditions of your agreements and arrangements with the proposed transferee. Our consent to a particular assignment

will not be consent to any other or subsequent assignments. If any terms or conditions in the notice, or any terms or conditions in the documents memorializing the agreement between you and the proposed third party contradict any of the terms of this Agreement, or any of the standards of the Playbook or the System, the terms of this Agreement and those standards will control and will supersede any such conflicting terms and conditions.

8. 8. No Encumbrance. You do not have the right to pledge, encumber, hypothecate, assign, or otherwise give a third party any security interest in this Agreement, the Marks, other trade names, copyrighted materials, or your DY Business in any manner whatsoever without our Consent, specifically stating that the encumbrance is permissible and describing the specific nature of the encumbrance. Any attempted encumbrance made in violation of this section is a material breach of this Agreement and voids the security interest. You expressly agree to notify the beneficiary or holder of any attempted encumbrance of the restrictions on encumbrances in this Agreement and, in particular, the provisions of this subsection.

9. 9. Assignment upon Death or Disability.

a. a. Death. Upon your death, or the death of any of your principals with a controlling interest in the Franchisee, if applicable, the deceased's executor, administrator, or other personal representative will transfer the deceased's interest to a third party we approve within six months of the death. The administrator or executor has the right to transfer the DY Business in accordance to the terms outlined in this Section. If no personal representative is designated or appointed, or no probate proceedings are instituted with respect to the deceased's estate, then we must approve the distributee of such interest. If we have not approved the distributee, then the distributee will transfer the deceased's interest to a third party that we approve within six months of the death.

b. b. Disability. Upon your Permanent Disability, or the Permanent Disability of any of your principals with a controlling interest in Franchisee, we will have the right to require such interest to be assigned to a third party in accordance with the conditions described in this Section within six months after notice to you.

c. c. Effect of Death or Disability. Upon the death or Permanent Disability of you or any of your principals with a controlling interest in Franchisee, such person or his representative must notify us within fourteen days of such death or claim of Permanent Disability. Any transfer upon death or Permanent Disability will be subject to the same terms and conditions as any *inter vivos* transfer.

~~SECTION XIV.~~ SECTION XIV.
COVENANTS

1. 1. Non-Competition Covenant

a. a. You agree that you will not, during the term of this Agreement, in the United States, directly or indirectly, operate or engage in, or sell or lease the assets of the DY Business to, a Competing Business.

b. 2. You agree that for a period of twenty-four months after the expiration, transfer, or termination of this Agreement (for any reason), you will not directly or indirectly, operate or engage in, or sell or lease the assets of the DY Business to, a Competing Business within the Non-Compete Territory.

2. 2. **"Competing Business"** means any business that is the same as or similar to the DY Business, including without limitation, a business offering interior decorator or design services.

3. 3. The **"Non-Compete Territory"** means any area within fifty miles in all directions from and including (i) your Territory; and (ii) any other Décor & You business' territory, whether Company-owned, franchised or otherwise established, and whether now or hereafter established and operated.

4. 4. **Confidentiality.** All of our confidential information, proprietary information, and trade secrets, consisting of information, methods, techniques, procedures, and knowledge that we and our franchisees have developed including: (a) methods, techniques, tools, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development and operation of the System; (b) our marketing and promotional programs; (c) knowledge of suppliers and specifications of certain materials or software to be used in the DY Business and/or the DY Businesses; and (d) our knowledge of customer lists, operating results and financial performance, will be deemed **"Confidential Information."** The terms and specifics of this entire Agreement and all of its parts, may not be waived, disclosed or communicated in any way, or modified except by an express agreement in writing signed by both Parties. You must hold all Confidential Information in strict confidence and ensure that each of your employees who may obtain such information in connection with the operation of the DY Business also maintains its confidentiality and execute the Confidentiality Agreement. None of your personnel may be disclosed with any Confidential Information except in connection with the normal operation of the employment and then only to the extent necessary to train and assist them in their daily operations. You and your personnel will not in any way, at any time during the term of this Agreement or at any time after its termination, transfer, assignment, sale, expiration, make the Confidential Information known to any other person, firm or corporation.

5. 5. **Non-Disparagement.** You agree that neither you nor your affiliates, directors, officers, employees, agents or representatives will, during the term of this Agreement or anytime thereafter, directly or indirectly, in any communications with the press or other media or any customer, client, supplier or other individual or entity, criticize, ridicule or make any statement which disparages or is derogatory of us, the System, or any officers, directors, employees, agents, representatives or franchisees.

SECTION XV. SECTION XV.
RIGHTS AND OBLIGATIONS OF PARTIES
UPON EXPIRATION OR TERMINATION

1. 1. **Franchisee Obligations.** You agree that after the termination or expiration of this Agreement, for any reason, you will:



a. a. Not directly or indirectly at any time or in any manner identify yourself or any business as a current or former franchisee, licensee, or dealer of, or as otherwise associated with, us, or directly or indirectly use any of our Marks, any colorable imitation thereof or other indicia of the DY Business in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark, or other commercial symbol that suggests or indicates a connection or association with us or our affiliates and franchisees;

b. b. Promptly return to us or destroy (at our direction) the Playbook, all signs, records, papers, supplies, brochures, advertising materials, forms, invoices and other materials containing any Marks or otherwise identifying or relating to the System or the operation of the DY Business and allow us, without liability, to enter and remove all such items from your offices if we deem it necessary;

c. c. Promptly take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Marks;

d. d. Acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and e-mail addresses (collectively "Identifiers") used in the operation of your DY Business constitute our assets, and upon termination or expiration of this Agreement, you will take such action within five days to cancel or assign to us or our designee as determined by us, all of your right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that, we have the sole rights to, and interest in, all Identifiers used by you to promote your DY Business and/or associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer;

e. e. Furnish to us, within thirty days after the effective date of termination or expiration, evidence satisfactory to us of your compliance with the foregoing obligations; and

f. f. You must follow any procedures established by us to ensure the expiration of this Agreement or any successor term thereof creates the least disruption possible to the System, including those procedures set forth in the Playbook.

~~2.~~ 2. **Indemnification.** You agree that upon termination, you will permanently indemnify and hold us harmless from any claims against us by clients you serviced arising from any event or occurrence which occurred prior to the date of termination.

~~3.~~ 3. **Survival of Obligations.** All of your obligations which expressly, or by their nature, survive the expiration or termination of this Agreement continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

~~SECTION XVI.~~ SECTION XVI.
CHANGES AND MODIFICATIONS

~~1.~~ 1. **By Written Agreement.** The terms of this Agreement may not be waived or modified except by an express agreement in writing signed by both Parties, except for those provisions that grant us the right, in our discretion, to amend terms of this Agreement.

~~2.~~ 2. **Changes in the Playbook, System and Marks.** You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of clients, and/or presently unforeseen technological innovations, the System must not remain static, in order that it best serve the interests of you, us, DY Franchisees and the System. Accordingly, you expressly acknowledge and agree that we may from time to time change the components of the System, including but not limited to, altering the programs, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from, or modifying those programs, Products, and Services which the DY Business is authorized to offer; and changing, improving, or modifying the System and the Marks. We reserve and have the sole right to make changes in the Playbook, the System and the Marks at any time and without prior notice to you. You expressly agree to promptly abide by any such modifications, changes, additions, deletions, and alterations at your sole cost and expense. In particular, you must promptly alter any signs, products, business materials, or related items, at your sole cost and expense, to conform to our revised specifications. In the event that you develop any improvement or addition to the Playbook, the System, or the Marks, you must notify us and we will own such improvement or addition as if we had made or developed such improvement or addition.

~~SECTION XVII.~~ SECTION XVII.
NOTICES

All notices permitted or required by the terms of this Agreement or the Playbook will be in writing and deemed delivered when sent by facsimile, by e-mail, or when delivered by hand, or three days after being placed in the U.S. mail, or one day after being left with an overnight delivery service. Notices will be addressed to us at our then-current principal place of business address, and to you at your home address or the most current address you have provided to us. Your and our current mailing addresses are listed on the signature page of this Agreement.

~~SECTION XVIII.~~ SECTION XVIII.
ENTIRE AGREEMENT

This Agreement constitutes the entire agreement of the Parties respecting the rights granted and obligations undertaken pursuant to this Agreement and supersedes any prior agreements or understandings between them with regard to the subject matter of this Agreement, whether oral or written. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. There are no representations, promises, warranties, covenants, or undertakings other than those contained in this Agreement or the Franchise Disclosure Document upon which you relied in making your decision to enter this Agreement. The failure of either Party to enforce, or the delay by either Party in enforcing, any of its rights under this Agreement is not deemed a waiver or modification thereof, and either Party may, within the time permitted by applicable law and this Agreement, commence appropriate legal proceedings to enforce any or all of such rights. All of your obligations hereunder are governed by the terms of this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

~~SECTION XIX.~~ SECTION XIX.
GOVERNING LAW AND DISPUTE RESOLUTION

1. 1. **Dispute Resolution.** All claims or disputes between you and us or our affiliates arising out of or in any way relating to this Agreement, or the making, performance, breach, enforceability, interpretation or termination thereof, any of the Parties' respective rights and obligations arising out of this Agreement or the franchise relationship created thereby will be resolved in accordance with the procedures specified in this Section, which will be the sole and exclusive procedures for the resolution of such claims or disputes. Each party has a duty to continue to perform its obligations under this Agreement pending final resolution of any claim or dispute arising out of or relating to this Agreement, unless to do so would be impossible or impracticable under the circumstances.

2. 2. **Choice of Law.** Except to the extent governed by the United States Trademark Act of 1946, as amended, or the Federal Arbitration Act, as amended, this Agreement and the Parties' relationship hereunder will be governed by the laws of the State of Connecticut, which laws shall prevail in the event of any conflict of law, provided, however, that this Agreement is not intended to confer on any Franchisee not a resident of the State of Connecticut the benefit of any Connecticut law providing specific protection to franchisees residing or operating in the State of Connecticut.

3. 3. **Venue.** The parties have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving the Franchisee, its officers, directors, managers, members, or partners and Franchisor, its officers, directors, shareholders, managers, members, employees or affiliates, both parties agree that the exclusive venue for claims or disputes between them shall be in the courts for the county and state in which are headquarters are then-located (currently, Southbury, Connecticut) and each waive any objection either may have to the personal jurisdiction of or venue of such courts. You irrevocably

submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue in such court.

4. 4. **Mandatory Mediation.**

~~a.~~ a. a. Except matters brought with respect to: (i) matters which we believe (in our sole discretion) it is necessary to seek equitable relief or to recover fees you owe us; (ii) the Marks; (iii) issues concerning the alleged violation of federal or state antitrust laws; (iv) securing injunctive relief or specific performance; or (v) the right to indemnification or the manner in which it is exercised; the Parties agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between you and us (the "**Mediation**", as further described below), prior to the initiation of any legal action or claim against the other.

~~b.~~ b. b. Mediation will be conducted by a neutral party and administered by the American Arbitration Association ("**AAA**"). AAA will provide the Parties with a list of qualified mediators with experience in franchise law. In the event the Parties are unable to agree to a mediator, the Parties shall select a mediator subject to the commercial mediation rules of AAA.

