FRANCHISE DISCLOSURE DOCUMENT

FLOOR CRAFTERS USA CORP **A Colorado Corporation** 1188 Grove Court Louisville, Colorado 80027 (720) 669-7230 Shaun@FloorCraftersUSA.com www.FloorCraftersUSA.com	

The franchise offered is for operating a mobile showroom floor covering business that will sell and install flooring, including carpet, hardwood, tile, luxury vinyl, and synthetic flooring, to homeowners. (Business).

The total investment necessary to begin the operation of one Business is $142,905 to $185,180. This includes between $97,410 and $106,900 that must be paid to the franchisor or Affiliate.

In some cases, we may grant a highly qualified candidate the right to an award of between two and four franchise agreements (Items 5 and 12 and referred to as the "Awarded Franchise Agreements") simultaneously. The total investment necessary to begin the operation of the Business for two to four Awarded Franchise Agreements is $231,335 to $398,295. This includes between $149,220 and $237,600 that must be paid to the franchisor or Affiliate.

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 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 Shaun Bezuidenhout at 1188 Grove Court, Louisville, Colorado 80027, (720) 699-7230.

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

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

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

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How to Use This Franchise Disclosure Document

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

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

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What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

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Special Risks to Consider About *This* Franchise

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

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

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

3. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

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NOTICE MANDATED BY SECTION 8 OF MICHIGAN'S FRANCHISE INVESTMENT ACT

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§ 445.1501 – 445.1546 applies, the terms of this Addendum apply.

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in 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 term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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

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

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

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

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

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

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

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Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The Franchisor is "Floor Crafters USA Corp," a Colorado corporation. For ease of reference, Floor Crafters USA Corp will be referred to as "we," "us," "our," "Floor Crafters Franchise," "FC USA," or "Floor Crafters." We will refer to the person or entity that buys the franchise as "you," "your," or with similar pronouns. If you are a corporation, certain provisions of the franchise agreement also apply to your owners and will be noted.

We are a Colorado corporation formed on March 14, 2023. Our business address is 1188 Grove Court, Louisville, Colorado 80027, (720) 699-7230. We have no other business activities. We have never offered franchises in this or any other line of business. We began offering franchises in November of 2023.

Our agents for service of process are found in Exhibit A.

Franchisor's Parents and Affiliates

There is no parent or predecessor.

We have one affiliate.

Our affiliate, Floor Crafters Boulder, LLC (FC Affiliate), is a Colorado limited liability company formed on April 1, 2014. Its address is the same as ours. Our FC Affiliate operates under the name "Floor Crafters Boulder" and offers flooring from a mobile-flooring showroom. The flooring offered is substantially similar to that to be offered through your Business. It has never offered franchises in this or any other line of business. Our FC Affiliate also owns the trademarks found on the first page (together, the "Mark" or "Marks"), which it licenses to us (Item 13). We have the right to sublicense the Marks to you for use in your Business's operation.

We may refer to the FC Affiliate as the "Affiliate." We may add affiliates at any time, and if we do, you may be required to work with them. Together, all affiliates may be referred to as the "Affiliates."

The Business and Prior Experience

We grant qualified persons (each referred to as a "Franchisee") the right to own and operate a Business that offers homeowners (Clients) onsite appointments to review, select, and have installed soft and hard floorings (including tile, carpet, hardwoods, luxury vinyl, and synthetic flooring materials) that compliment the Client's decor, all from the Franchisee's fully-wrapped van (Vehicle).

Highly qualified candidates may be offered the opportunity to purchase rights for up to four Awarded Franchise Agreements at the same time. To qualify, the candidate must show they have sufficient funding to support the number of awarded Protected Territories identified in the Awarded Franchise Agreements, have sufficient business acumen to operate multiple locations, have the present ability to hire sufficient staff to operate each of the Awarded Franchise Agreements, have a credit history we approve, and to be granted the right in our sole discretion. There is no guarantee that all otherwise qualified candidates will be granted the additional rights identified in this paragraph.

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The Business is characterized by, among others, our distinctive designs and trade dress; sales techniques and materials; signs; control systems, bookkeeping, and accounting methods; Vehicle décor and color schemes; uniform standards, specifications, and procedures for operations (which are delivered to you in electronic, printed or another form) as one or more operations manuals (Manuals;) quality control; training and ongoing operational assistance; the limited sublicense to use the Marks; all copyrighted, trade secret or confidential information owned by us; advertising and promotional programs; our call center (Call Center) that will direct calls from our toll-free number to the franchisee in whose protected territory the caller is located; and related benefits for use by all franchisees. Taken together, this is called the "System," which we may change, improve, and further develop at any time after giving you no less than 60 days' prior written notice.

Our FC Affiliate has been in business since May 2014. The products it sells are substantially similar to the ones you will offer from the Vehicle.

This Franchise Disclosure Document (FDD) describes the terms and conditions under which we currently offer franchises to new franchisees. As the needs of the market change, we will occasionally offer franchises under different terms and conditions.

Competition and Regulation

You will be offering your services to the general public. The flooring market sector is mature, and you will be competing with local and national flooring centers and mobile unit franchisees that offer the same goods and services as you offer. It is not a seasonal business.

In California, all persons who install or contract to install flooring must have a "Class-C" contractor's license, with a sublicense identified as a "C-15". See, generally, California Business and Professions Code, Section 7058(d). You can obtain further information regarding the California contractor's license at http://www.cslb.ca.gov/.

Except as stated above, we do not know of any other state that requires licensing specifically for the sale or installation of flooring, though your state may require you to hold a contractor's or similar license to deliver "home improvements" to your Clients. It is your responsibility and not ours to determine what, if any, such licenses or permits your state and municipality may require. To the extent that the same may be required, you must obtain them before opening.

As of 2010, the U.S. Environmental Protection Agency's lead-based paint renovation, repair, and painting regulations require contractors performing certain renovation work in homes, childcare facilities, and schools built before 1978 to be certified and follow certain specific work practices to prevent lead contamination (see 40 C.F.R. Part 745). You can obtain further information regarding the EPA regulation and its application at www.epa.gov/lead/pubs/renovation.htm.

Other regulations specific to this or any other business's operation include the requirement that you obtain the proper business licenses and comply with all local, state, and federal laws in your Business's operation. There may be other laws and codes applicable to your business, and we urge you to make further inquiries about those laws and codes.

Your "Computer System" (Items 7, 8, and 11) will service a credit card charging mechanism and must comply with all Payment Card Industry Data Security Standard (PCI DSS) requirements. You and not we are responsible for ensuring that your system meets these requirements.

Item 2

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BUSINESS EXPERIENCE

Shaun Bezuidenhout: CEO and Founder

Mr. Bezuidenhout is Founder and Chief Executive Officer of Floor Crafters Franchising Corp, a position he has held since the company's inception in 2023. In this role, he is responsible for the strategic direction and overall management of the franchise system, including franchise development, operations oversight, financial management, brand expansion, and the development of systems and processes designed to support franchisee success.

Mr. Bezuidenhout is also the Founder and Member of Floor Crafters Boulder LLC, an affiliated company that operates the Floor Crafters flooring business in Colorado, a position he has held since 2014. Through this entity, he developed and operated the original Floor Crafters business model, overseeing sales, marketing, operations, installation management, vendor relationships, and financial performance. The operating business served as the foundation for the Floor Crafters franchise system.

In addition to his work with Floor Crafters, Mr. Bezuidenhout previously served as a business owner of BezCorp Property Group from approximately 2006 through 2021, where he was involved in real estate investment and property management activities.

Mr. Bezuidenhout has more than two decades of experience in sales, business development, and operations management across multiple industries including construction, flooring, and franchising. He holds a Postgraduate Diploma in Business Administration from the University of Cape Town.

Liana Bezuidenhout: Marketing and Brand Manager

Ms. Bezuidenhout has served as the Marketing and Brand Manager for Floor Crafters Franchising since its inception in 2023. In this role, she is responsible for the development, implementation, and oversight of the company's marketing strategy, brand standards, and creative direction across the franchise system. Her responsibilities include managing digital marketing initiatives, coordinating brand messaging, overseeing marketing assets and campaigns, and supporting franchisees with local marketing execution and brand compliance. Ms. Bezuidenhout works closely with leadership and franchise owners to ensure consistency in brand presentation and to support the continued growth and visibility of the Floor Crafters brand.

Prior to joining Floor Crafters Franchising, Ms. Bezuidenhout served as the Managing Member and Director of Operations of FIT Tec, LLC, a fitness studio located in Boulder, Colorado, from approximately 2016 to 2020. In that role, she oversaw day-to-day operations, marketing and member acquisition, vendor relationships, staff coordination, and customer experience. She was responsible for developing marketing programs, managing brand positioning, and implementing operational systems to support business growth and client retention.

Through her experience in both operational leadership and brand development, Ms. Bezuidenhout has developed expertise in marketing strategy, brand management, and customer

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engagement, which she now applies in supporting the marketing initiatives and brand standards of the Floor Crafters franchise system.

Item 3

LITIGATION

No litigation is required to be disclosed in this disclosure document.

Item 4

BANKRUPTCY

No person previously identified in Items 1 or 2 of this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this disclosure document.

Item 5

INITIAL FEES

Initial Franchise Fee

Single Business

You must pay an initial franchise fee of $59,900 (IFF) for the license to operate a single Business within a "Protected Territory" (Item 12) that contains a minimum of 100,000 residential dwellings (including condominiums, townhomes, detached homes, and similar residential living space, "Dwellings.") You and we will determine the perimeter of your Protected Territory before you sign the Franchise Agreement. Your IFF will not change (and there will be no refund) if the number of Dwellings increases or decreases. If you are an honorably discharged member of the military, you will receive a 10% discount on this IFF.