~~c.~~ c. c. The Mediation will be concluded within sixty days following receipt by AAA of notification that its services will be retained. If the Parties cannot agree on a date for Mediation, then AAA will select a date it believes is reasonable for the Parties, given all of the alleged conflicts in dates. All aspects of the Mediation will be treated as confidential, will not be disclosed to others, and will not be offered or admissible in any other proceeding or legal action whatsoever.

~~d.~~ d. d. The Parties will equally share the cost of the Mediation.

~~e.~~ e. e. The Mediation will take place in the city and state in which we maintain our principal place of business at the time of the request for Mediation, or some other location agreed to by the Parties.

~~f.~~ f. f. Except with respect to matters for which we believe it is necessary to seek equitable relief or to recover monies you owe, if either party initiates litigation without complying with their obligation to mediate in accordance with this Section (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section), then upon petition of any party named as a defendant in such litigation, the court will dismiss the litigation without prejudice, and award attorney fees and costs to the party seeking dismissal in an amount equal to such party's attorney fees and costs incurred in seeking dismissal. If the court refuses for any reason to dismiss the litigation, then regardless of the outcome of such litigation, or of any award given by the court in such litigation, the party initiating litigation will be responsible for all attorney fees and costs incurred throughout the litigation by the other party as damages for failing to comply with the provisions of this Section.

5. 5. **Mandatory Arbitration.**

a. a. Prior to any litigation being initiated by either party, and after Mediation outlined in **Section XIX.4** has been unsuccessfully attempted, arbitration, in the city and state in which we maintain our principal place of business at the time of the notice of claim, must and will be the second step in any or all disputes involving this Agreement, as described in this **Section** (the "**Arbitration**"). The Arbitration shall be conducted by AAA; however, if the AAA or any successor thereto is no longer in existence at the time arbitration is commenced, you and we will agree on another arbitration organization to conduct the arbitration proceeding.

b. b. Except as provided in this Section, any controversy or claim arising out of or relating to this Agreement or its breach, including any claim that this Agreement or any part is invalid, illegal, or otherwise voidable or void, will be submitted to Arbitration before, and in accordance with the commercial arbitration rules of AAA.

c. c. Any determination of whether or not a claim is arbitrable will be determined by the arbitrator appointed by AAA.

d. d. Arbitration will be conducted on an individual, and not a class-wide basis. No joint, group, collective, consolidated or class action type mediation, arbitration or litigation is permitted under the terms of this Agreement, and you acknowledge that you have waived any right to such action.

e. e. The obligation to arbitrate will not be binding upon us only with respect to: (i) claims relating to the Marks or copyrights; (ii) claims relating to a covenant not to compete; (iii) claims relating to the use of confidentiality and/or proprietary materials; or (iv) for the collection of fees owed to us pursuant to this Agreement. You acknowledge that these rights are necessary to the protection and operation of the System and that these exceptions are reasonable and do not create any unconscionability or unenforceability of this Agreement or any provisions herein.

f. f. Judgment upon an Arbitration award may be entered in any court having competent jurisdiction and will be binding, final, and non-appealable.

g. g. If we are forced to seek an order from a court of law or equity to compel you to proceed in Arbitration, except for those limited purposes excluded herein from Arbitration, you will pay all costs, including attorney fees, incurred to seek the order, regardless of whether the order is granted, in addition to any, and not in lieu of, other remedies available of law or in equity.

h. h. This Arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Except for issues relating to arbitrability or the enforcement of this Agreement to arbitrate, which will be governed by the Federal Arbitration Act, all controversies arising under or with respect to this Agreement will be construed under the laws of the state in which we maintain our principal place of business.

i. 1. The provisions of this Section will be construed as independent of any other covenant or provision of this Agreement. If a court of competent jurisdiction or arbitrator determines that these provisions are unlawful in any way, the court or arbitrator may modify or interpret them to the minimum extent necessary to have them comply with law.

j. 1. **NO CLAIM MAY BE SUBMITTED BY A PARTY TO ARBITRATION IN ACCORDANCE WITH THIS SECTION UNLESS NOTIFIED TO THE OTHER PARTY WITHIN ONE YEAR OF THE DATE ON WHICH THE SUBMITTING PARTY FIRST KNEW OR SHOULD HAVE KNOWN OF THE EXISTENCE OF THE FACTS INDICATING THE EXISTENCE OF SUCH DISPUTE.**

6. 6. **Not Exclusive Remedies.** No right or remedy conferred upon or reserved by you or us in this Agreement is intended, and is not deemed, to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy is cumulative of every other right or remedy.

7. 7. **Delay Is Not Waiver.** A waiver by us of any breach or series of breaches of this Agreement will not constitute a waiver of any additional breach or waiver of the performance of any of your obligations under this Agreement. Our acceptance of any payment from you, or our failure, refusal, or neglect to exercise any right to insist upon your full compliance with obligations under this Agreement or with any specification, standard, or operating procedure or rule, will not constitute a waiver of any provision of this Agreement. No exercise or enforcement by you or us of any right or remedy hereunder will preclude the exercise or enforcement by you or us of any right or remedy hereunder which you or we are entitled by law to enforce.

8. 8. **Injunctive Relief.** Nothing herein shall bar our right to seek injunctive relief against threatened conduct that will cause us loss or damage, in accordance with the rules for obtaining injunctive relief in any jurisdiction, including the applicable rules for obtaining restraining orders and preliminary injunctions. You agree to pay all court costs and reasonable attorney fees we incur in obtaining such relief. You agree that if you violate this Agreement and we seek injunctive relief, you waive any requirement that we post a bond in connection with the granting of such relief. You further agree that if the court will not waive the requirement for a bond, the required bond will be in a nominal amount, as determined by the court, but not to exceed \$5,000.

9. 9. **Disputes with Third Parties.** The Parties agree that their relationship, governed by this Agreement, is unique to the Parties and 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 affect the contract or relationship between the Parties. You and we therefore each agree that a decision of a court of law in litigation or arbitrator in arbitration to which one of them is not a party will 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 you and us. The Parties, therefore, waive the right to assert the principles of collateral estoppel in any action between the Parties to this Agreement so that one party is prevented from raising against the other party to this Agreement the loss by that party of a similar claim or defense in another action.

~~10.~~ 10. **Waiver of Punitive Damages.** The parties waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and against any affiliates, owners, employees or agents of the other, and agree that in the event of a dispute between or among any of them, each will be limited to the recovery of actual damages sustained by it, treble damages as permitted by trademark law and any equitable relief to which it might be entitled.

~~11.~~ 11. **Waiver of Jury Trial.** To the extent either party initiates litigation involving this agreement or any aspect of the relationship between the parties (even if other parties or other claims are included in such litigation), all the parties waive their right to a trial by jury. This waiver applies to all causes of action that are or might be included in such action, including but not limited to claims related to the enforcement or interpretation of this agreement, allegations of state or federal statutory violations, fraud, misrepresentation, or similar causes of action, and in connection with any legal action initiated for the recovery of damages between you and us (including any owners of ours or yours and including actions involving affiliates, employees, or agent of ours or yours).

~~12.~~ 12. **Limitation of Parties.** You may only seek damages or any remedy under law or equity for any claim against us or our successors or assigns. You agree that our affiliates, shareholders, members, directors, officers, employees, agents and representatives, will not be liable or named as a party in any arbitration, or litigation proceeding commenced by you where the claims arise out of or relate to this Agreement. You further agree that the foregoing entities and individuals are intended beneficiaries of the mediation and arbitration provisions of this Section, and that all claims against them that arise out of or relate to this Agreement must be resolved with us through mediation and arbitration. If you name a party in any arbitration or litigation proceeding in violation of this Section, you will reimburse us for all costs incurred to defend the party, including but not limited to arbitration fees, court costs, attorney fees, management preparation time, witness fees, and travel expenses incurred by us or the party

~~13.~~ 13. **Survival.** We and you agree that the provisions of this Section XIX shall apply during the term of this Agreement and following the termination, expiration, or non-renewal of this Agreement.

~~SECTION XX.~~ SECTION XX.
SEVERABILITY AND CONSTRUCTION

~~1.~~ 1. **Severability.** Except as expressly provided to the contrary herein, each article, section, part, term and/or provision of this Agreement is considered severable and if, for any reason, any article, section, 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 by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as remain otherwise intelligible, 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 will be deemed not to be a part of this Agreement.

In the event any portion, term or provision of this Agreement is found to be invalid or unenforceable by a court of competent jurisdiction or by an arbitrator, you and we expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement.

~~2.~~ 2. **Third Parties.** Except as specifically provided herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you and us and such of your and our respective successors and assigns as may be contemplated hereof, any rights or remedies under or by reason of this Agreement.

~~3.~~ 3. **Headings.** All captions and headings used in this Agreement are intended solely for the convenience of the Parties, and none will be deemed to affect the meaning or construction of any provision hereof.

~~4.~~ 4. **Gender.** The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

~~5.~~ 5. **Importance of All Sections.** You acknowledge and agree that your compliance and understanding of all sections of this Agreement are equally important.

~~6.~~ 6. **Time is of the Essence.** Time will be of the essence for all purposes of this Agreement.

~~7.~~ 7. **Survival of Obligations.** The obligations in this Agreement that by their terms require performance after the expiration or termination of this Agreement, will be enforceable after this Agreement expires or is terminated.

~~8.~~ 8. **Covenant of Good Faith.** If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised

~~9.~~ 9. **Amendment of Prior Agreements.** The Parties wish to encourage advertising cooperation and adherence to licensing standards throughout the System and provide for amicable, timely and cost-effective resolutions of disputes, and clarify certain provisions of

existing franchise agreements between you and us. To achieve these goals, this Agreement revises the provisions in all existing franchise agreements between Franchisee and Franchisor. You agree to accept the provisions set forth in this Agreement and to the amendment of all your other existing franchise agreements with Franchisor to include the obligations this Agreement (or to addend your other existing franchise agreements with Franchisor if these provisions are not included in your other existing franchise agreements). **By signing this Agreement you agree and acknowledge that this section amends all your existing franchise agreements with franchisor, and any such amendment will survive the termination of this agreement.**

~~SECTION XXI.~~ SECTION XXI.
ACKNOWLEDGEMENTS

1. 1. **Success Depends on You.** You acknowledge that the success of the business venture you are undertaking by virtue of this Agreement is speculative and depends, to a large extent, upon your ability and your active participation in the daily affairs of the business as well as other factors. You acknowledge that your personal abilities are vital to your success and that attracting clients to the Franchise will require you to make continual marketing efforts. You acknowledge that retaining clients for your Franchise will require you to have a high level of client service and adhere strictly to and maintain the System. We do not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated in this Agreement.

2. 2. **Investigation of Business Operations.** You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, financial performance representations, potential earnings or profits which you may expect to realize, nor has anyone made any other representation which is not expressly set forth in this Agreement or the Franchise Disclosure Document, to induce you to accept this license and execute this Agreement. You further acknowledge that you have had an opportunity to ask any questions that you have concerning the Franchise.

3. 3. **Relationship.** You acknowledge that in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed only between you and us.

4. 4. **No Misrepresentations.** You acknowledge that you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise.

5. 5. **Control.** You acknowledge that you alone will exercise day-to-day control over all operations, activities and elements of the DY Business and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which you are required to comply with under this Agreement, whether set forth in the

Playbook or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of the DY Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of the DY Business.