Multiple Awarded Franchise Agreements

If you qualify to be awarded additional franchise rights simultaneously, your IFF will be adjusted as follows:

Awarded Franchise Agreements	Initial Franchise Fee	Cumulative Fee
1	$59,900 For the First	$59,900
2	$45,900 For the Second	$105,800
3	$39,900 For the Third	$145,700
4	$35,900 For the Fourth	$181,600

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If you are an honorably discharged member of the military, you will receive a 10% discount on the total IFF you pay under the above table.

You will sign a separate franchise agreement for each award granted above ("Awarded Franchise Agreement" or "Awarded Franchise Agreements." The form of franchise agreement will be identical to the one attached to this Franchise Disclosure Document at Exhibit B. You will also sign the "Multi-Franchise Agreement Addendum" (found in Exhibit B-1 of this FDD) that will describe any changes to all Awarded Franchise Agreements.

Additional Fees Due to an Affiliate or Us Before Opening

Single Franchise Agreement

You must purchase your "Startup Package" from an approved vendor, an affiliate, or us for $37,500. The Startup Package includes your initial inventory of flooring samples, including carpet, hardwood, and synthetic flooring, marketing materials, including yard signs, marketing flyers, and similar materials, and paper products displaying our Marks, as well as the custom interior sample-storage racks and the custom-branded vehicle wrap.

We have established and will manage a comprehensive "Digital Marketing Program." This program includes the initial setup, creation, activation (as needed), and ongoing maintenance, implementation, and management of each franchisee's email accounts, website, search engine optimization (SEO) strategies, and various pay-per-click digital media accounts, including Facebook®, Instagram®, and Google® My Business and Angi. The program also encompasses managing "Paid-Search Sites" activities, which connect clients with the appropriate franchisee in their local area and, at our discretion, launching additional online advertising campaigns. The Paid-Search Site operations and social media channels mentioned above are collectively referred to as the "Social Media Platforms." This also includes the central call center operations for contacting and scheduling leads.

You will pay an approved vendor, an Affiliate or us $7,500, due with the first invoice, for the "Digital Marketing Program Startup Fee," which will be used to initiate and build out the Digital Marketing Program, creating a website (on our home page) on your behalf and to activate the then-current business management software with our approved vendor (Business Management Software) which is used to manage your Business's operations (including estimating, dispatching and the like). Once activated, and beginning with the month you open, you will pay the then-current monthly Marketing Management Fee to our us or an approved vendor, which is now $2,500. (Items 7 and 11.)

Multiple Awarded Franchise Agreements

You must purchase one Startup Package for each Awarded Franchise Agreement at our then-current fee, which is now $37,500 per package, for a minimum of $47,500 for two and up to $67,500 for four.

The Digital Marketing Program Startup Fee will be $7,500 regardless of the number of Awarded Franchise Agreements granted to you.

Training

You must complete Initial Franchise Training to our satisfaction. If you fail to do so, we have the

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right to terminate the single Franchise Agreement or some or all Awarded Franchise Agreements (in our sole discretion), and we will refund 50% of the IFF only. In such an event, all covenants that must survive termination to remain enforceable, including non-competition covenants and other restrictive covenants, will remain enforceable.

Except as stated above, all costs and fees identified in this Item are uniform, payable in one lump sum, and nonrefundable.

An affiliate or we do not offer the financing of any portion of any fee identified in this Item.

Before you open, you pay our affiliates or us no other fees or payments for services and goods.

Item 6

OTHER FEES

Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Royalty (Royalty) (Note 2)	The greater of 7% of the "Gross Sales" (Percentage Royalty) or the then-current "Fixed Minimum Royalty" that is determined based on months of operation and number of units owned.	Collected on the 5th business day of the month following the month for which it is due.	Payable to us by electronic funds transfer (EFT) or pre-approved credit card
Digital Marketing Ad Spend (Note 3)	Currently, minimum of $4,000 per month with an additional required minimum annual amount	Paid to an approved vendor monthly beginning with the month following the end of the Grand Opening Program (Item 7) on a date determined by the vendor.	We may increase this fee by any amount at any time after giving you no less than 60 days' prior written notice. We reserve the right to make an Affiliate or us the only approved vendor. See also Items 7 and 11.
Marketing Management Fee	Currently, $2,500 per month.	Monthly with Royalties.	We may increase this fee by any amount at any time after giving you no less than 60 days' prior written notice. Paid to an approved vendor, an Affiliate, or us. Note 3

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Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Local Advertising Fee	Beginning with the month following the end of your Grand Opening Marketing Program, you will spend the then-current "Local Advertising Fee," which now is the greater of 1% of your Gross Sales or $950 per month, on local advertising in your Protected Territories.	Monthly.	Note 4.
Local Advertising Administrative Fee	Currently, $900 per month.	As incurred.	Note 4.
Regional Brand Fee	Currently, none.	As incurred.	If created, it will be payable to the Regional Advertising Fund. (Item 11). Note 5
National Brand Fee	Currently, none.	If implemented, monthly with Royalties.	We will give you no less than 60 days' prior written notice before implementing this program. We have no formula for determining if, when, or in what amount this fee may be, so we cannot quote it here.
Training for Additional Personnel.	Currently, $500 per day per person plus all your travel expenses.	As incurred.	Note 6.
Additional Operating Assistance and "Remedial Training" Fees	Currently, $500 per day plus our travel, food, and lodging expenses.	As incurred.	Payable to us if you require additional onsite or remote assistance, or we agree to provide Remedial Training (at your location, ours, or virtually.) (Item 11). We may increase this fee at any time without limitation after giving you no less than 60 days' prior written notice.
Annual Conference Fee and Expenses	Currently, none.	As incurred.	Note 7.
Successor Franchise Fee	$15,000	Upon grant of rights.	Payable to us if you are granted the right to a

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Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
			"Successor Franchise Term" (Item 17(b)).
Transfer Fee	The greater of $15,000 or 5% of the gross purchase price, fee, or any other thing of value quoted or offered to you by the purchaser in the transfer, purchase or any similar document delivered to you, but before any deductions, adjustments, prorations or the like to such gross purchase price, fee, or any other thing of value.	Upon transfer.	Payable to us on or before the date of the transfer.
Late Fee	Our then-current fee that is now $100 per incident plus Default Interest.	As incurred.	Paid to us if you fail to make timely payment of Royalty, Advertising fees, or other fees or costs due to an Affiliate or us, and which begins to accrue on the 6th day after the payment is due.
Report Late Fee	Our then-current fee that is now is $50 per day.	As incurred.	Payable only if you fail to deliver any reports when due. We may increase this fee at any time without limitation after giving you no less than 60 days' prior written notice.
Default Interest	1.5% per month on the late payment of any Royalty, Advertising Fees, or other fees due to an Affiliate or us.	As incurred.	Payable to us.
Audit Expenses	Cost of Audit Fees and expenses, plus interest at the Default Interest.	10 days after receipt of the audit report.	Payable to us only if Gross Sales are underreported by greater than 3%.
Replacement of Startup Package Components	Will vary.	As incurred.	Note 8.
Update of Startup Package	Will vary.	As incurred.	Note 8.
Replacement Inventory and Consumables	As incurred.	As incurred.	Note 9.

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Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Product Sample Update Package	Our then-current fee that is now between $1,200 and $1,800 per calendar year.	As incurred.	Note 10.
Approval of Suppliers	Our then-current fee that is now up to $1,000.	As incurred.	Payable to us. There is no limit to the amount of an increase or the number of times we may increase this fee after giving you 60 days' prior written notice.
Indemnification	Will vary.	As incurred.	You will reimburse us if we are held liable for any claims arising from your operations and other claims specified in the franchise agreement.
Additional Fees, New Advertising Methods and Fees, and New Services, Products, or Technology	Will vary.	As incurred.	Note 11.
Taxes	Our costs.	As incurred.	See Note 12.
Cost for Testing Samples	Varies	As incurred.	Note 13.
Insurance	Varies.	As incurred.	Note 14.
Gift Cards and Loyalty Programs	Currently, none	As incurred.	Note 15.

Notes

1. Unless otherwise stated in Item 5 or this Item 6, you will pay all the fees identified here for each Awarded Franchise Agreement.

All fees identified in this Item paid to an Affiliate or us are uniform, payable on one lump sum, and nonrefundable unless otherwise stated. Unless otherwise stated, all fees described in the above table are payable under each Awarded Franchise Agreement.

2. "Gross Sales" means the total of all revenue and income from the sale of all goods and services and related items sold to your Clients through the Business, whether received in cash, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise, without any deductions, offsets, or reductions of any kind except as set forth herein. To the extent that you have collected them, you may deduct from Gross Sales all sales tax or similar taxes that, by law, are chargeable to Clients. You may also deduct from Gross Sales the amount of any documented refunds, returns, and allowances.

"Royalty" includes the Percentage Royalty or the Fixed Minimum Royalty, as either may be

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applicable each month. The Royalty structure may change if you are awarded successor franchise rights.

"Fixed Minimum Royalty" is set forth below and is calculated per unit.

Months in Operation	2 Units or Less ($)	3 Units ($)	4 Units ($)	5+ Units ($)
1–6	$-	$-	$-	$-
7–12	$700.00	$1,000.00	$1,300.00	$1,600.00
13–24	$1,000.00	$1,300.00	$1,600.00	$1,900.00
25–36	$1,300.00	$1,600.00	$1,900.00	$2,200.00
37–48	$1,600.00	$1,900.00	$2,200.00	$2,500.00
49–60	$1,800.00	$2,100.00	$2,400.00	$2,700.00
61+	$2,000.00	$2,300.00	$2,600.00	$2,900.00

EFT" refers to the electronic transfer of funds from your bank to us. This is done by an agreement between your bank, you, and us. Once in place, we will access your account to remove the applicable funds. Alternatively, we may require you to have a credit card on file with us, against which we will charge any funds due to us, or we may require a different collection method (Franchise Agreement Article 3).

3. The Marketing Management Fee is the then-current monthly fee we charge to manage the back-office operations necessary to maintain your participation in the Digital Marketing Program, and to develop or research or support any future or current marketing initiative. We reserve the right to have an approved vendor or Affiliate perform these duties at any time. If you open on a day other than the first day of the month, this fee will be prorated for that month.

Digital Marketing Spend amount is currently set at a minimum of $4,000 per month with a scaled required marketing spend based on the number of territories owned, pursuant to the below table:

Number of Units	Required Minimum Annual Digital Marketing Amount
1-2 Units	$48,000
3-4 Units	$60,000
5 Units	$72,000
6 Units	$84,000
7+ Units	$96,000

4. The Local Advertising Fee is payable to local vendors you choose. (Item 6). We may increase the Local Advertising Fee by any amount at any time after giving you no less than 60 days' prior written notice. You may spend more on Local Advertising if you wish. This is in addition to the Digital Marketing Ad Spend you pay.

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The Local Advertising Administrative Fee is due to us only if you fail to make the minimum Local Advertising expenditures for two consecutive quarters, and we, in our sole discretion, exercise the right to take over your Local Advertising obligation. If we exercise this right, you will deliver the Local Advertising Fee to us monthly, along with the Royalties. If we collect it, we will administer your Local Advertising obligation on your behalf and in your Protected Territory. (Item 11.)

5. We may require all franchisees and you within a specified region we design to contribute part or all of their Local Advertising Fee, National Brand Fee, and Marketing Management Fee to a regional branding program. We will give all franchisees and you within the region no less than 60 days prior written notice before implementing a regional marketing plan.

6. Paid to us if you wish to bring a third or more people to Initial Franchise Training (Item 11) or have additional personnel trained later. We may increase this fee at any time without limitation. We will give you no less than 60 days' prior written notice before increasing it.

7. We do not now, but may, at any time, hold an annual conference to which attendance may be mandatory and for which we may charge tuition. We have not set a tuition amount and do not have a method or formula for calculating it; therefore, we cannot quote it here. You will have to pay for your travel, food, and lodging fees for any conference if held. You will pay tuition to us if the plan is implemented.

8. You will replace the components of the Startup Package as they wear out and must purchase the same from an approved vendor, Affiliate, or us.

No more often than once every five years, we may require you to update any components of the Startup Package with our then-current goods and items. You will pay us our then-current fees for handling, shipping, and insuring the same. We have no formula for determining if or when such components may wear out or the then-current costs to handle, ship, and insure the same, so we cannot estimate such costs here.

9. You must purchase all inventory from and fulfill all Client orders through our approved vendors, an Affiliate, or us. You must purchase your replacement inventory of flooring and consumables (such as paper products bearing our Marks) from our approved supplier, an Affiliate, or us at the then-current cost or fee. We have no formula for determining your inventory level or your use of consumables, and as a result, we cannot estimate such costs.

10. Beginning with January of the year following your "Opening Date" (Item 11) and in January of each year after that, you must purchase from an Affiliate, an approved vendor, or us updates to your inventory of flooring samples (Product Sample Update Package). You must incorporate the updated samples into your inventory and display them as you would any other samples. The cost you pay will depend on the volume of samples supplied. Our Affiliate, the approved vendor, or we may increase the cost for the updated samples at any time after giving you no less than 60 days' prior written notice. A Product Sample Update Package must be purchased for each Awarded Franchise Agreement.

11. We each agree that changes in technology and market conditions are dynamic and not predictable during the term of the Franchise Agreement. To respond to this, we may, in the future, require all franchisees and you to add new goods, services, and technology to those already sold through or used in the Business in the future. If we do this, you may incur additional expenses, costs, and fees, some of which may be due to an approved vendor, an Affiliate, a third party for whom we collect the funds, or us. If we introduce new lines of goods, services, and technology, we will notify you in writing and give you 60 days

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within which to comply with the changes.

In addition to the above, we may require all franchisees and you to incur additional fees that respond to market trends, consumer preferences, and after using our Reasonable Business Judgment. If we do this, you may incur additional expenses, costs, and fees, some of which may be due to an approved vendor, Affiliate, a third party for whom we collect the funds, or us. In reference to the identification of new fees, additional fees, the cost of new technology, or the imposition of other fees created to respond to market and other changes which are not specifically titled or for which no current fee is now charged, as we have no formula for determining if or when such changes may arise or in what amount the same will cost, we cannot quote a fee or formula here for determining or calculating the same. We will provide you with no less than 60 days' prior written notice before imposing any changes or fees identified in this paragraph.

12. If assessed by your state, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, on our collection of the initial franchise fee, on the collection of royalties and advertising contributions, and the collection of similar fees or costs.

13. We may test your inventory to ensure it complies with our standards. If the test discloses failure to meet our standards, we may collect our costs of testing. We have no formula for determining this cost and cannot quote it here.

14. If you fail to purchase the insurance required for the Business's operations, we may buy it for you in our discretion. If we do, you will reimburse us for the premiums and pay us a reasonable administrative fee. We have no formula for determining if this will occur or the amount of such premiums, and as a result, we cannot quote a fee here.

15. We do not now, but may in the future require all franchisees and you to participate in gift card, coupon, loyalty, or other customer incentive programs. We will give you no less than 60 days' prior written notice before implementation. As we have not implemented any such program, we cannot quote a cost to you here. If a gift card or loyalty program is implemented, and if you are awarded the right to open in several Protected Territories, you may be required to participate in such program in one, some, or all Protected Territories awarded to you at such additional expense as then determined.

Item 7

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	$53,910 to $59,900	Lump sum.	At signing of the Franchise Agreement.	Us.
Rent (Note 2)	$0 to $10,000	As agreed.	As arranged.	Landlord.
Real Estate Security Deposit (Note 2)	$0 to $3,000	As agreed.	As arranged.	Landlord.
Utility Deposits (Note 2)	$0 to $500	As agreed.	As arranged.	Utility companies.

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Leasehold Improvements (Note 2)	$0 to $2,000	As agreed.	As arranged.	Contractors.
Digital Marketing Program Startup Fee	$7,500	Lump Sum.	Before you open	Us, or An Approved Vendor or Affiliate.
Digital Marketing Ad Spend - One Month (Note 3)	$4,000	Minimum Amount, Various amounts	From 1st Month of Opening	Multiple Approved Vendors or Affiliates.
Marketing Management Fees - (Note 4)	$2,500	Lump Sum per month from 1st month of opening	Payable monthly as arranged.	Us, or An Approved Vendor or Affiliate.
Startup Package	$37,500	As agreed.	Before you open.	Us, or An Approved Vendor or Affiliate.
Floor Crafters Vehicle (Note 5)	$1,620 to $4,040	As agreed.	As arranged. Lump sum, finance, or lease	Our Designated Supplier.
License, Title, Insurance, and Similar Fees for the Vehicle (Note 5)	$900 to $2,500	As agreed.	As arranged	City, County, Or State, And Insurance Company.
Training Expense. (Note 6)	$1,800 to $3,000	As agreed.	As arranged.	Transportation, Hotels, Restaurants, Etc.
Computer System including Business Management and "Off-The-Shelf" Software (Note 7)	$1,575 to $3,945	As agreed.	As arranged.	Approved Supplier.
Voice over Internet Protocol (VoIP) System. (Note 8).	$0 to $295	As agreed.	As arranged.	Our Approved Vendor.
Legal and Other Professionals (Note 9)	$500 to $2,000	As agreed.	As arranged.	Professionals Of Your Choice.

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Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is Made
Governmental Fees (Note 10)	$500 to $1,000	As agreed.	As arranged.	Licensing Authority And Local, County, Or State Governments
Insurance (Note 11)	$600 to $1,500	As agreed.	As arranged.	The Insurance Company Of Your Choice.
Additional Funds – 3 Months (Note 12)	$30,000 to $40,000	As agreed.	As arranged.	Approved Suppliers, Business Expenses, Or Us.
Total Estimated Initial Investment (Note 13)	$142,905 to $185,180			

Notes:

1. The fees identified in this Table are uniform and are payable in one lump sum. Except as stated in Item 5, the IFF and any other payments made to an Affiliate or us are non-refundable. Fees payable to vendors may be refundable if the vendor has such a policy. We have no control over such policies.

2. You are not required to purchase or rent any real estate for the Business's operation. If you choose to do so, we will not purchase or lease space and then lease or sublease it to you. You may have a home-based franchise, or operate your franchise out of a leased office location or warehouse location if you choose to do so.

If you choose to utilize a warehouse, we recommend a 1,000 to 2,000-square-foot light industrial space for inventory and storage (warehouse) that must be located within your Protected Territory. The estimates here are based upon (a) no warehouse, (b) a low rental cost (including so-called "triple net" expenses, which are the tenant's pro-rata share of the landlord's real estate taxes, insurance, and maintenance costs) of $12 per square foot and (c) a high rental cost of $20 per square foot. The cost for such space varies widely depending on the municipality and state where you locate the Warehouse, the availability of acceptable space, and other factors, and your rent could be significantly higher. These numbers represent rent for the first three months of operation. We have no other criteria for your Warehouse should you choose to utilize one.

You may be required to deliver one or more months of rent to the landlord as a security deposit. These figures are only estimates of a security deposit based on one month, and your landlord may require more.

We have no criteria for the interior or exterior finish of the Warehouse, and we will not visit or approve your Warehouse before you lease it. You may wish to install shelving, bins, and the like to hold inventory or tools, or improve the space in some other way. Your landlord may agree to pay part of this cost through a tenant finish allowance. Local, state, or other taxes or governmental fees could cause extra costs in developing a new location. These figures are only estimates, and you may pay significantly higher amounts.