6. **Opportunity to Read and Consult.** You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You also represent that you have read this Agreement and our Franchise Disclosure Document and understand and accept this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service and to protect and preserve the goodwill of the Marks.

(Signature Page Follows)

FRANCHISEE:

Individually

OR

Entity Name

By: _____

Name: _____

Title: _____

Contact Address:

Date: _____

FRANCHISOR:

DECOR & YOU, INC.

By: _____

Name: _____

Title: _____

Contact Address:

900 Main Street South, Building 2
Southbury, CT 06488

Date: _____

ATTACHMENT 1

FRANCHISE DATA SHEET

1. The Effective Date set forth in the introductory Paragraph of the Agreement is:
_____, 20____.
2. The Franchise Owner set forth in the introductory Paragraph of the Agreement is:

3. The type of Franchise for the Agreement, as referenced in the introductory section of the Agreement is (check one):

_____ Decor Coach Franchise _____ SDD Franchise _____ Enterprise Firm
4. The Initial Franchise Fee set forth in Section III.1 of the Agreement is \$ _____.
5. The term of the Agreement set forth in Section II.5 of the Agreement will be the following number of years from the Effective Date (check one):

____ 3 years; ____ 5 years; ____ 10 years

**NON-EXCLUSIVE
TERRITORY**

{STATE}

(Signature Page Follows)

Franchisee agrees to abide by the terms of the Agreement, including this Attachment 1, with respect to the operation of a DY Business.

FRANCHISEE:

Individually

OR

Entity Name

By: _____

Name: _____

Title: _____

ATTACHMENT 2

OWNER'S AGREEMENT

As a condition to the granting by Decor & You, Inc. ("we" or "us"), of a Franchise Agreement with _____ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, covenant and agree to be bound by this Owners Agreement ("Owners Agreement").

1. Acknowledgments.

1.1 **Franchise Agreement.** Franchisee entered into a franchise agreement with us effective as of _____, 20____ ("Franchise Agreement"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 **Owners' Role.** Owners are the beneficial owners of all of the equity interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

3. Covenant Not To Compete.

3.1 **Non-Competition During and After the Term of the Franchise Agreement.** Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 **Construction of Covenants.** The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement.

If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in

Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Decor & You, Inc.
900 Main Street South, Building 2
Southbury, CT 06488

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of the Franchise Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section

3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

[Insert Name and Address of Owner]

[Insert Name and Address of Owner]

[Insert Name and Address of Owner]

[Insert Name and Address of Owner]

EXHIBIT C

STATE ADDENDA TO THE FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Sections XII(3) and (4) are deleted and in their place are substituted the following:

XII(3) Termination by Us Without Right to Cure. We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section XII(4) engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

XII(4) Termination by Us with Opportunity to Cure. We may terminate this Agreement, after sending you notice and a 60 day opportunity to cure, for any other breach of this Agreement.

FRANCHISEE:

Décor & You, Inc.

By: _____

By: _____
Karen Powell, President

By: _____

Date: _____

**ILLINOIS ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs 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. Franchisee rights 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.

FRANCHISEE:

Décor & You, Inc.

By: _____

By: _____
Karen Powell, President

By: _____

Date: _____

**MARYLAND ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
2. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
4. 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.

FRANCHISEE:

Décor & You, Inc.

By: _____

By: _____
Karen Powell, President

By: _____

Date: _____

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- • Minn. Stat. §80C.21 and Minn. Rule 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 agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), 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 that consent to the transfer of the franchise will not be unreasonably withheld.
- ~~• • With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), 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 that consent to the transfer of the franchise will not be unreasonably withheld.~~
- 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.
- • Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- • Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- • The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

- • The franchisor defers the receipt of the initial franchise fee until the franchised business is open.

FRANCHISEE:

Décor & You, Inc.



By: _____

By: _____
Karen Powell, President

By: _____

Date: _____

**NORTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the franchise agreement.
2. The franchise agreement is amended to also provide as follows:

"Covenants not to compete are generally considered unenforceable in the State of North Dakota."

3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted.
4. North Dakota law governs any cause of action arising out of the franchise agreement.
5. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

FRANCHISEE:

Décor & You, Inc.

By: _____

By: _____
Karen Powell, President

By: _____

Date: _____

**RHODE ISLAND ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

FRANCHISEE:

Décor & You, Inc.

By: _____

By: _____
Karen Powell, President

By: _____

Date: _____

**SOUTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

4. 1. The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

FRANCHISEE:

Décor & You, Inc.

By: _____

By: _____
Karen Powell, President

By: _____

Date: _____

**WASHINGTON ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

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

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights signed by the franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE:

Décor & You, Inc.

By: _____

By: _____
Karen Powell, President

By: _____

Date: _____



**WISCONSIN ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

2. The Franchise Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

FRANCHISEE:

Décor & You, Inc.

By: _____

By: _____
Karen Powell, President

By: _____

Date: _____

EXHIBIT D

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of December 31, 2017-2018:

Last Name	First Name	Address	City	State	Zip Code	Phone	E-mail
Gonzales*	Linnore	2101 E. Arapahoe Rd #102	Centennial	CO	80122	303-346-2593	lgonzales@decorandyou.com
Boesen	Amy	10219 Washington Dr.	Omaha	NE	68127	402-593-6357	aboesen@decorandyou.com
Murphy	Kelly	61 Averill Rd.	Brookline	NH	03033	603-672-9452	kmurphy@decorandyou.com
Allegro	Paul	9 King Dr.	Bridge-water	NJ	08807	908-797-0553	pallegro@decorandyou.com
Bush-Hilgar	Therese	19 Ridge Rd.	White-house Station	NJ	08889	908.691.2615	tbush-hilgar@decorandyou.com
DeSisto	Carleen	59 Pine Tree Ln.	West Greenwich	RI	02817	401-385-3391	cdesisto@decorandyou.com
Hebert	Robin	1604 Thompson Dr.	Carrollton	TX	75010	214-507-3899	rhebert@decorandyou.com
Hambley**	Sandra	1039 Sterling Rd. Suite 104	Herndon	VA	20170	571-323-3147	shambley@decorandyou.com

*Area Developer – 6 Units

**Area Developer – 5 Units

Franchisees with Unopened Outlets as of the Issuance Date:

None

Former Franchisees:

The following is a list of Franchisees who had an outlet terminated, cancelled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who had not communicated with us within ten weeks of the date of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone
Petrie	Dana			St Charles	IL	60175	617-719-0918
Lustig	Patty			Burke	VA	22015	703-244-6986

New Jersey

Paul Allegro

9 King Dr.

Bridge-water, NJ 08807

908-797-0553

pallegro@decorandyou.com



EXHIBIT E

FINANCIAL STATEMENTS

~~The following statement applies to the unaudited portion of the financial statements which follow:~~

**~~These Financial Statements Have Been Prepared Without An Audit. Prospective Franchisees Or
Sellers of Franchises Should Be Advised That No Independent Certified Public Accountant Has
Audited These Figures Or Expressed An Opinion with Regard to their Content Or Form.~~**

2:15 PM
01/23/19
Accrual Basis

Decor & You, Inc.
Balance Sheet
As of November 30, 2018
(Unaudited)

	<u>Nov 30, 18</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 14,381
Marketable securities	17,535
Prepaid expenses	5,584
Loans receivable from officer	29,158
Regional developer territory reacquired	446,132
Total current assets	<u>512,790</u>
Other Assets:	
Deferred income taxes	<u>234,654</u>
Total Assets	<u><u>\$ 747,444</u></u>
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities:	
Accounts payable	\$ 5,263
Accrued expenses	17,984
Due to related parties, net	549,979
Total current liabilities	<u>573,226</u>
Total Liabilities	<u>573,226</u>
Stockholders Equity:	
Common stock, no par value; 2,000 shares authorized issued and outstanding	
Additional paid-in capital common stock	192,337
Preferred stock, no par value; 1,000 shares authorized 105 shares issued and outstanding	
Additional paid-in capital preferred stock	697,490
Accumulated deficit	(751,017)
Accumulated other comprehensive income	35,407
Total Stockholder's Equity	<u>174,218</u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 747,444</u></u>

2:05 PM
01/23/19
Accrual Basis

Decor You, Inc.
Profit Loss
January through November 2018
(Unaudited)

	<u>Jan - Nov 18</u>
Ordinary Income/Expense	
Income	
CSF Royalties Income	28,187.77
Training fees	18,094.10
Total Income	46,281.87
Cost of Goods Sold	5,538.27
Gross Profit	40,743.60
Expense	
Administration & Operation	43,586.43
Development	10,095.88
Training Expense	578.60
Total Expense	54,260.92
Net Ordinary Income	-13,517.32
Other Income/Expense	
Other Income	
Nat'l DD Ad Fund	-4,437.73
Total Other Income	-4,437.73
Other Expense	
\$180 - Interest Expense	6,484.02
Total Other Expense	6,484.02
Net Other Income	10,921.75
Net Income	-24,439.07

DECOR & YOU, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

ELLSWORTH • STOUT
CPAs and Consultants

DECOR & YOU, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Table of Contents

Independent Auditor's Report.....	1
Financial Statements:	
Balance Sheets.....	2
Statements of Operations	3
Statements of Comprehensive Income	4
Statements of Stockholder's Equity.....	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7-12

ELLSWORTH • STOUT

CPAs and Consultants

Independent Auditor's Report

To the Stockholder
Decor & You, Inc.
Southbury, Connecticut

We have audited the accompanying financial statements of Decor & You, Inc. (a Delaware corporation), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, comprehensive income, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Decor & You, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ellsworth & Stout, LLC

March 28, 2019
Las Vegas, NV



The CPA has not performed the audit.