3. You will pay our approved vendor the then-current "Grand Opening Marketing Program Fee," which will be used during the seven days before you open and in the 60 days after the Opening Date to cover the costs of creating and distributing printed mailers, electronic advertising on the Social Media Platforms, and similar grand opening advertising in your Protected Territory (Grand Opening Marketing Program). This fee is due at least 45 days before your Opening Date, as we may direct.

At the end of the Grand Opening Marketing Program (beginning with the third month after you

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open), you will pay the then-current monthly Digital Marketing Ad Spend on a date during the month determined by our vendor. We may increase the Digital Marketing Ad Spend at any time and any amount after giving you no less than 60 days' prior written notice.

4. This fee is due beginning with the first month of operations. If you open on a day other than the first day of the month, this fee will be prorated for that month. We may increase the Marketing Management Fee at any time and by any amount after giving you no less than 60 days' prior written notice.

5. You must purchase or lease our then-approved van (currently a Ram Master 1500 136" WB high-roof cargo van) from an approved Dodge dealer. (Vehicle). We may have a list of approved vendors, or you may choose a Dodge dealer near you. In that case, you must provide us with the dealer's name and information concerning the proposed Vehicle. The Vehicle must be new. We will review the Dealer and Vehicle and provide our approval within 10 days of receipt of all information. If you do not hear from us within that time, the Vehicle is approved.

Your lease or purchase price will depend on your credit score, the then-current retail price of the Vehicle (less any negotiated changes to the price), the amount you put down, the length of the lease or financing package, the then-current marketing conditions, your location in the country, and other matters over which we have no control. The approximate retail cost of a new Vehicle (excluding the Startup Package improvements and taxes, dealer handling costs, licensing, and insurance) is around $50,000. You may decide to add manufacturer or dealer-installed packages or accessories, which will increase your cost.

The low number represents three months of lease payments (at $540 per month) for the $50,000 Vehicle with $10,000 down, a residual value at the end of the lease of $25,000, and interest at 7% amortized over 72 months. The high number represents three months of principal and interest payments (at approximately $680 per month) for the purchase of the new Vehicle through a financing arrangement, and assuming the Vehicle cost of approximately $50,000, with $10,000 down, with an interest rate of approximately 7% amortized over 72 months.

Your lease or financing terms may differ, resulting in greater monthly or annual costs and fees to you.

Once you have leased or purchased the Vehicle, we will ship it to you (and you will pay our then-current handling, shipping, and insurance fees), and you will install the Startup Package, including the Vehicle wrap. As the handling and shipping costs for the Startup Package vary widely depending on your location in the country, the availability of delivery services, and the like, we cannot estimate the cost to you for the handling and shipping of or insuring the Startup Package.

You must license and insure the Vehicle. These figures vary widely from state to state and depend not only on the Vehicle's make, model, year, and the lease or purchase price but also on your driving history and other variables. The low number is based on insurance costs of $300 per month for three months and assumes that you own and have the necessary title and license for the Vehicle. The high number is based upon an insurance cost of $500 per month for the first three months and a title and license fee of $1,000. Your fees and costs may be significantly higher.

6. You must pay for the travel, room, and board of up to two people while attending Initial Franchise Training. (Item 11.) These figures do not include wages for employees.

7. You must own or purchase the "Computer Hardware" more fully described in Item 11.

In addition, the Computer Hardware must have installed our scheduling, project management, and invoicing software (Business Management Software), which will be activated by us as part of the Digital

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Marketing Startup Fee and then licensed to you by our approved vendor for the then-current fee of (now $525 per month and referred to as the "Business Management Software License Fee"), the most current version of QuickBooks Online Plus, which currently costs approximately $90 per month, and Microsoft 365 Family, which costs approximately $100 annually. QuickBooks and Microsoft 365 may be referred to as the "Off-The-Shelf software." All of the above software is called the "Computer Software," and the Computer Hardware and Computer Software are called the "Computer System."

You may already have the Computer Hardware with cellular data capabilities and Off-The-Shelf Software we require. In that case, the low number represents the first three months of only the Business Management Software License Fees at $525 per month. If you do not have the requisite Computer Hardware, it could cost $2,000 or more to purchase the same with cellular data capabilities. The high number represents the cost of purchasing the Computer Hardware at $2,000, plus the first three months of QuickBooks at $270, the first year's Microsoft 365 fee at $100, and the first three months' cost for the Business Management Software License Fee at $1,575.

We retain the right, however, to change vendors for any component of the Computer System at any time, in which event updating will occur more often and may cost more. As we do not know if or when this may happen, we cannot quote a cost to you.

8. You must own or purchase a cell phone of any make or model, so long as it can operate using Voice Over Internet Protocol (VoIP). You must use our VoIP service provider. Currently, the VoIP fee is approximately $75 per month. The low number presumes you already own the phone and have a prepaid license with our VoIP service provider. The high number reflects the purchase of a cell phone for approximately $750 plus the first three months of VoIP service.

9. You may decide to hire an attorney, accountant, or other professionals to help you through the franchise purchase decision and to help you with other aspects of the operation of the Business. These are only estimates, and the actual cost may vary depending on your location in the country and other factors.

10. You may have to purchase licenses or permits from your municipality, county, or state to operate the Business, including a business license or tax identification number.

11. You must insure the Business. This is in addition to insurance for the Vehicle. This represents the first three months of premiums of between $200 and $500 per month. The amount you pay will vary depending on your location in the country, your history of insurance claims, and other factors. Your premiums may be significantly higher.

12. This estimate covers other pre-opening costs and your first three months of necessary operating capital. The estimate does not include an owner's salary or draw. Your need for these funds will vary for numerous reasons, including your geographic location, your management skills, experience, and business acumen, the effectiveness of your staff (if you hire staff), the wages paid to your staff (both before and for the first three months after opening,) local and national economic conditions, the market for your products and services, competition, and sales that you realize during this initial period. These are approximate amounts; you may need significantly more initial working capital.

13. In compiling these estimates, we have relied upon the best information available to the persons listed in Item 2 and our FC Affiliate's experience operating a brick-and-mortar business that sells substantially the same goods and services you will offer.

Multiple Protected Territories

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Type of Expenditure (Note 14)	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 15)	$95,220 to $181,600	Lump sum.	At signing of the Franchise Agreement.	Us.
Rent (Note 16)	$0 to $10,000	As agreed.	As arranged.	Landlord.
Real Estate Security Deposit (Note 16)	$0 to $3,000	As agreed.	As arranged.	Landlord.
Utility Deposits (Note 16)	$0 to $1,000	As agreed.	As arranged.	Utility companies.
Leasehold Improvements (Note 16)	$0 to $2,000	As agreed.	As arranged.	Contractors.
Digital Marketing Program Startup Fee	$7,500	As agreed.	Before you open.	Us or an approved vendor or Affiliate.
Digital Marketing Ad Spend - Monthly. (Note 17).	$8,000 to $16,000	As agreed.	Payable monthly, as arranged.	Us or An Approved Vendor or Affiliate.
Marketing Management Fees	$2,500	Lump Sum.	Payable monthly, as arranged.	Us or An Approved Vendor or Affiliate.
Floor Crafters Vehicles (Note 19)	$3,240 to $6,120	As agreed.	As arranged. Lump sum, finance, or lease	Our Designated Supplier.
License, Title, Insurance, and Similar Fees for the Vehicle (Note 19)	$1,800 to $5,000	As agreed.	As arranged	City, County, Or State, And Insurance Company.
Startup Package (Note 19	$47,500 to $67,500	As agreed.	Before you open.	Us, or An Approved Vendor or Affiliate.
Training Expense (Note 20)	$1,500 to $3,500	As agreed.	As arranged.	Transportation, Hotels, Restaurants, Etc.
Computer System including Software and Cellular Data Capabilities (Note 21)	$1,575 to $5,780	As agreed.	As arranged.	Approved Supplier.
Voice over Internet Protocol (VoIP) System (Note 22).	$0 to $595	As agreed.	As arranged.	Our Approved Vendor.
Legal and Other Professionals (Note 23)	$500 to $2,500	As agreed.	As arranged.	Professionals Of Your Choice.

Type of Expenditure (Note 14)	Amount	Method of Payment	When Due	To Whom Payment is Made

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Governmental Fees (Note 24)	$500 to $1,000	As agreed.	As arranged.	Licensing Authority And Local, County, Or State Governments
Insurance (Note 25)	$1,500 to $2,700	As agreed.	As arranged.	The Insurance Company Of Your Choice.
Additional Funds – 3 Months (Note 26)	$60,000 to $80,000	As agreed.	As arranged.	Approved Suppliers, Business Expenses, Or Us.
Total Estimated Initial Investment (Note 27)	$231,335 to $398,295			

Notes

14. Unless otherwise stated, the fees identified in this Table are uniform and are payable in one lump sum. Except as stated in Item 5, the IFF and any other payments made to an Affiliate or us are non-refundable. Fees payable to vendors may be refundable if the vendor has such a policy. We have no control over such policies. The low number of each line item is based on the grant of two Awarded Franchise Agreements, and the high number represents the grant of four Awarded Franchise Agreements.

15. The low IFF number represents the award of two Awarded Franchise Agreements for $105,800, less the 10% honorably-discharged-veteran discount. The high number represents the grant of four Awarded Franchise Agreements at $181,600 with no veteran discount. See Item 5 for a breakdown of the discounts offered for the purchase of more than one Protected Territory.

16. You are not required to purchase real estate for the Business's operation. We will not purchase or lease space and then lease or sublease it to you. You may operate the Business out of a home office, or purchase or lease a warehouse for such purpose.

The space you utilize or lease for one Protected Territory may be sufficient to operate the business for four Protected Territories. You may wish to rent a larger space, or your Business needs may require such an increase. If you do, your rent and other fees may increase. As we cannot determine if or when you will make this decision, and given the fact that the rent will vary widely depending on its location, the availability of acceptable space, the economy, and other factors, we cannot estimate your cost for additional space. We have no criteria for the Warehouse, if you choose to utilize one, other than it being located within your Protected Territory, and we will not review the lease.

You may be required to deliver one or more months of rent to the landlord as a security deposit. These figures are only estimates, and your landlord may require more. If you rent more space, the security deposit may also increase.

If you choose to utilize a Warehouse, we have no criteria for the interior or exterior finish of the Warehouse, and we will not visit or approve your Warehouse before you lease it. You may wish to install shelving, bins, and the like to hold inventory or tools, or improve the space in some other way. Your landlord may agree to pay part of this cost through a tenant finish allowance. Local, state, or other taxes or governmental fees could cause extra costs in developing a new location. These figures are only estimates, and you may pay significantly higher amounts.

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17. See Note 3 in the prior table concerning the Grand Opening Program. The amount you pay here will depend on the number of Awarded Franchise Agreements you sign. You will pay no less than $60,000 for two and no more than $120,000 for four Protected Territories.

At the end of the Grand Opening Marketing Program, and for each Awarded Franchise Agreement, you will pay the then-current monthly Digital Marketing Ad Spend, which currently is no less than $12,000 for two Awarded Franchise Agreements or more than $24,000 for four Awarded Franchise Agreements. We may increase the Digital Marketing Ad Spend at any time and any amount after giving you no less than 60 days' prior written notice.

18. See Note 4 above. Beginning with the first month that you open, you will pay the then-current monthly Marketing Management Fee, which is currently applicable for all Awarded Franchise Agreements granted to you. If you open on a day other than the first day of the month, this fee will be prorated for that month. Though the Marketing Management fee is not currently calculated based on the number of Awarded Franchise Agreements awarded to you, we may decide to charge the fee for each Awarded Franchise Agreement after giving you no less than 60 days' prior written notice. We may also decide to change this fee at any time and in any amount after giving you no less than 60 days' prior written notice.

19. You must purchase or lease one Vehicle per Awarded Franchise Agreement. See Note 3 in the previous table for a description of the Vehicle and Item 8 below for additional information.

The low number represents three months of lease payments (at $1,620 for three months - see prior table Note 3) for two leased Vehicles. The high number represents three months of principal and interest payments (at approximately $2,040 for three months - see prior table Note 3) for the purchase of four Vehicles.

Once you have leased or purchased the Vehicles, we will ship (at our then-current handling, shipping, and insurance fees), and you will install the Startup Packages, including the wraps. As the handling and shipping for the Startup Packages varies widely depending on your location in the country, the availability of delivery services, and the like, we cannot estimate the cost to you for the handling, shipping, or insuring of the Startup Package. The low number represents the cost for two packages, and the high number represents the cost for four packages.

You will have to title, license, and insure each Vehicle. These figures vary widely from state to state and depend not only on the Vehicle's make, model, year, and the lease or purchase price but also on your driving history and other variables. The low number is based on insurance costs of $300 per month for three months for two Vehicles and assumes that you own and have the necessary title and license for each. The high number is based upon an insurance cost of $500 per month for the first three months for four Vehicles and a title and license fee for each of $1,000. Your fees and costs may be significantly higher.

20. If you are awarded two Protected Territories, you must pay for the travel, room, and board for two people to attend Initial Franchise Training. If you are awarded three or more territories, you may bring the third person without tuition, though you will be required to pay for the person's travel, room, and board. The low number represents such costs for two people, and the high number represents the approximate costs to bring a third person. These figures do not include wages for employees.

21. You must own or purchase the Computer System identified in Note 6 in the first table above. While we only require one Computer System, regardless of the number of Awarded Franchise Agreements granted to you, you may wish to lease or purchase additional systems. You may already have the Computer Hardware and Off-The-Shelf Software, in which case, the low number represents the first three months' license fee for the Business Management Software License Fees. If you choose to purchase

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a Computer System for each Awarded Franchise Agreement, the high number represents the purchase of four Computer Hardware systems and four Computer Software systems. We have no requirements concerning this other than ensuring that each such Computer System complies with our then-current requirements.

22. You must own or purchase at least one cell phone of any make or model so long as it can operate using Voice Over Internet Protocol (VoIP) (see Note 7 in the first table above).

23. You may decide to hire an attorney, accountant, or other professionals to help you through the franchise purchase decision and to help you with other aspects of the operation of the Business. These are only estimates, and your actual cost may vary depending on your location in the country.

24. You may have to purchase licenses or permits from your municipality, county, or state to operate each Business under the Awarded Franchise Agreements granted to you, including a business license or tax identification number (if required by Applicable Law for each such agreement).

25. You must insure the Business. This is in addition to insurance for the Vehicle. Your premiums may be significantly higher.

26. This estimate covers other pre-opening costs and your first three months of necessary operating capital for at least two Protected Territories. The estimate does not include an owner's salary or draw. Your need for these funds will vary for numerous reasons, including your geographic location, your management skills, experience, and business acumen, the effectiveness of your staff (if you hire staff), the wages paid to your staff (both before and for the first three months after opening,) local and national economic conditions, the market for your products and services, competition, and sales that you realize during this initial period. These are approximate amounts; you may need significantly more initial working capital.

25. In compiling these estimates, we have relied upon the best information available to the persons listed in Item 2 and our FC Affiliate's experience operating a brick-and-mortar business that sells substantially the same goods and services you will offer.

An Affiliate or we do not offer direct or indirect financing to franchisees for any items.

Before purchasing the franchise, you should review these figures carefully with a business advisor.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must adhere to the specifications we establish concerning furnishing, equipping, establishing, and operating the Business. These include standards and specifications for the delivery of services, appearance, design, quality, performance, and functionality. The specifications are based on our FC Affiliate's experience.

We may directly communicate our standards and specifications to suppliers who wish to supply you with furniture, fixtures, equipment, inventory, and other business goods and services.

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We will communicate our standards and specifications to you at training and other times before you open and through one or more Manuals, including periodic bulletins. We may periodically issue new standards, plans, procedures, developments, and specifications through amendments to the Manuals and through reports, brochures, email, or other communication methods. We may modify, add to, and change any specification as to any goods, services, supplies, or the like at any time, on an individual, regional, or national basis, by an amendment to the Manuals or by written notice to you. Once you are notified, you must make the change that is specified. We may also add and remove vendors at any time.

We may provide bulletins, brochures, manuals, and reports we occasionally publish regarding plans, policies, developments, techniques, improvements, and activities that we feel may be relevant to the operation of your Business. You will comply with the same.

Required and Approved Suppliers

An approved vendor, an Affiliate, or we are the only supplier of the Startup Package(s), and your replacement inventory of printed materials, consumables bearing our marks (such as paper products), shelving, the Vehicle wrap, or inventory contained in the Startup Package. We will ship the Startup Package to you, and you will reimburse us for our then-current fees to handle, ship, and insure the content.

You must purchase from and fulfill all Client flooring orders only through our approved vendors.

You must purchase each year's Product Sample Update Package only from an Affiliate, an approved vendor, or us.

You must purchase or lease the new Vehicle only from an approved dealer.

You must maintain each Vehicle as needed to ensure that it is clean, safe, free of rust or body damage, and attractive. This may require you to replace the Vehicle or purchase other components found in the Startup Package from our approved vendor, an Affiliate, or us.

If you are in an accident, you must notify us immediately, alert your insurance carrier, and begin repairs (or replace the Vehicle as determined by your insurer) as soon as practicable, but in no event later than two days after the loss. You will then lease a similar cargo van (Temporary Vehicle) in good mechanical condition and without body damage or rust that will be used until the Vehicle is again roadworthy. We must approve the Temporary Vehicle before you lease it, which approval will not be unreasonably withheld, conditioned, or delayed. In our sole discretion and at your expense, we may require you to obtain a magnetic sign or signs that display our Marks and information concerning your Business, which will be affixed to the side of the Temporary Vehicle.

If your Vehicle is repossessed, you must replace it with a Temporary Vehicle that meets the requirements identified above within five days of the loss. Failure to do so may result in the termination of the Franchise Agreement without the right to cure.

We may require you to lease or purchase a replacement Vehicle or Vehicles (that may be a different brand or type of vehicle than previously required), must fit out the interior, and must wrap it in our then-current package no more often than once every five years during the Initial Term, at the time you are awarded successor franchise rights, and at the time we permit you to transfer the Business. At that time, we may designate a source or sources from which the Vehicle, interior refitting, and wrap must be leased or purchased. We will give you no less than 60 days' notice of your obligation to comply.

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An Affiliate, Approved Vendor, or we are the only source for the services provided upon payment of the Grand Opening Marketing Program Fee, the Digital Marketing Program Startup Fee, the monthly Digital Marketing Ad Spend and Marketing Management Fee, and the Local Advertising Administration Fee.

You must own or purchase a Computer System with cellular capabilities that meet our specifications for each Awarded Franchise Agreement. (Items 7 and 11.)

You must also own at least one cell phone that meets our specifications, which must use our VoIP vendor's services. Except as required by Items 7 and 11 as to the Computer System, you may purchase each from any reputable vendor.

You must license our Business Management Software system only from our approved vendors.

We do not now, but we may in the future require all franchisees and you to participate in a gift card and customer loyalty program. We will give you no less than 60 days' prior written notice before implementing such programs.

Our Affiliates or we may change any fee charged for required purchases at any time after giving you no less than 60 days' prior written notice. An approved vendor may change its fees at any time without notice. We have no control over this and cannot state if, when, or in what amount such changes may be.

We reserve the right to change vendors for any products, goods, and services after giving you no less than 60 days' prior written notice. Such a change may be to another approved vendor, an Affiliate, or us.

If we add new goods, services, and technology to those already sold through or used in the Business or if we identify new fees, additional fees, new technology, or impose other fees in the Franchise Agreement that are not specifically titled or for which no current fee is now charged, some of these fees may be due to an approved vendor, an Affiliate, a third party for whom we collect the funds, or us. We will notify you in writing and give you 60 days within which to comply with the changes.