Finley Financial Center
7681 W. Charleston Blvd., Ste. 159 • Las Vegas, NV 89117
p 702-871-8727 f 702-876-0040

lvcpa.com

Members of the American Institute of Certified Public Accountants & Nevada Society of Certified Public Accountants

DECOR & YOU, INC.
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11,606	\$ 17,860
Marketable securities	22,336	81,535
Accounts receivable, net	1,237	1,330
Prepaid expenses	5,584	5,584
Loans receivable from officer	32,020	10,610
Regional developer territory reacquired	446,132	446,132
Total current assets	518,915	563,051
Other Assets:		
Deferred income taxes	182,961	275,012
Total Assets:	<u>\$ 701,876</u>	<u>\$ 838,063</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Accounts payable	\$ 5,976	\$ 13,639
Accrued expenses	18,115	18,939
Due to related parties, net	504,979	549,979
Borrowings against line of credit	-	33,923
Total Liabilities	529,070	616,480
Stockholders Equity:		
Common stock, no par value; 2,000 shares authorized, issued and outstanding	-	-
Additional paid-in capital common stock	192,386	174,813
Preferred stock, no par value; 1,000 shares authorized, 105 shares issued and outstanding	-	-
Additional paid-in capital preferred stock	697,490	697,490
Accumulated deficit	(729,605)	(686,128)
Accumulated other comprehensive income	12,535	35,408
Total Stockholder's Equity	172,806	221,583
Total Liabilities and Stockholder's Equity	<u>\$ 701,876</u>	<u>\$ 838,063</u>

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Revenue	\$ 111,558	\$ 123,955
Cost of Revenue	17,635	29,643
Gross Profit	93,923	94,312
Operating Expenses:		
Advertising	6,129	9,079
Bad debt expense	-	31,703
Bank charges	499	993
Conference expense	-	2,743
Depreciation	-	135
Franchisee training	631	1,248
Insurance	3,010	2,632
Legal and professional fees	12,749	13,427
Office expenses	8,881	9,334
Outside services	12,540	15,658
Professional development	4,876	4,472
Rents and leases	5,000	20,000
Repairs and maintenance	2,985	2,985
Taxes and licenses	1,160	2,008
Telephone and utilities	2,235	2,939
Total operating expenses	60,695	119,356
Income (Loss) from Operations	33,228	(25,044)
Other Income (Expense):		
Dividend income	2,366	3,292
Gain on sale of marketable securities	20,243	928
Interest expense	(6,760)	(8,030)
Total other income (expense)	15,849	(3,810)
Net Income (Loss) before Taxes	49,077	(28,854)
Provision for Income Tax Benefit (Expense)	(92,554)	39,787
Net Income (Loss)	\$ (43,477)	\$ 10,933

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Net Income (Loss)	<u>\$ (43,477)</u>	<u>\$ 10,933</u>
Other Comprehensive Income (Loss), net of taxes		
Unrealized holding losses arising during the period	(43,116)	(2,901)
Reclassification of gains realized in net income	20,243	928
Total other comprehensive loss, net of taxes	<u>(22,873)</u>	<u>(1,973)</u>
Comprehensive Income (Loss), net of taxes	<u><u>\$ (66,350)</u></u>	<u><u>\$ 8,960</u></u>

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Additional Paid-in Capital-Common Stock	Additional Paid-in Capital-Preferred Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2017	\$ 170,091	\$ 697,490	\$ (697,061)	\$ 37,381	\$ 207,901
Net income	-	-	10,933	-	10,933
Capital contributions	4,722	-	-	-	4,722
Decrease in value of marketable securities	-	-	-	(2,901)	(2,901)
Reclassification: Realized loss on sale of marketable securities	-	-	-	928	928
Balance, December 31, 2017	\$ 174,813	\$ 697,490	\$ (686,128)	\$ 35,408	\$ 221,583
Net loss	-	-	(43,477)	-	(43,477)
Capital contributions	17,573	-	-	-	17,573
Decrease in value of marketable securities	-	-	-	(43,116)	(43,116)
Reclassification: Realized gain on sale of marketable securities	-	-	-	20,243	20,243
Balance, December 31, 2018	\$ 192,386	\$ 697,490	\$ (729,605)	\$ 12,535	\$ 172,806

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Net income (loss)	\$ (43,477)	\$ 10,933
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Bad debt expense	-	31,703
Deferred income tax (benefit) expense	92,051	(40,358)
Depreciation	-	135
Gain on sale of marketable securities	(20,243)	(928)
Changes in:		
(Increase) decrease in accounts receivable	93	7,283
Increase (decrease) in accounts payable	(7,663)	1,349
Increase (decrease) in accrued expenses	(824)	(4,931)
Increase (decrease) in due to related parties	(45,000)	(15,000)
Net cash used in operating activities	(25,063)	(9,814)
Cash Flows from Investing Activities:		
Proceeds from sale of marketable securities	56,569	12,551
Cash Flows from Financing Activities:		
Principal payments on officer loan	(21,410)	(4,177)
Principal payments on lines of credit	(33,923)	(10,142)
Capital contributions	17,573	4,722
Net cash used in financing activities	(37,760)	(9,597)
Net Change in Cash and Cash Equivalents	(6,254)	(6,860)
Cash and Cash Equivalents, Beginning of Year	17,860	24,720
Cash and Cash Equivalents, End of Year	\$ 11,606	\$ 17,860
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 6,760	\$ 8,030
Cash paid for income taxes	\$ 480	\$ 501

See accompanying notes to the financial statements.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – NATURE OF ORGANIZATION

Decor & You, Inc. (the "Company") was incorporated in January 1998 in the State of Delaware. Karen Powell, president, owns 100% of the outstanding common voting shares. Karen Powell also owns 100% of the non-voting preferred shares. The Company has and is continuing to develop a network of Decor franchisees and provides marketing, advertising, promotions products, training programs and related services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

Marketable Securities

The Company's marketable securities are classified as available for sale, reported at market value, and unrealized gains and losses are reported as a separate component of stockholder's equity as other comprehensive income or loss. Dividends are recognized as income when declared. Realized gains and losses are determined on the basis of actual costs of the securities sold and are included in current income.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was \$0 and \$88,520 as of December 31, 2018 and 2017, respectively. For the years ended December 31, 2018 and 2017, the Company wrote off \$0 and \$31,703, respectively, of uncollectible accounts.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Expenditures for routine maintenance and repairs on property and equipment are charged to expense.

Revenue Recognition

Franchise Fees

The Company has developed a plan to enable its franchised businesses to benefit from an organized, cohesive and systematic approach using the Company's proprietary name and common standards, marketing approaches and training. Revenue related to the sale of franchises is recognized when required franchisor services have been substantially completed, deemed to be when the initial training as detailed in the franchise agreement is performed. The Company typically begins training immediately after the agreement is signed, and consequently does not need to defer revenue.

All associated costs of training that do not begin immediately are deferred and recognized as expense when the training is complete and the associated revenue is recorded.

Royalties

The Company, through franchisee placement of new clients, receives certain placement and processing fees. The Company then receives a payment from the corresponding franchisee in accordance with percentages and amounts outlined in the respective franchise agreement. The Company also receives standard amounts from new franchisees related to intranet/extranet set-up as outlined in the respective franchise agreement.

National Advertising Program

The Company collects a standard monthly fee from each franchisee for the purpose of general marketing and advertising. The amounts collected are required to be expended by the Company for advertising that benefits the franchisees. All other advertising production costs are expensed by the Company as they are incurred.

Advertising

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2018 and 2017, total advertising costs were \$6,129 and \$9,079, respectively.

Income Taxes

The Company has elected to be taxed as a C Corporation under the Internal Revenue Code. Deferred income tax assets and liabilities are recognized for the temporary differences between the amounts reported for financial statement and income tax purposes.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In May 2014, the FASB issued Update 2014-09, Revenue from Contracts with Customers ("Topic 606"), subsequently amended by various standard updates. This guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, this guidance expands related disclosure requirements. Management has determined Topic 606 will not have an impact on recognition of royalty fees from franchisees. The Company will adopt Topic 606 beginning with its first quarter 2019 and will apply the guidance retrospectively to each prior period presented. Upon adoption of the standard, the Company does not expect the impact of recognizing initial franchise fees over the franchise agreement period to have a material effect on the financial statements.

In February 2016, the FASB issued ASU 2016-02 (Topic 842) pertaining to leases. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2019, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

In January 2017 the FASB issued ASU 2017-04 (Topic 350) pertaining to intangibles – goodwill and other. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair values of assets measured at December 31, 2018 are as follows:

	Total	Quoted, Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements:				
Equities:	\$ 22,336	\$ 22,336	\$ -	\$ -
Total recurring fair value measurements	\$ 22,336	\$ 22,336	\$ -	\$ -

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018 AND 2017

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured at December 31, 2017 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements:				
Equities	\$ 81,535	\$ 81,535	\$ -	\$ -
Total recurring fair value measurements	\$ 81,535	\$ 81,535	\$ -	\$ -

Cost and fair value of marketable securities consisted of the following at December 31:

	2018	2017
Available for sale securities, at cost	\$ 9,801	\$ 46,127
Unrealized holding gains	12,535	35,408
Available for sale equity securities, at fair value	\$ 22,336	\$ 81,535

NOTE 4 – FRANCHISE TERRITORIES REACQUIRED

The Company has reacquired territories from underperforming franchisees. The territories are held for resale and will be awarded to new franchisees in the normal course of business. The territories are valued at the lower of cost or net realizable value.

NOTE 5 – INCOME TAXES

As of December 31, 2018 and 2017, the Company has recorded deferred tax assets of \$182,961 and \$275,012 respectively, primarily resulting from the tax benefit of net operating losses.

The provision for income taxes consists of the following components:

	2018	2017
Current tax expense	\$ 503	\$ 571
Deferred tax (benefit) expense	92,051	(40,358)
	\$ 92,554	\$ (39,787)

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018 AND 2017

NOTE 5 – INCOME TAXES (Continued)

The Company has available at December 31, 2018 and 2017 unused federal net operating loss carry-forwards totaling approximately \$698,266 and \$748,074, respectively, and unused state net operating loss carry-forwards totaling approximately \$613,498 and \$663,809, respectively, which may be applied against future taxable income and expire at various times through 2038. Management believes it is more likely than not that all of the deferred tax asset will be realized.

Deferred income tax assets consisted of the following as of December 31:

	2018	2017
Deferred tax asset – federal	\$ 136,914	\$ 221,826
Deferred tax asset – state	46,047	53,186
	<u>\$ 182,961</u>	<u>\$ 275,012</u>

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Company is no longer subject to potential income tax examinations by tax authorities for years before 2015.

NOTE 6 – RELATED PARTY TRANSACTIONS

As of December 31, the Company had the following balances due from and due to them from various related party entities:

	2018	2017
Due from AdvCoach Franchising, LLC	\$ -	\$ 14,875
Due from the Entrepreneur's Source, Inc.	197,566	197,566
Total due from related parties	<u>\$ 197,566</u>	<u>\$ 212,441</u>
Due to TES Franchising, LLC	\$ 702,545	\$ 762,420
Total due to related parties	<u>702,545</u>	<u>762,420</u>
Total due to related parties, net	<u>\$ 504,979</u>	<u>\$ 549,979</u>

The Company has engaged in business transactions with TES Franchising, LLC, AdvCoach Franchising, LLC and The Entrepreneur's Source, Inc. These Companies are owned and managed by Terry Powell, the husband of the sole stockholder of the Company.

For the years ended December 31, 2018 and 2017, the Company received consulting fees from TES Franchising, LLC totaling \$50,000 and \$35,000, respectively, which are included in the caption "Revenue" in the accompanying statements of operations.

F1

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018 AND 2017

NOTE 7 – RELATED PARTY TRANSACTIONS (Continued)

The sole stockholder owed the Company \$32,020 and \$10,610, as of December 31, 2018 and 2017, respectively. These amounts are due on demand and bear no interest.

NOTE 8 – LINES OF CREDIT –

The Company has two line of credit agreements ("the Lines") with various banks for \$50,000 and \$125,000. The Lines accrue interest at rates ranging from the prime rate plus 1.75% to 7.75%. On December 31, 2018 and 2017 the interest rates ranged from 6.25% to 6.25%. These Lines are due on demand. As of December 31, 2018 and 2017, the Company had borrowings of \$0 and \$33,923, respectively, on these Lines.

NOTE 9 – OPERATING LEASES

The Company subleases a portion of its office from TES Franchising, LLC, a related party. The lease agreement expired on December 31, 2010 and the Company subleases on a month-to-month basis since then. For the years ended December 31, 2018 and 2017 office rent expense was \$5,000 and \$20,000, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect of the Company's financial condition or results of operations.

NOTE 11 – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2019, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.



DECOR & YOU, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

ELLSWORTH • STOUT
CPAs and Consultants

**DECOR & YOU, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	2
Statements of Operations	3
Statements of Comprehensive Income	4
Statements of Stockholder's Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-12

ELLSWORTH • STOUT
CPAs and Consultants

Independent Auditor's Report

To the Stockholder
Decor & You, Inc.
Southbury, Connecticut

We have audited the accompanying financial statements of Decor & You, Inc. (a Delaware corporation), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, comprehensive income, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Decor & You, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ellsworth & Stout, LLC

February 21, 2018
Las Vegas, NV



The independent member firm of the

Audit Firm: **Ellsworth & Stout, LLC**
7801 W. Charleston Blvd., Ste. 800 • Las Vegas, NV 89117
702-871-5727 • 702-876-0840
info@ellstout.com

Members of the American Institute of Certified Public Accountants & a member of the Certified Public Accountants

DECOR & YOU, INC.
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 17,860	\$ 24,720
Marketable securities	81,535	95,131
Accounts receivable, net	1,330	40,316
Prepaid expenses	5,584	5,584
Loans receivable from officer	10,610	6,433
Regional developer territory reacquired	446,132	446,132
Total current assets	<u>563,051</u>	<u>618,316</u>
 Property and Equipment, net	 -	 135
Other Assets:		
Deferred income taxes	275,012	234,654
Total Assets	<u>\$ 838,063</u>	<u>\$ 853,105</u>
 LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Accounts payable	\$ 13,639	\$ 12,290
Accrued expenses	18,939	23,870
Due to related parties, net	549,979	564,979
Borrowings against line of credit	32,923	44,065
Total current liabilities	<u>615,480</u>	<u>645,204</u>
Stockholders' Equity:		
Common stock, no par value; 2,000 shares authorized, issued and outstanding	-	-
Additional paid-in capital common stock	174,813	170,091
Preferred stock, no par value; 1,000 shares authorized, 105 shares issued and outstanding	-	-
Additional paid-in capital preferred stock	697,490	697,490
Accumulated deficit	(686,128)	(697,061)
Accumulated other comprehensive income	35,408	37,381
Total Stockholder's Equity	<u>221,583</u>	<u>207,901</u>
Total Liabilities and Stockholder's Equity	<u>\$ 838,063</u>	<u>\$ 853,105</u>

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Revenue	\$ 123,955	\$ 150,948
Cost of Revenue	29,643	41,592
Gross Profit	94,312	109,356
Operating Expenses:		
Advertising	9,079	16,064
Bad debt expense	31,703	43,143
Bank charges	993	863
Conference expense	2,743	4,871
Depreciation	135	527
Franchisee training	1,248	1,623
Insurance	2,632	3,241
Legal and professional fees	13,427	15,246
Office expenses	9,334	22,233
Outside services	15,658	19,704
Payroll and payroll related taxes	-	17,769
Professional development	4,472	5,966
Rents and leases	20,000	20,000
Repairs and maintenance	2,985	3,100
Taxes and licenses	3,008	3,198
Telephone and utilities	2,939	4,294
Travel, meals and entertainment	-	243
Total operating expenses	119,356	182,085
Loss from Operations	(25,044)	(72,729)
Other Income (Expense):		
Dividend income	3,292	3,281
Gain on sale of marketable securities	928	-
Interest expense	(8,030)	(8,937)
Total other expense	(3,810)	(5,656)
Net Loss before Taxes	(28,854)	(78,385)
Provision for Income Tax Benefit (Expense)	39,787	20,640
Net Income (Loss)	\$ 10,933	\$ (57,745)

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Net Income (Loss)	<u>\$ 10,933</u>	<u>\$ (57,745)</u>
Other Comprehensive Income, net of taxes		
Unrealized holding gains (losses) arising during the period	(2,901)	8,485
Reclassification of gains realized in net loss	928	-
Total other comprehensive income (loss), net of taxes	<u>(1,973)</u>	<u>8,485</u>
Comprehensive Income (Loss), net of taxes	<u>\$ 8,960</u>	<u>\$ (49,260)</u>

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Additional Paid-in Capital Common Stock	Additional Paid-in Capital Preferred Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2016	\$ 146,150	\$ 697,490	\$ (639,216)	\$ 29,896	\$ 234,320
Net loss	-	-	(57,745)	-	(57,745)
Capital contributions	23,941	-	-	-	23,941
Increase in value of marketable securities	-	-	-	8,482	8,482
Balance, December 31, 2016	\$ 170,091	\$ 697,490	\$ (697,061)	\$ 38,378	\$ 208,908
Net income	-	-	10,933	-	10,933
Capital contributions	4,722	-	-	-	4,722
Decrease in value of marketable securities	-	-	-	(2,901)	(2,901)
Reclassification: Realized gain on sale of marketable securities	-	-	-	926	926
Balance, December 31, 2017	\$ 174,813	\$ 697,490	\$ (686,128)	\$ 36,403	\$ 222,578

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Net income (loss)	\$ 10,933	\$ (57,745)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Had debt expense	31,703	43,143
Deferred income tax (benefit) expense	(40,358)	(21,277)
Depreciation	135	527
Gain on sale of marketable securities	(928)	-
Changes in:		
(Increase) decrease in accounts receivable	7,283	(8,858)
(Increase) decrease in prepaid expenses	-	501
Increase (decrease) in accounts payable	1,349	3,356
Increase (decrease) in accrued expenses	(4,931)	5,160
Increase (decrease) in due to related parties	(15,000)	12,094
Net cash used in operating activities	<u>(9,814)</u>	<u>(23,099)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of marketable securities	<u>12,551</u>	<u>-</u>
Cash Flows from Financing Activities:		
Principal payments on officer loan	(4,177)	(3,879)
Principal payments on lines of credit	(10,142)	(10,817)
Capital contributions	4,722	23,941
Net cash provided by (used in) financing activities	<u>(9,597)</u>	<u>9,245</u>
Net Change in Cash and Cash Equivalents	<u>(6,860)</u>	<u>(13,854)</u>
Cash and Cash Equivalents, Beginning of Year	<u>24,720</u>	<u>38,574</u>
Cash and Cash Equivalents, End of Year	<u>\$ 17,860</u>	<u>\$ 24,720</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	<u>\$ 8,030</u>	<u>\$ 8,937</u>
Cash paid for income taxes	<u>\$ 501</u>	<u>\$ 563</u>

See accompanying notes to the financial statements.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – NATURE OF ORGANIZATION

Decor & You, Inc. (the "Company") was incorporated in January 1998 in the State of Delaware. Karen Powell, president, owns 100% of the outstanding common voting shares. Karen Powell also owns 100% of the non-voting preferred shares. The Company has and is continuing to develop a network of Decor franchisees and provides marketing, advertising, promotions products, training programs and related services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

Marketable Securities

The Company's marketable securities are classified as available for sale, reported at market value, and unrealized gains and losses are reported as a separate component of stockholder's equity as other comprehensive income or loss. Dividends are recognized as income when declared. Realized gains and losses are determined on the basis of actual costs of the securities sold and are included in current income.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was \$88,520 and \$56,817 as of December 31, 2017 and 2016, respectively. For the years ended December 31, 2017 and 2016, the Company wrote off \$31,703 and \$43,143, respectively, of uncollectible accounts.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017 AND 2016

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Expenditures for routine maintenance and repairs on property and equipment are charged to expense.

Revenue Recognition

Franchise Fees

The Company has developed a plan to enable its franchised businesses to benefit from an organized, cohesive and systematic approach using the Company's proprietary name and common standards, marketing approaches and training. Revenue related to the sale of franchises is recognized when required franchisor services have been substantially completed, deemed to be when the initial training as detailed in the franchise agreement is performed. The Company typically begins training immediately after the agreement is signed, and consequently does not need to defer revenue.

All associated costs of training that do not begin immediately are deferred and recognized as expense when the training is complete and the associated revenue is recorded.

Royalties

The Company, through franchisee placement of new clients, receives certain placement and processing fees. The Company then receives a payment from the corresponding franchisee in accordance with percentages and amounts outlined in the respective franchise agreement. The Company also receives standard amounts from new franchisees related to intranet/extranet set-up as outlined in the respective franchise agreement.

National Advertising Program

The Company collects a standard monthly fee from each franchisee for the purpose of general marketing and advertising. The amounts collected are required to be expended by the Company for advertising that benefits the franchisees. All other advertising production costs are expensed by the Company as they are incurred.

Advertising

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2017 and 2016, total advertising costs were \$9,079 and \$16,064, respectively.

Income Taxes

The Company has elected to be taxed as a C Corporation under the Internal Revenue Code. Deferred income tax assets and liabilities are recognized for the temporary differences between the amounts reported for financial statement and income tax purposes.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017 AND 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In August 2015 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 (Topic 606) pertaining to revenue from contracts with customers. This pronouncement was amended by ASU 2015-14 to extend the effective date of this pronouncement for non-public companies to become effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02 (Topic 842) pertaining to leases. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2019, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

In January 2017 the FASB issued ASU 2017-04 (Topic 350) pertaining to intangibles—goodwill and other. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair values of assets measured at December 31, 2017 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements:				
Equities	\$ 81,335	\$ 81,335	\$ -	\$ -
Total recurring fair value measurements	<u>\$ 81,335</u>	<u>\$ 81,335</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of assets measured at December 31, 2016 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements:				
Equities	\$ 95,131	\$ 95,131	\$ -	\$ -
Total recurring fair value measurements	<u>\$ 95,131</u>	<u>\$ 95,131</u>	<u>\$ -</u>	<u>\$ -</u>

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017 AND 2016

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Cost and fair value of marketable securities consisted of the following at December 31:

	2017	2016
Available for sale securities, at cost	\$ 46,127	\$ 57,750
Unrealized holding gains	35,408	37,381
Available for sale equity securities, at fair value	<u>\$ 81,535</u>	<u>\$ 95,131</u>

NOTE 4 – FRANCHISE TERRITORIES REACQUIRED

The Company has reacquired territories from underperforming franchisees. The territories are held for resale and will be awarded to new franchisees in the normal course of business. The territories are valued at the lower of cost or net realizable value.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2017	2016
Computer equipment	\$ 1,584	\$ 1,584
Less: accumulated depreciation	(1,584)	(1,449)
	<u>\$ -</u>	<u>\$ 135</u>

Depreciation expense on property and equipment for the years ended December 31, 2017 and 2016 was \$135 and \$527, respectively.

NOTE 6 – INCOME TAXES

As of December 31, 2017 and 2016, the Company has recorded deferred tax assets of \$275,012 and \$234,654 respectively, primarily resulting from the tax benefit of net operating losses.

The provision for income taxes consists of the following components:

	2017	2016
Current tax expense	\$ 571	\$ 637
Deferred tax (benefit) expense	(40,358)	(21,277)
	<u>\$ (39,787)</u>	<u>\$ (20,640)</u>

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017 AND 2016

NOTE 6 - INCOME TAXES (Continued)

The Company has available at December 31, 2017 and 2016 unused federal net operating loss carry-forwards totaling approximately \$783,574 and \$788,205, respectively, and unused state net operating loss carry-forwards totaling approximately \$691,577 and \$565,567, respectively, which may be applied against future taxable income and expire in the years 2018 through 2037. Management believes it is more likely than not that all of the deferred tax asset will be realized.