In addition to the above, we may require all franchisees and you to incur additional fees that respond to market trends, consumer preferences, and after using our Reasonable Business Judgment. If we do this, you may incur additional expenses, costs, and fees, some of which may be due to an approved vendor, Affiliate, a third party for whom we collect the funds, or us. In reference to the identification of new fees, additional fees, the cost of new technology, or the imposition of other fees identified in this Franchise Agreement which are not specifically titled or for which no current fee is now charged, as we have no formula for determining if or when such changes may arise or in what amount the same will cost, we cannot quote a fee or formula here for determining or calculating the same.

Except as described above, you may purchase all other furniture, fixtures, equipment, or materials from any approved source.

Except for those items that must be purchased from an Affiliate or us, there are no other approved suppliers in which any of our officers own an interest. Except as stated here, an Affiliate, and we are not approved suppliers.

For each Awarded Franchise Agreement, you must purchase and maintain the following insurance coverage during the entire term of the franchise agreement:

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a. Commercial general liability, including coverage for medical expenses, personal and advertising injury, third-party claims, products and completed operations liability, and similar losses having a combined single limit of $1,000,000 per occurrence and $2,000,000 in the aggregate.

b. Employer's liability and workers' compensation insurance required by your state law.

c. Business personal property insurance for the replacement value of all your inventory and other personal property of the Business.

d. Comprehensive commercial vehicle insurance, including coverage for bodily injury, property damage, medical payments, and uninsured-underinsured coverage for a minimum of $1,000,000 per occurrence and $2,000,000 in the aggregate.

e. Comprehensive crime and blanket employee dishonesty insurance of not less than $5,000;

f. Computer fraud coverage (including coverage for cyberattacks or losses, hacking losses, and loss because of malware, pretexting, phishing attacks, and the like) of no less than $1,000,000 per occurrence and $2,000,000 in the aggregate. To the extent that this coverage requires multiple policies or endorsements, then you will obtain each such policy or endorsement; and

g. "Social Engineering Fraud" (which is the manipulation of a person through social media that results in such person disclosing confidential personal or company information that then causes a loss) coverage of no less than $1,000,000 per occurrence and $2,000,000 in the aggregate.

h. Business interruption (sometimes called "Business income") insurance to cover lost income, rent, employee wages, and other business expenses incurred as a result of a covered peril (including fire, theft, and natural disasters), and extra expense coverage, for no less than nine months.

For two or more Protected Territories, insurance coverage may be combined into one policy so long as the minimum insurance coverage identified above is available simultaneously for each Awarded Franchise Agreement.

Although we require certain insurance coverage and may recommend other policies, we do not guarantee that the required or recommended insurance will be adequate to protect your assets fully. You should consult with an insurance professional to determine what insurance coverage may be needed for you and your Business in addition to the minimum required insurance coverage.

Our Affiliates and we will be named as additional insureds on all policies.

Should you, for any reason, fail to procure or maintain the insurance required by the Franchise Agreement, by the Manuals, or otherwise in writing, we have the right and authority (but no obligation) to procure such insurance and to charge the same to you together with a reasonable fee for our time, all of which will be immediately payable to us by you.

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Approval of Alternative Suppliers

You may wish to purchase a required good or service from a supplier that we have not previously approved. We may charge our then-current fee for this service (Item 6). We do not maintain written criteria for approving suppliers; thus, these criteria are unavailable to you or your proposed supplier. To obtain our approval, you must submit such information as we may reasonably require to evaluate the prospective supplier. We will evaluate the submitted information and provide written notice of our decision within 30 days. We may grant or deny approval for any reason or no reason. Other than as stated here, we have no supplier approval process.

We may revoke the approval of alternative suppliers if we determine in good faith that the goods or services supplied no longer meet our quality standards. We will notify you if we revoke our approval of any suppliers, and you must immediately stop purchasing disapproved goods or services from such suppliers.

Revenue from Franchise Purchases

An Affiliate, and we do not now but may, in the future, receive rebates and material benefits from vendors with whom you are to do business. We may or may not share the rebates or material benefits in our sole discretion. We received no such revenue in 2024.

The cost of purchases and the leasing of goods and equipment obtained per our specifications represent about 85% of your total purchases in establishing the Business, and approximately 50% of your total purchases during the Business's operation.

We do not now, but may, in the future, receive rebates and material benefits from vendors with whom you are to do business, which rebates and material benefits may or may not be shared with you.

Cooperatives

Though there is none at this time, we may, in the future, develop a regional purchasing or distribution cooperative in your area.

Negotiated Prices

We have negotiated prices with suppliers for the benefit of the franchisees. In the future, we may negotiate other prices for the benefit of all franchisees and Affiliates.

Material Benefits

We do not provide or withhold material benefits to you (including renewal rights or the right to open an additional Business) if you buy from sources we approve. However, purchases of unapproved services, using unapproved vendors, or supplying Clients with unapproved services will violate the franchise agreement, and you may be terminated.

Item 9

FRANCHISEE'S OBLIGATIONS

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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 Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Article	Items 7, 11
(b) Pre-opening purchase/leases	Article 2	Item 8
(c) Site development and other pre-opening requirements	Article 2	Items 6, 7, 11
(d) Initial and ongoing training	Article 7	Item 11
(e) Opening	Section 2.1	Item 11
(f) Fees	Article 3	Items 5, 6, 7, 8
(g) Compliance with standards and policies/Manual	Articles 5 and 8	Item 11
(h) Trademarks and proprietary information	Article 6	Items 13, 14
(i) Restrictions on products/services offered	Articles 1, 5, and 8	Items 11, 16
(j) Warranty and Client service requirements	Article 8	Item 8
(k) Territorial development and sales quotas	Article 2	Item 12
(l) On-going product/service purchases	Articles 2, 5, and 8	Item 8
(m) Maintenance, appearance, and remodeling requirements	Articles 2, 4, 8, and 9	Item 11
(n) Insurance	Article 17	Items 7, 8
(o) Advertising	Article 3	Items 6, 7, 8, 11
(p) Indemnification	Article 14	Item 6
(q) Owner's participation/ management/staffing	Article 8	Items 11, 15
(r) Records and reports	Articles 3 and 8	Item 11
(s) Inspections and audits	Articles 3 and 8	Item 6
(t) Transfer	Article 9	Item 17
(u) Renewal	Article 4	Item 17
(v) Post-termination obligations	Articles 11 and 15	Item 17
(w) Non-competition covenants	Article 15	Items 15, 17
(x) Dispute resolution	Article 16	Item 17
(y) Other:	Articles 10, 15, and 16	Item 17

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, lease, or any other obligations.

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Item 11

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

Except as listed below, Floor Crafters USA Corp is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open the Business under each Awarded Franchise Agreement and unless otherwise stated, Floor Crafters will:

a. Designate your Protected Territory or Protected Territories. (Franchise Agreement, Articles 2 and 5).

b. Deliver the Startup Package(s). (Franchise Agreement, Articles 2 and 5).

c. Offer Initial Franchise Training as more specifically set forth below. (Franchise Agreement, Articles 5 and 7).

d. Offer reasonable consultation on pre-opening operations matters. (Franchise Agreement, Article 5.)

e. Loan you one copy of the Manual regardless of the number of awarded Protected Territories. (Franchise Agreement, Article 5).

We do not set minimum or maximum prices for products, goods, or services. To the fullest extent permitted by Applicable Law, we reserve the right to set prices in the future after giving you no less than 60 days' prior written notice.

We offer no advice concerning your hiring or training of your employees. Your employees are not our employees.

Typical Length of Time Before Operations Begin

The typical time between the Effective Date and the Business's opening is 60 to 120 days. The grant of more than one Awarded Franchise Agreement will not affect this timing. You are required to open the Business within 120 days of the Effective Date of the Franchise Agreement. (Opening Date). We may extend the Opening Date for a reasonable time in the event that factors beyond your reasonable control (such as failure to receive goods in a timely fashion) prevent you from meeting the deadline, and you request an extension of time from us at least 15 days before the end of the Opening Date.

Post-Opening Assistance

During the operation of your Business under each Awarded Franchise Agreement, Floor Crafters may:

a. Modify, update, or change the System. (Franchise Agreement, Articles 5 and 8).

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b. If created, we may give you access to local advertising materials. (Franchise Agreement, Articles 3 and 5).

c. Periodically advise you or offer guidance on other matters concerning the operation of the Business. (Franchise Agreement, Articles 5 and 8).

d. Provide additional training and support as needed (in our sole discretion) and for the then-current fee. (Franchise Agreement, Articles 5 and 7).

e. Conduct quality control visits (both announced and unannounced), including a "secret shopper" (or similar) program. (Franchise Agreement, Articles 5 and 8).

f. If created, we may add new advertising methods for which there may be an additional fee. (Franchise Agreement, Articles 3 and 5.)

g. At such time in the future as we deem appropriate, we will hold an annual conference to discuss new ideas and other matters. (Franchise Agreement, Articles 5 and 7).

We will supply the services identified in Pre-Opening Services and may supply the Post-Opening Services for each Awarded Franchise Agreement, except to the extent that such services can (in our sole discretion) be delivered once while being applicable to all Awarded Franchise Agreements, then the delivery of such services once will be sufficient to satisfy our delivery requirement.

Additional Onsite or Remote Assistance

You may ask for, or we may offer additional onsite or remote assistance during the operation of the Business. If you do, and we agree to provide it, you will pay our then-current fees, plus, if applicable, our travel, room, and board if we visit you.

Advertising

Unless otherwise noted, the Advertising for a single Business will apply to all Awarded Franchise Agreements. Refer to the two tables in Item 7 to determine the amount you may be required to spend.