Deferred income tax assets consisted of the following as of December 31:

	2017	2016
Deferred tax asset - federal	\$ 221,826	\$ 182,127
Deferred tax asset - state	53,186	52,527
	<u>\$ 275,012</u>	<u>\$ 234,654</u>

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Company is no longer subject to potential income tax examinations by tax authorities for years before 2014.

NOTE 7 - RELATED PARTY TRANSACTIONS

As of December 31, the Company had the following balances due from and due to them from various related party entities:

	2017	2016
Due from AdviCoach Franchising, LLC	\$ 14,875	\$ 14,875
Due from the Entrepreneur's Source, Inc.	197,566	197,566
Total due from related parties	<u>\$ 212,441</u>	<u>\$ 212,441</u>
Due to TES Franchising, LLC	\$ 762,420	\$ 777,420
Total due to related parties	<u>762,420</u>	<u>777,420</u>
Total due to related parties, net	<u>\$ 549,979</u>	<u>\$ 564,979</u>

The Company has engaged in business transactions with TES Franchising, LLC, AdviCoach Franchising, LLC and The Entrepreneur's Source, Inc. These Companies are owned and managed by Terry Powell, the husband of the sole stockholder of the Company.

For the years ended December 31, 2017 and 2016, the Company received consulting fees from TES Franchising, LLC totaling \$35,000 and \$25,000, respectively, which are included in the caption "Revenue" in the accompanying statements of operations.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017 AND 2016

NOTE 7 – RELATED PARTY TRANSACTIONS (Continued)

The sole stockholder owed the Company \$10,610 and \$6,433, as of December 31, 2017 and 2016, respectively. These amounts are due on demand and bear no interest.

NOTE 8 – LINES OF CREDIT

The Company has two line of credit agreements ("the Lines") with various banks for \$50,000 and \$125,000. The Lines accrue interest at rates ranging from the prime rate plus 1.75% to 7.75%. On December 31, 2017 and 2016 the interest rates ranged from 6.25% to 7.75%. These Lines are due on demand. As of December 31, 2017 and 2016, the Company had borrowings of \$33,923 and \$44,065, respectively, on these Lines.

NOTE 9 – OPERATING LEASES

The Company subleases a portion of its office from TES Franchising, LLC, a related party. The lease agreement expired on December 31, 2010 and the Company subleases on a month-to-month basis since then. For the years ended December 31, 2017 and 2016 office rent expense was \$20,000 per annum.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect of the Company's financial condition or results of operations.

NOTE 11 – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 21, 2018, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.



DECOR & YOU, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

ELLSWORTH • STOUT
CPAs and Consultants

DECOR & YOU, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Table of Contents

Independent Auditor's Report.....	1
Financial Statements:	
Balance Sheets.....	2
Statements of Operations.....	3
Statements of Comprehensive Income.....	4
Statements of Stockholder's Equity.....	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7-12

ELLSWORTH • STOUT
CPAs and Consultants

Independent Auditor's Report

To the Stockholder
Decor & You, Inc.
Southbury, Connecticut

We have audited the accompanying financial statements of Decor & You, Inc. (a Delaware corporation), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, comprehensive income, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Decor & You, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ellsworth & Stout, LLC

March 20, 2017
Las Vegas, NV



The CPA logo is a registered trademark of the American Institute of Certified Public Accountants.

Acuity Financial Center
7881 W. Charleston Blvd., Ste. 155 • Las Vegas, NV 89117
p 702-871-2727 f 702-876-0040
ivcpas.com

Members of the American Institute of Certified Public Accountants & Nevada Society of Certified Public Accountants

DECOR & YOU, INC.
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 24,720	\$ 38,574
Marketable securities	95,131	86,646
Accounts receivable, net	40,316	74,601
Prepaid expenses	5,584	6,085
Loans receivable from officer	6,433	2,554
Regional developer territory reacquired	446,132	446,132
Total current assets	<u>618,316</u>	<u>654,592</u>
Property and Equipment, net	135	662
Other Assets:		
Deferred income taxes	234,654	213,377
Total Assets	<u>\$ 853,105</u>	<u>\$ 868,631</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Accounts payable	\$ 12,290	\$ 8,934
Accrued expenses	23,870	18,710
Due to related parties, net	564,979	552,885
Borrowings against line of credit	44,065	54,882
Total current liabilities	<u>645,204</u>	<u>635,411</u>
Stockholders Equity:		
Common stock, no par value; 2,000 shares authorized, issued and outstanding	-	-
Additional paid-in capital common stock	170,091	146,150
Preferred stock, no par value; 1,000 shares authorized, 105 shares issued and outstanding	-	-
Additional paid-in capital preferred stock	697,490	697,490
Accumulated deficit	(697,061)	(639,316)
Accumulated other comprehensive income	37,381	28,896
Total Stockholder's Equity	<u>207,901</u>	<u>233,220</u>
Total Liabilities and Stockholder's Equity	<u>\$ 853,105</u>	<u>\$ 868,631</u>

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Revenue	\$ 150,948	\$ 165,967
Cost of Revenue	41,592	91,250
Gross Profit	109,356	74,717
Operating Expenses:		
Advertising	16,064	7,903
Bad debt expense	43,143	11,302
Bank charges	863	851
Conference expense	4,871	12,108
Depreciation	527	527
Franchisee training	1,623	12,102
Insurance	3,241	8,275
Legal and professional fees	15,246	26,909
Office expenses	22,233	7,682
Outside services	19,704	36,313
Payroll and payroll related taxes	17,769	62,519
Professional development	5,966	3,493
Rents and leases	20,000	20,000
Repairs and maintenance	3,100	3,233
Taxes and licenses	3,198	1,722
Telephone and utilities	4,294	8,714
Travel, meals and entertainment	243	669
Total operating expenses	182,085	224,322
Loss from Operations	(72,729)	(149,605)
Other Income (Expense):		
Dividend income	3,281	3,753
Gain on sale of marketable securities	-	3,460
Interest expense	(8,937)	(9,787)
Total other expense	(5,656)	(2,574)
Net Loss before Taxes	(78,385)	(152,179)
Provision for Income Tax Benefit (Expense)	20,640	44,472
Net Loss	\$ (57,745)	\$ (107,707)

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Net Loss	\$ (57,745)	\$ (107,707)
Other Comprehensive Income, net of taxes		
Unrealized holding gains arising during the period	8,485	6,204
Reclassification of gains realized in net loss	-	(3,460)
Total other comprehensive income, net of taxes	<u>8,485</u>	<u>2,744</u>
Comprehensive Loss, net of taxes	<u>\$ (49,260)</u>	<u>\$ (104,963)</u>

See accompanying notes to the financial statements.

DECOR & YOU, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Additional Paid-in Capital Common Stock	Additional Paid-in Capital Preferred Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2015	\$ 93,000	\$ 697,490	\$ (531,609)	\$ 26,152	\$ 285,033
Net loss	-	-	(107,707)	-	(107,707)
Capital contributions	53,150	-	-	-	53,150
Increase in value of marketable securities	-	-	-	6,204	6,204
Reclassification: Realized loss on sale of marketable securities	-	-	-	(3,460)	(3,460)
Balance, December 31, 2015	\$ 146,150	\$ 697,490	\$ (639,316)	\$ 28,896	\$ 233,220
Net loss	-	-	(57,745)	-	(57,745)
Capital contributions	23,941	-	-	-	23,941
Increase in value of marketable securities	-	-	-	8,485	8,485
Balance, December 31, 2016	\$ 170,091	\$ 697,490	\$ (697,061)	\$ 37,381	\$ 207,901

See accompanying notes to the financial statements.

5

DECOR & YOU, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Net loss	\$ (57,745)	\$ (107,707)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	43,143	11,302
Deferred income tax (benefit) expense	(21,277)	(45,318)
Depreciation	527	527
Gain on sale of marketable securities	-	(3,460)
Changes in:		
(Increase) decrease in accounts receivable	(8,858)	9,653
(Increase) decrease in prepaid expenses	501	7,388
Increase (decrease) in accounts payable	3,356	(8,774)
Increase (decrease) in accrued expenses	5,160	(4,038)
Increase (decrease) in due to related parties	12,094	81,151
Net cash used in operating activities	<u>(23,099)</u>	<u>(59,276)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of marketable securities	<u>-</u>	<u>20,887</u>
Cash Flows from Financing Activities:		
Principal payments on officer loan	(3,879)	(3,841)
Principal payments on lines of credit	(10,817)	(11,602)
Principal payments on note payable	-	(5,415)
Capital contributions	23,941	53,150
Net cash provided by financing activities	<u>9,245</u>	<u>32,292</u>
Net Change in Cash and Cash Equivalents	(13,854)	(6,097)
Cash and Cash Equivalents, Beginning of Year	38,574	44,671
Cash and Cash Equivalents, End of Year	<u>\$ 24,720</u>	<u>\$ 38,574</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	<u>\$ 8,937</u>	<u>\$ 9,787</u>
Cash paid for income taxes	<u>\$ 563</u>	<u>\$ 846</u>

See accompanying notes to the financial statements.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 – NATURE OF ORGANIZATION

Decor & You, Inc. (the "Company") was incorporated in January 1998 in the State of Delaware. Karen Powell, president, owns 100% of the outstanding common voting shares. Karen Powell also owns 100% of the non-voting preferred shares. The Company has and is continuing to develop a network of Decor franchisees and provides marketing, advertising, promotions products, training programs and related services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

Marketable Securities

The Company's marketable securities are classified as available for sale, reported at market value, and unrealized gains and losses are reported as a separate component of stockholder's equity as other comprehensive income or loss. Dividends are recognized as income when declared. Realized gains and losses are determined on the basis of actual costs of the securities sold and are included in current income.

Allowance for Doubtful Accounts

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was \$56,817 and \$13,674 as of December 31, 2016 and 2015, respectively. For the years ended December 31, 2016 and 2015, the Company wrote off \$43,143 and \$11,302, respectively, of uncollectible accounts.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Expenditures for routine maintenance and repairs on property and equipment are charged to expense.

Revenue Recognition

Franchise Fees

The Company has developed a plan to enable its franchised businesses to benefit from an organized, cohesive and systematic approach using the Company's proprietary name and common standards, marketing approaches and training. Revenue related to the sale of franchises is recognized when required franchisor services have been substantially completed, deemed to be when the initial training as detailed in the franchise agreement is performed. The Company typically begins training immediately after the agreement is signed, and consequently does not need to defer revenue.

All associated costs of training that do not begin immediately are deferred and recognized as expense when the training is complete and the associated revenue is recorded.

Royalties

The Company, through franchisee placement of new clients, receives certain placement and processing fees. The Company then receives a payment from the corresponding franchisee in accordance with percentages and amounts outlined in the respective franchise agreement. The Company also receives standard amounts from new franchisees related to intranet/extranet set-up as outlined in the respective franchise agreement.

National Advertising Program

The Company collects a standard monthly fee from each franchisee for the purpose of general marketing and advertising. The amounts collected are required to be expended by the Company for advertising that benefits the franchisees. All other advertising production costs are expensed by the Company as they are incurred.

Advertising

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2016 and 2015, total advertising costs were \$16,064 and \$7,903, respectively.

Income Taxes

The Company has elected to be taxed as a C Corporation under the Internal Revenue Code. Deferred income tax assets and liabilities are recognized for the temporary differences between the amounts reported for financial statement and income tax purposes.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016 AND 2015

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair values of assets measured at December 31, 2016 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements:				
Equities	\$ 95,131	\$ 95,131	\$ -	\$ -
Total recurring fair value measurements	\$ 95,131	\$ 95,131	\$ -	\$ -

Fair values of assets measured at December 31, 2015 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements:				
Equities	\$ 86,646	\$ 86,646	\$ -	\$ -
Total recurring fair value measurements	\$ 86,646	\$ 86,646	\$ -	\$ -

Cost and fair value of marketable securities consisted of the following at December 31:

	2016	2015
Available for sale securities, at cost	\$ 57,750	\$ 57,750
Unrealized holding gains	37,381	28,896
Available for sale equity securities, at fair value:	\$ 95,131	\$ 86,646

NOTE 4 - FRANCHISE TERRITORIES REACQUIRED

The Company has reacquired territories from underperforming franchisees. The territories are held for resale and will be awarded to new franchisees in the normal course of business. The territories are valued at the lower of cost or net realizable value.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016 AND 2015

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2016	2015
Computer equipment	1,584	2,297
Less: accumulated depreciation	(1,449)	(1,635)
	<u>\$ 135</u>	<u>\$ 662</u>

Depreciation expense on property and equipment for the years ended December 31, 2016 and 2015 was \$527 and \$527, respectively.

NOTE 6 - INCOME TAXES

As of December 31, 2016 and 2015, the Company has recorded deferred tax assets of \$234,654 and \$213,377 respectively, primarily resulting from the tax benefit of net operating losses.

The provision for income taxes consists of the following components:

	2016	2015
Current tax expense	\$ 637	\$ 846
Deferred tax (benefit) expense	(21,277)	(45,318)
	<u>\$ (20,640)</u>	<u>\$ (44,472)</u>

The Company has available at December 31, 2016 and 2015 unused federal net operating loss carry-forwards totaling approximately \$788,205 and \$727,754, respectively, and unused state net operating loss carry-forwards totaling approximately \$565,567 and \$640,522, respectively, which may be applied against future taxable income and expire in the years 2018 through 2036. Management believes it is more likely than not that all of the deferred tax asset will be realized.

Deferred income tax assets consisted of the following as of December 31:

	2016	2015
Deferred tax asset - federal	\$ 182,127	\$ 165,336
Deferred tax asset - state	52,527	48,041
	<u>\$ 234,654</u>	<u>\$ 213,377</u>

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Company is no longer subject to potential income tax examinations by tax authorities for years before 2013.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016 AND 2015

NOTE 7 - RELATED PARTY TRANSACTIONS

As of December 31, the Company had the following due from and due to balances from various related party entities:

	2016	2015
Due from AdviCoach Franchising, LLC	\$ 14,875	\$ 14,875
Due from the Entrepreneur's Source, Inc.	197,566	197,566
Total due from related parties	\$ 212,441	\$ 212,441
Due to TES Franchising, LLC	\$ 777,420	\$ 765,326
Total due to related parties	777,420	765,326
Total due to related parties, net	\$ 564,979	\$ 552,885

The Company has engaged in business transactions with TES Franchising, LLC, AdviCoach Franchising, LLC and The Entrepreneur's Source, Inc. These Companies are owned and managed by Terry Powell, the husband of the sole stockholder of the Company.

For the years ended December 31, 2016 and 2015, the Company received consulting fees from TES Franchising, LLC totaling \$25,000 and \$0, respectively, which are included in the caption "Revenue" in the accompanying statements of operations.

The sole stockholder owed the Company \$6,433 and \$2,554, as of December 31, 2016 and 2015, respectively. These amounts are due on demand and bear no interest.

NOTE 8 - LINES OF CREDIT

The Company has two line of credit agreements ("the Lines") with various banks for \$50,000 and \$125,000. The Lines accrue interest at rates ranging from the prime rate plus 1.75% to 6.5%. On December 31, 2016 and 2015 the interest rates ranged from 5.5% to 7%. These Lines are due on demand. As of December 31, 2016 and 2015, the Company had borrowings of \$44,065 and \$54,882, respectively, on these Lines.

NOTE 9 - OPERATING LEASES

The Company subleases a portion of its office from TES Franchising, LLC, a related party. The lease agreement expired on December 31, 2010 and the Company subleases on a month-to-month basis since then. For the years ended December 31, 2016 and 2015 office rent expense was \$20,000 per annum.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect of the Company's financial condition or results of operations.

DECOR & YOU, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016 AND 2015

NOTE 11 - MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 20, 2017, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.

EXHIBIT F

PLAYBOOK & SUPPLEMENTARY MATERIALS
TABLE OF CONTENTS

WEB BASED FRANCHISE OPERATIONS MANUAL

Topic	Description	Resource	Pages
Business Launch Curriculum		Web Based Playbook	50
Discipline 1: Lead Generation / Marketing/ PR	Using The Tools And Resources in Discipline 1 will provide you with the best strategies to develop prospects and communicate brand value.	Web Based Playbook, Marketing Resources, Event kits, value story/press releases	100
Discipline 2: Client Conversion/Sales	Using the sales training tools and resources in Discipline 2 will prepare you to comfortably communicate your "trusted advisor" position in the industry and convey to prospects how working with you is the best choice.	Web Based Playbook, Audio Recordings, Templates, Printable Resources	100
Discipline 3: Fulfillment	Discipline 3 provides you with all the tools and resources you need to service and retain your client. Both product (vendor) and service offerings are clearly established.	Web Based Playbook, Audio Recordings, Templates, Printable Resources	200
Discipline 4: Business Operations 1. Performance Enhancement Tools 2. Policies And Procedures	Discipline 4 provides you with the tools and resources essential for your Franchised Business. Most of the tools in this discipline are designed to help you work on your business and communicate appropriately with the Performance Enhancement Center (PEC).	Web Based Playbook, Audio Recordings, Templates, Printable Resources	50
Total Pages:			500

SUPPLEMENTARY MATERIALS***NUMBER OF PAGES**

*Materials and resources are constantly being reviewed, updated and added.

DecorPlan System	200
Vendor Resources Guide	20
Vendor Supplementary Materials, product reference guides	150
Getting Started Materials	N/A
Intro to Decorating and Design for the Styleprint™ Design System	25
Sensational Color Confidence	98
Furniture Facts	50
Mary Gilliatt Self-Paced Decorating Training	200
Design and placement software and templates	25
Hardcopy "job aides"	10
Sandler Training CD's/ Coaching	N/A
Window Treatment Overview Book/Magazine/Flash Cards	50
Policies and Procedures Playbook	50
Total Pages	878

EXHIBIT G

CONTRACTS FOR USE WITH THE DECOR & YOU FRANCHISE

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Decor & You Business. The following are the forms of contracts that Decor & You, Inc. uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample," they are subject to change at any time.



EXHIBIT G-1

DECOR & YOU FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Decor & You, Inc., a Delaware corporation ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Decor & You business;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee (**enter into a successor franchise agreement**), and Franchisor has consented to such transfer (**agreed to enter into a successor franchise agreement**); and

WHEREAS, as a condition to Franchisor's consent to the transfer (**Franchisee's ability to enter into a successor franchise agreement**), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer (**Franchisor entering into a successor franchise agreement**), and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties**. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release**. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.



3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Connecticut.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

By: _____

Name: _____

Its: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

EXHIBIT G-2

DECOR & YOU FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement ("Agreement") is entered into by the undersigned ("you" or "your") in favor of Decor & You, Inc., a Delaware corporation, and its successors and assigns ("us", "we" or "our"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a Decor & You business operating pursuant to a franchise agreement with us.

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Decor & You business or the solicitation or offer of a Decor & You franchise, whether now in existence or created in the future.

"Franchisee" means the Decor & You franchisee for which you are a manager or officer.

"Franchisee Territory" means the territory granted to you pursuant to a franchise agreement with us.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Decor & You business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our confidential operations manual for the operation of a Decor & You business, which may be periodically modified by us.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Decor & You business, including "DECOR & YOU," and any other trademarks, service marks, or trade names that we designate for use by a Decor & You business. The term "Marks" also includes any distinctive trade dress used to identify a Decor & You business, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of 5% or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.



"Restricted Period" means the two year period after you cease to be a manager or officer of Franchisee's Decor & You business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the nine month period after you cease to be a manager or officer of Franchisee's Decor & You business.

"Restricted Territory" means the geographic area within: (i) a 50-mile radius from Franchisee's Decor & You business (and including the premises of the approved location of Franchisee); and (ii) a 50-mile radius from all other Decor & You businesses that are operating or under development as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 25-mile radius from Franchisee's Decor & You business (and including the premises of the approved location of Franchisee).

"System" means our system for the establishment, development, operation, and management of a Decor & You business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Decor & You business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee's Decor & You business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's Decor & You business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited

Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. **Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Decor & You franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for 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 yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. **Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Connecticut, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(Signatures on following page)

EXECUTED on the date stated below.

Date

Signature

Typed or Printed Name

EXHIBIT G-3

DECOR & YOU FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into by the undersigned ("you") in favor of Decor & You, Inc., a Delaware corporation, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"*Copyrights*" means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Decor & You franchisees to use, sell, or display in connection with the marketing and/or operation of a Decor & You Business, whether now in existence or created in the future.

"*Decor & You Business*" means a business that provides interior decorating to residential and commercial customers and other related products and services using our Intellectual Property.

"*Franchisee*" means the Decor & You franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

"*Intellectual Property*" means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Decor & You Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"*Manual*" means our confidential operations manual for the operation of a Decor & You Business.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Decor & You Business, including "DECOR & YOU" and any other trademarks, service marks, or trade names that we designate for use by a Decor & You Business. The term "Marks" also includes any distinctive trade dress used to identify a Decor & You Business, whether now in existence or hereafter created.

"*System*" means our system for the establishment, development, operation, and management of a Decor & You Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Decor & You Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you

will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Decor & You, Inc. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Decor & You franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for 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 yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of Decor & You, Inc., you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.



c. This Agreement will be governed by, construed, and enforced under the laws of Connecticut, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

EXHIBIT G-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name	
Bank Mailing Address (street, city, state, zip)	
☐ Checking ☐ Savings	
Bank Account No.	Bank Routing No. (9 digits)
(check one)	
Bank Mailing Address (city, state, zip)	Bank Phone No.

Authorization:

Franchisee hereby authorizes Decor & You, Inc. ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____
Name: _____
Its: _____
Federal Tax ID Number: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.



EXHIBIT G-5

DECOR & YOU FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("Agreement") is entered into this ____ day of _____, 20____, between Decor & You, Inc. ("Franchisor"), _____ ("Former Franchisee") and _____ ("New Franchisee").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ ("Franchise Agreement"), in which Franchisor granted Former Franchisee the right to operate a Decor & You franchise located at _____ ("Franchised Business"); and

WHEREAS, Former Franchisee desires to assign ("Requested Assignment") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. **Payment of Fees.** In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("Franchisor's Assignment Fee").
2. **Assignment and Assumption.** Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing of a franchise agreement pursuant to Section 5 of this Agreement.
3. **Consent to Requested Assignment of Franchised Business.** Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Franchise Agreement.
4. **Termination of Rights to the Franchised Business.** The parties acknowledge and agree that all of Former Franchisee's rights to operate the Franchised Business and rights under the Franchise Agreement are hereby relinquished and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business. Former Franchisee and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the

termination, expiration, or transfer of the Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute Franchisor's current form of Franchise Agreement and attachments for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Decor & You franchise as stated in Franchisor's Franchise Disclosure Document.

6. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of a new franchise agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "Affiliates" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Connecticut.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

DECOR & YOU, INC.

By: _____

Title: _____

FORMER FRANCHISEE:

By: _____

Title: _____

NEW FRANCHISEE:

By: _____

Title: _____

Rev: 040516



EXHIBIT G-6

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, jointly and severally ("Borrower" or "Maker") promises to pay to the order of Decor & You, Inc., a Delaware corporation ("Decor") at 900 Main Street South, Building 2, Southbury, CT 06484 or any other such place or address as Decor or any other holder of the Note hereafter may designate, the principal amount of _____, together with interest at the rate of 9% per annum. This is the Promissory Note as defined in the Decor Franchise Agreement of even date herewith.

This Note is payable as follows:

Interest begins to accrue on the first day of the first full calendar month following the date when Borrower completes initial CPE. Principal, accrued interest, and interest shall be paid in thirty-six equal monthly installments of \$ _____ each on the first day of each month, commencing the first day of the second full calendar month after Borrower's completion of initial CPE, and continuing until all principal and interest shall have been paid in full.

Installment payments on the Promissory Note will be made by a direct debit of Borrower's bank account for such amounts on the due date, utilizing the Automated Clearing House (ACH) or other automatic bank payment function. All bank charges for such electronic direct debit shall be borne by Borrower. Borrower shall concurrently with the execution of this Note, and from time to time thereafter upon request by Decor, execute an appropriate authorization agreement for automatic payment to permit a bank designated by Decor to initiate debit entries to, and to debit, the bank account designated by Borrower (attached hereto as Schedule 1 to the Promissory Note).

1. _____ If any payment due under this Note remains in default for more than ten calendar days after the due date or in the event of a termination of the Franchise Agreement, the holder of this Note may declare the entire balance of principal and interest immediately due and payable.
2. _____ Maker may prepay this Note at any time, in whole or in part, without penalty.
3. _____ The Maker and all endorsers, sureties, and guarantors of this Note, jointly and severally: (a) waive presentment, demand for payment, notice of dishonor, and all other notices and demands in connection with the delivery, acceptance, performance, default, endorsement, or guaranty of this Note; (b) consent that the time of payment may be extended from time to time and on terms and conditions without notice to any of us; (c) agree that additional co-makers, guarantors, and sureties may become parties to this Note without notice to any of us; and (d) waive any and all benefits of homestead exemptions and all other exemptions to which we may be or become entitled under present or future law.
4. _____ If a required payment is not made within ten days of the due date, the undersigned shall pay in addition to the regular installment a late charge in the amount of \$100. The undersigned agrees to pay, in addition to the unpaid principal and interest of this Note, all collection costs, including reasonable attorney fees, that may be incurred by the holder of this Note in enforcing its

rights under this Note. No delay or omission on the part of the holder in exercise of any right or remedy shall operate as a waiver thereof, or as a novation, and no single or partial exercise by the holder of any right or remedy shall preclude other or further exercises thereof, or of any other right or remedy.

5. The holder of this Note shall also be entitled, at its discretion and from time to time, to bring any action, suit or proceeding touching or concerning this Note against all makers, endorsers, and guarantors in any state where a maker, endorser, guarantor, payee, or holder resides or has a place of business. To the maximum extent permitted by law, the defendants in any such action, suit or proceeding shall not interpose any counterclaim of any kind and jointly and severally waive any right to trial by jury.
6. This Note is governed by and construed in accordance with the laws of the State of Connecticut. In any action brought under or arising out of this Note, the undersigned hereby consents to the *in personam* jurisdiction of any Federal or state court in the State of Connecticut, waives any claim or defense that such forum is not convenient or proper, and consents to service of process by any means authorized under Connecticut law. The debt evidenced by this Note has been incurred for business and commercial purposes and in connection with the operation of a business enterprise.

Executed and delivered by the undersigned this _____ day of _____, 20____.

Signature

Printed Name



SCHEDULE 1 TO PROMISSORY NOTE

Authorization Agreement for Automatic Payment

I, _____, hereby authorize: (1) Decor & You, Inc. ("Decor") to initiate debit entries to my Checking () or Savings () account indicated below, (2) the depository named below ("Depository") to debit the same such account.

Amount: Monthly Installment Fee calculated in accordance with a Promissory Note dated _____, 20__.

Debit Date: The first day of each month for 36 months beginning on _____, 20__.

Bank Name: _____

City: _____ State: _____

Banking Transit/ABA No.: _____ (always nine digits)

Account No.: _____

ATTACHED TO THIS FORM IS A VOIDED CHECK IF CHECKING ACCOUNT DEBIT OR A SAVINGS DEPOSIT TICKET IF SAVINGS ACCOUNT DEBIT. (Please note: Saving deposit ticket may not include DEPOSITORY bank's transit/ABA number)

This authorization is to remain in full force and effect until Decor has received written notification from me of its termination in such time and in such manner as to afford Decor a reasonable opportunity to act on it.

Authorized Signature for
Above Account

Printed Name

Date

Authorized Signature for
Above Account (if second signature is required)

Printed Name

Date



EXHIBIT H

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Decor & You, Inc. ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of a Decor & You franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

1. Yes___ No___ Have you received and personally reviewed the Franchise Agreement and each attachment or exhibit attached to it that we provided?
2. Yes___ No___ Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3. Yes___ No___ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4. Yes___ No___ Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5. Yes___ No___ Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6. Yes___ No___ Have you had the opportunity to discuss the benefits and risks of developing and operating a Decor & You Franchise with an existing Decor & You franchisee?
7. Yes___ No___ Do you understand the risks of developing and operating a Decor & You Franchise?
8. Yes___ No___ Do you understand the success or failure of your Decor & You Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
9. Yes___ No___ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Connecticut, if not resolved informally or by mediation?

10. Yes__ No__ Do you understand that you must satisfactorily complete the initial training program before we will allow your Decor & You Franchise to open or consent to a transfer of the Decor & You Franchise to you?
11. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Decor & You Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Decor & You Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes__ No__ Do you understand that the Franchise Agreement including each attachment or exhibit to the Franchise Agreement contains the entire agreement between us and you concerning the Decor & You Franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments or exhibits to the Franchise Agreement will not be binding?
15. Yes__ No__ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

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.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant



Name (please print)

Name (please print)

Date

Date

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

EXHIBIT I

STATE ADDENDA TO THE DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

The "Risk Factors" on the second page of the Disclosure Document are amended to also include the following:

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 FRANCHISE DISCLOSURE DOCUMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

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

Item 5 of the Disclosure Document is amended by adding the following paragraph:

The Department of Business Oversight requires that the franchisor defer the collection of all initial fees from California franchisees until the franchise has completed all its pre-opening obligations and franchisee is open for business.

Item 6 of the Disclosure Document is amended to also add the following: "The maximum interest rate in California is 10% annually."

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

The franchise agreement requires application of the laws of Connecticut. This provision may not be enforceable under California law.



The franchise agreement requires binding arbitration. The arbitration will occur at Connecticut, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. 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.

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.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at www.decorandyou.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.



HAWAII ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.u. is modified to provide that you must arbitrate claims against us.
2. Item 17.v. is modified to provide that arbitration shall take place in the location of our corporate headquarters.
3. Item 17.w. is modified to provide that Illinois law applies.
4. Any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.
5. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.
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.

MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, "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. Item 17.u. is modified to also provide, "This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

3. Item 17.v. is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 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 agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- ~~• With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), 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 that consent to the transfer of the franchise will not be unreasonably withheld.~~

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), 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 that consent to the transfer of the franchise will not be unreasonably withheld.

- 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.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

- Items 5 and 7 of the Disclosure Document are amended to also add the following: The franchisor defers the receipt of the initial franchise fee until the franchised business is open.

NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, N.Y. 10005; 212-416-8236.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating 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 Item 4:

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

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

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), 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.

6. 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.

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

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

8. The following is added to the end of the "Summary" sections of Item 17(v), 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.

NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the franchise agreement.

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

RHODE ISLAND ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the franchise agreement.

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

RHODE ISLAND

~~As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.~~

~~Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.~~

~~Applicable Laws: North Dakota law will govern the franchise agreement.~~

~~Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.~~

~~Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.~~

~~General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.~~

~~Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.~~

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

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

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

WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Washington Franchise Investment Protection Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights signed by the franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

WISCONSIN

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

4. 1. Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

EXHIBIT J

RECEIPT

RECEIPT
(Retain This Copy)

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

If Decor & You, 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.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 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.

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

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

If Decor & You, 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, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is:	
	Karen Powell, 900 Main Street South, Building 2, Southbury, CT 06488, (203) 405-2126
	Susan Scotts, 6860 Long Leaf Drive, Parkland, FL 33076, (954) -873-6232

Issuance Date: April 24, 9, 20192018

I received a disclosure document issued April 24, 9, 20192018 which included the following exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement
Attachment 1	Franchise Data Sheet and Territory
Attachment 2	Owner's Agreement
Exhibit C	State Addenda to the Franchise Agreement
Exhibit D	List of Current and Former Franchisees
Exhibit E	Financial Statements
Exhibit F	Playbook Table of Contents
Exhibit G	Contracts for use with the DY Franchise
Exhibit G-1	General Release Agreement
Exhibit G-2	System Protection Agreement
Exhibit G-3	Confidentiality Agreement
Exhibit G-4	Automated Clearing House Payment Authorization Form
Exhibit G-5	Approval of Requested Assignment
Exhibit G-6	Promissory Note
Schedule 1	Authorization Agreement for Automatic Payment
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Addenda to the Disclosure Document
Exhibit J	Receipt

Date

Signature

Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.



**RECEIPT
(Our Copy)**

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

If Decor & You, 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.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 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.

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

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

If Decor & You, 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, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is:	
	Karen Powell, 900 Main Street South, Building 2, Southbury, CT 06488, (203) 405-2126
	Susan Scotts, 6860 Long Leaf Drive, Parkland, FL 33076, (954) 873-6232

Issuance Date: April 24, 9, 20192018

I received a disclosure document issued April 24, 9, 20192018 which included the following exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement
Attachment 1	Franchise Data Sheet and Territory
Attachment 2	Owner's Agreement
Exhibit C	State Addenda to the Franchise Agreement
Exhibit D	List of Current and Former Franchisees
Exhibit E	Financial Statements
Exhibit F	Playbook Table of Contents
Exhibit G	Contracts for use with the DY Franchise
Exhibit G-1	General Release Agreement
Exhibit G-2	System Protection Agreement
Exhibit G-3	Confidentiality Agreement
Exhibit G-4	Automated Clearing House Payment Authorization Form
Exhibit G-5	Approval of Requested Assignment
Exhibit G-6	Promissory Note
Schedule 1	Authorization Agreement for Automatic Payment
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Addenda to the Disclosure Document
Exhibit J	Receipt

Date

Signature

Printed Name

Please sign this copy of the receipt, date your signature, and return it to Decor & You, Inc., 900 Main Street South, Building No. 2, Southbury, Connecticut 06488.