Grand Opening Marketing Program

You will pay our approved vendor the then-current Grand Opening Marketing Program Fee (Item 7) for the delivery of the Grand Opening Marketing Program, which will be used during the seven days before you open and in the 60 days after the Opening Date. This fee is due at least 45 days before your Opening Date, as we may direct. Failure to timely deliver such payment to our approved vendor is a material breach of this Franchise Agreement, which, after the passage of five days from the date you are notified in writing of such failure, will permit us to avail ourselves of any remedies granted under this Franchise Agreement without any additional right to cure.

We make no guarantee to you or any other franchisee that advertising expenditures from the Grand Opening Marketing Program will result in sales or provide other benefits to you or any other franchisee directly or on a pro-rata basis. Some franchisees may receive more benefits from the advertising than will others. We assume no direct or indirect liability or fiduciary or other obligation to you concerning the Grand Opening Marketing Program.

Digital Marketing Program and Fees

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We collect the Digital Marketing Program Startup Fee at the time you sign the Franchise Agreement.

Beginning with the first month after the end of the Grand Opening Marketing Program, you will pay the then-current monthly Digital Marketing Ad Spend (Item 6) to our approved vendor, an Affiliate, or us using a pre-approved credit card on file with them. This will be collected monthly on a date determined by our approved vendor.

You will also pay us the then-current monthly Marketing Management Fee beginning with the first month that you are open. This fee will be collected on a day determined by our approved vendor or us. If you open on a day other than the first day of the month, this fee will be prorated for that month. Currently, this fee is not increased based on the number of Awarded Franchise Agreements granted to you. We may change this fee at any time and in any amount and may decide to charge the fee for each Awarded Franchise Agreement after giving you no less than 60 days' prior written notice.

We make no guarantee to you or any other franchisee that Digital Marketing advertising expenditures will result in sales or provide other benefits to you or any other franchisee directly or on a pro-rata basis. Some franchisees may receive more benefits from the advertising than others. We assume no direct or indirect liability or fiduciary or other obligation to you concerning the Digital Marketing Program.

We have the sole right to form, change, dissolve, and reinstate the Digital Marketing Program, the Marketing Management Fee, and Digital Marketing Ad Spends at any time after giving you no less than 60 days' prior written notice.

We reserve the right to increase the Digital Marketing Ad Spend and Marketing Management Fee for one, some, or all Awarded Franchise Agreements at any time and in any amount after giving you no less than 60 days' prior written notice.

We collected no Digital Marketing Ad Spends in 2025.

Local Advertising and Internet Advertising

Beginning with the month following the end of your Grand Opening Marketing Program, you will spend our then-current minimum amount (Item 6 - and referred to as the "Local Advertising Fee") advertising in each Protected Territory described in the Franchise Agreement or Awarded Franchise Agreements. (Local Advertising). This is in addition to the Digital Marketing Ad Spends you pay.

You must advertise the Business only within your Protected Territories unless regional or cooperative advertising is implemented or you get our permission to advertise outside the Protected Territory. You may serve only those Clients located within your Protected Territories.

We must approve a copy of any advertising before it is used. The copy must be delivered to us no later than 30 calendar days before its insertion into any media. We have 15 days within which to approve. The copy is approved if we do not deliver a written notice within that time.

An accounting of your Local Advertising Fee will be submitted to us within 15 days after the end of each calendar quarter, showing your expenditures, which can be averaged over that calendar quarter.

If you fail to spend the entire Local Advertising Fee in one calendar quarter, we will provide written notice to you, which will require that you make up the underpayment in the next calendar quarter, thereby

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increasing your total expenditure for the following quarter. The Local Advertising Administrative Fee is due to us only if you fail to make the minimum Local Advertising expenditures for two consecutive quarters, and we, in our sole discretion, exercise the right to take over your Local Advertising obligation. If we exercise this right, you will deliver the Local Advertising Fee and the Local Advertising Administrative Fee to us monthly with the Royalties. If we collect it, we will administer your Local Advertising obligation on your behalf and in your Protected Territory. If you are unable or unwilling to reassume control of your Local Advertising within four months after we take control of it, we have the right to avail ourselves of any remedies available under this Franchise Agreement, including terminating your franchise rights without the right to cure.

You may not advertise on the Internet, initiate or participate on any Social Media Platforms, blog, vlog, participate in online forums, or use any similar social media that relates to your Business, the Marks, or the operation of your Business without our express written permission, which may be granted or denied for any reason or no reason.

We may change the Local Advertising Fee at any time after giving you no less than 60 days' prior written notice. You may spend more on Local Advertising if you wish.

National Brand Fee

We do not now, but we may at any time require all franchisees and you to participate in "National Branding" by paying a "National Brand Fee." If we decide to create this program, we will notify you and give you no less than 60 days' prior written notice before implementing it. As the program has not been created, we have not decided on whether this fee will be collected under each Awarded Franchise Agreement. Once this is decided, all franchisees and you will be informed in writing at least 60 days' before the program begins.

If the National Brand Fee is collected, it will be placed in an interest-bearing or non-interest-bearing (in our discretion) checking, savings, or any other account of our determination (National Brand Account). Any unused funds from one year will be carried over to the next. The National Brand Account is not a trust, and we assume no fiduciary duty in administering it. The National Brand Fees of all franchisees will be placed in the National Brand Account.

Once implemented, we will administer the National Brand Account and the National Brand Fees in our sole discretion. The proceeds may be used for the creation, production, and placement of advertising reasonably intended to benefit some or all franchisees in any local, regional, or national medium and will pay in-house or outside agency costs and commissions, costs associated with the preparation of and presentation of an annual convention, creation, and production of Internet, video, audio, and written advertisements, for the payment to us of costs related to administering the National Brand Account such as reasonable salaries, administrative costs, costs allocated to any conferences, travel expenses, and overhead, and for any other commercially reasonable purpose consistent with this paragraph. We may spend National Brand Fees on soliciting franchisees.

We make no guarantee to you or any other franchisee that advertising expenditures from the National Brand Account will benefit you or any other franchisee directly or on a pro-rata basis. We assume no other direct or indirect liability or obligation to you concerning collecting amounts due to the National Brand Account or for maintaining, directing, or administering the Account.

Upon your prior written request, we will make available to you, no earlier than 120 days after the end of each calendar year, an annual unaudited financial statement for the National Brand Account.

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Once implemented, we reserve the right to increase the amount of this fee at any time after giving you no less than 60 days' prior written notice.

If implemented, we will have the sole right to form, change, dissolve, or reinstate the National Brand Fee at any time.

Regional Advertising

We reserve the right, upon 30 days' prior written notice to you, to allocate all or a portion of the Local Advertising Fee, Digital Marketing Ad Spend, or National Brand Fee to a regional advertising program (Regional Advertising Program) to benefit Businesses within a particular geographic area. We have the right to determine the composition of all geographic territories and market areas included in a particular Regional Advertising Program. If a region is formed, we will require all franchisees and company-owned Businesses within the region to participate. We will administer the Regional Advertising Program, but there will be no governing documents for any region. A local, national, or international agency, or we will prepare all advertising for the Regional Advertising Program. Upon your prior written request, we will make available to you no earlier than 120 days after the end of each calendar year an annual unaudited financial statement for the Regional Advertising Program.

If implemented, we intend for the Regional Advertising Program to be continual and perpetual, but we have the right at any time to change, dissolve, merge, or suspend (and subsequently reinstate) the Regional Advertising Program. We will not, however, close a Regional Advertising Program until all contributions and earnings have been used for the purpose for which they were collected.

Advertising Council

We do not now, but in the future may create an advertising council consisting of no more than 15 franchisees. We will determine the exact number of participants from time to time in our sole discretion. If created, the council members will be chosen from the top franchisees in terms of Gross Sales each year. The council will serve in an advisory capacity only. We may or may not create managing documents for the council. If a council is created, we will have the sole right to form, change, dissolve, and reinstate the council at any time.

Computer Requirements

You must own or purchase a laptop computer of any make or model so long as it operates under the Microsoft Windows 11 or higher operating system, has a least 32 gigabytes of random access memory, a one terabyte solid-state hard drive, at least a 15" touch screen, be wi-fi and Bluetooth capable under the most current standards, and have cellular data capabilities which must be activated and then maintained at all times. We have no criteria for the cellular carrier you use except that they must provide service to your entire Protected Territory. You may already have compliant Computer Hardware.

The Computer Hardware must have installed the Computer Software identified in Item 7. You may already have the Computer Hardware and Off-The-Shelf Software we require. If so, you will only incur the cost for the first three months for the then-current Business Management Software License Fee (now at $525 per month). When due, you will pay the then-current monthly Business Management Software License Fee, Off-The-Shelf Software fees, and all other fees due to Computer Software vendors. A vendor may increase its fees at any time and in any amount. We have no control over this.

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If you do not have the Computer Hardware and Computer Software (including the Off-The-Shelf Software), it could cost $2,000 or more to purchase the Computer Hardware, plus $1,945 or more for the Computer Software.

The Computer System, including all Computer Software, must be fully operational before your Opening Date.

Though we do not require it, you may wish to own more than one Computer System. If you do, your costs identified above will increase by the number of additional systems you own or purchase.

You are not required to have a Computer Hardware maintenance contract, but you must maintain the Computer System to ensure its continual operation, which could cost between $50 and $500 per year. You are required to maintain the Computer Software with all patches and upgrades that may come from the software manufacturer. We cannot determine when or if this will occur, so we cannot quote a cost here. Each Computer System must comply with all PCI-DSS standards. You, and not we, are responsible for ensuring that your system meets these requirements.

We may require you to update (a) the Computer Hardware no more often than once every five years during each term of the Franchise Agreement; and (b) the Computer Software no more often than once every two years. We may also require that the Computer System be updated when you transfer your Business or are granted successor franchise rights. (Franchise Agreement, Articles 3 and 9). We retain the right, however, to change vendors for any component of the Computer System at any time, in which event updating will occur more often and may cost more. As we do not know if or when this may happen, we cannot quote a cost to you.

You will also need at least one all-in-one plain-paper printer, scanner, copier, and a credit card charge mechanism compatible with your Computer System and QuickBooks. You may determine the total number of printers needed.

You must maintain high-speed Internet access to the Computer System, including cell service to your tablet, and use your best efforts to keep all equipment connected, powered on, and in good working order to ensure its continued operation.

You must own or purchase a cell phone of any make or model, so long as it is capable of operating using Voice Over Internet Protocol (VoIP). You must use our VoIP service provider. Currently, the VoIP fee could be $75 or more per month.

We will have independent access to your Computer System at all times. There are no contractual limitations on our right to access this information. If your databases are passcode-protected, you will provide the code to us upon request.

Location Selection

It is intended and expected that you will operate the Business from your home office, a business office, or a Warehouse, at your discretion, (Franchised Location) within your Protected Territory. We have no criteria for the office(s) or Warehouse configuration or lease terms. If you are granted multiple Awarded Franchise Agreements, the office(s) or Warehouse may be in any one of the Protected Territories.

We will not inspect your office or Warehouse regardless of its location and will have no other input concerning it.

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Manual and Table of Contents

The Manuals are part of the System and are proprietary and our trade secrets. They are loaned to you but always remain our property. The table of contents for the Manual is attached at Exhibit C. The Manual contains approximately 196 pages.

Training

For your first single Franchise Agreement or two Awarded Franchise Agreements, we will offer an initial training program (Initial Franchise Training) to you and one additional person who may be your "Designated Manager" or your "Principal Operator." Your "Designated Manager" is a person beside you who will operate the business daily. If you are a business entity, the "Principal Operator" is a person who owns an equity interest in the business entity and is primarily responsible for the operation of the business from day to day. If you are granted three or more Awarded Franchise Agreements, you will be permitted to bring one additional person to such training without an additional tuition cost, though you will be responsible for the person's travel, room, and board. We do not charge tuition for the first two attendees.

If you wish to bring any additional persons, we may charge a fee (Item 6). You must pay for your transportation and living expenses incurred by you for attending Initial Franchise Training or any other training under this Franchise Agreement if it is held at a location chosen by us (and which is not your Franchised Location).

The Initial Franchise Training is offered as needed, but in no event more often than once each month, and is located at our then-current headquarters or some other location we identify. The training materials consist of the Manuals, videos, and handouts.

We reserve the right to waive a portion of the training program or alter the schedule if we, in our sole discretion, determine that your designated attendees have sufficient experience or training.

You must complete Initial Franchise Training to our satisfaction. If you fail to do so, we have the right to terminate the single Franchise Agreement or some or all the Awarded Franchise Agreements (in our sole discretion), and we will refund 50% of the IFF only. In such an event, all covenants that must survive termination to remain enforceable, including non-competition covenants and other restrictive covenants, will remain enforceable. If one of your additional personnel fails such training, they will be permitted to retake it, though you will have to pay our then-current additional training fee and will bear their travel, room, and board costs.

Initial Franchise Training at our location typically lasts for approximately six business days, with approximately 40 hours of classroom training and two hours of on-the-job training.

We will make the Initial Franchise Training available to a replacement of, or for additional, Designated Managers or approved Principal Operators. We reserve the right to charge our then-current tuition or fee for such training. You must pay for all travel and living expenses of the replacement or additional personnel. The training program's availability to such trainees will be subject to space considerations and prior commitments to other new franchisees. In the case of multiple Awarded Franchise Agreements, we may, in our sole discretion, either offer training for replacement or additional Designated Managers during a Term, in which case you will pay our then-current fee for such service, or allow you to train the replacement or additional Designated Manager yourself. There is no guaranty that we will grant the latter, and we may deny you this right for any reason or no reason.

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If you propose to transfer your Business, part of our approval process requires the Proposed Transferee to pay for, attend, and pass the then-current Initial Franchise Training.

As of our most recent fiscal year-end, we provided the following training:

Franchise Training Program

Subject	Hours of Classroom training	Hours of On-the-Job Training	Location
Welcome; leadership, recruiting methods, retention, goal setting, and review, leading your team	8	0	Our then-current headquarters or such other place as we designate.
Product knowledge, installation knowledge, types of flooring, and services offered	8	0	Our then-current headquarters or such other place as we designate.
The sales process, customer service requirements; scheduling estimates; measuring, layout, and sales.	6	0	Our then-current headquarters or such other place as we designate.
Local and digital marketing; back-office procedures, including bookkeeping and use of all software	6	0	Our then-current headquarters or such other place as we designate.
Production & Project Management, Scheduling of projects, and ordering of supplies and flooring	6	0	Our then-current headquarters or such other place as we designate.
Technology, including the use of Computer Software	6	2	Our then-current headquarters or such other place as we designate.
TOTALS	40	2	

Initial Franchise Training will be presented by the persons found at Item 2. Mr. and Ms. Bezuidenhout have operated our FC Affiliate's Business since its inception and understand and have trained employees and other staff members on the various operations necessary to operate the Business. From time to time, individuals active in our business's operations and administrative aspects, along with support staff, may assist with the Initial Franchise Training.

If the Business fails to meet the "Quota" (Item 12), we may, in our sole discretion, require you to take additional training (**Remedial Training**) at your expense. Such training will be of a duration and have content reasonably determined by us. We will charge our then-current fee for such training. There is no guarantee that we will offer this training to you. We reserve the right to make Remedial Training available

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at our location, your location, or virtually. We will give you no less than 10 days' prior written notice of the method by which such training will be delivered. If we travel to you, you will cover our travel, room, and board, and if you travel to us, you will pay for your travel, room, and board. Further, if you fail to meet the Quota under any of the Awarded Franchise Agreements granted to you, we may offer Remedial Training under one, some, or all Awarded Franchise Agreements.

If we do not offer Remedial Training, we have the right in our sole discretion to reduce the size of any one or more Protected Territories; to take other action short of terminating one or more Franchise Agreements; to terminate your franchise rights under one, some or all Franchise Agreements without terminating one, some or all Franchise Agreements; or to terminate one, several, or all Franchise Agreements without any additional right to cure, except that all covenants that by their nature must survive termination to remain enforceable, including all restrictive covenants will survive termination and will remain enforceable.

You may wish to get additional, extraordinary, refresher, or on-site training from us. If we agree to provide the same and we travel to you, we will charge our then-current fee plus all costs for travel, room, and board. If you travel to us, we will charge our then-current fee, and you will be responsible for your travel, room, and board costs. Such training may also be held virtually.

Your Principal Operator, Designated Manager, or you may be required to attend any seminars, programs, or meetings offered by us that we deem to be mandatory. Though none is now charged, we may, in the future, charge tuition or a fee for such mandatory training or conferences. You must also pay for all travel and living expenses associated with attending such programs.

We do not now, but we may have an annual conference in the future, at which attendance may be mandatory. This may be in addition to the seminars, conventions, programs, or meetings described above. You will be responsible for paying all expenses for travel, accommodations, food, and other expenses incurred. Though none is now required, we may, in the future, charge an attendance fee. We will provide you with no less than 60 days' written notice of any tuition amount. Once confirmed, we will provide you with the duration of the meeting, its location, and the presenters' identities. If held, your Principal Operator, Designated Manager, or you must attend.

We may, in our discretion, provide bulletins, brochures, manuals, and reports regarding plans, policies, developments, techniques, improvements, and activities that we feel may be relevant to the operation of your Business. You will comply with the same.

Item 12

TERRITORY

Protected Territory

Single Protected Territory

Before signing the Franchise Agreement, you and we will agree on your "Protected Territory." Your Protected Territory will encompass approximately 100,000 Dwellings and will be defined by ZIP Codes, natural boundaries such as waterways or mountains, political boundaries such as city or county lines, or another manner that describes the area where the approximate 100,000 Dwellings are found. Your Protected Territory will not be a defined geometric shape or reflect any particular demographics. Your Protected Territory may contain slightly more or slightly fewer Dwellings, depending on the final perimeter

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upon which you and we agree. Your Protected Territory will not change whether the number of Dwellings increases or decreases.

Multiple Protected Territories

If you qualify for a grant of multiple Awarded Franchise Agreements, you and we will define the same before you sign any of the franchise agreements, and in such an event, each Protected Territory may contain slightly more or slightly fewer than 100,000 Dwellings, depending on the final perimeter upon which you and we agree. Your Protected Territory will not change regardless of whether the number of Dwellings increases or decreases.

The Protected Territory of another Franchisee, company-owned, or Affiliate-owned Business will not overlap your Protected Territories.

You may sell your products and provide all other services offered through the Business only within your Protected Territories.

So long as you have complied with the Franchise Agreement, we will not locate a company-owned or an Affiliate-owned business in a Protected Territory, will not license another franchisee to operate a Business within a Protected Territory, and will not decrease the size of your Protected 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.

You may relocate your Franchised Location or home office/leased office or Warehouse at any time within your Protected Territory. Once relocated, you must provide the address for the new office or Warehouse and obtain approval from the Franchisor.

Quota

You are required to meet a quota (Quota) for each Franchise Agreement awarded to you. Beginning

with the calendar year that begins on January 1 of the year following your Opening Date, your Gross Sales must be $200,000 per Protected Territory for that calendar year (ending December 31). For the second full calendar year after your Opening Date, your yearly Gross Sales must meet or exceed $300,000 for each Protected Territory, and for the third full calendar year, you must meet or exceed $400,000 in Gross Sales for each Protected Territory. After that, your Gross Sales must increase in each Protected Territory by a minimum of 10% per calendar year over the previous calendar year's Gross Sales until you reach $1,500,000 in annual Gross Sales. You must then maintain $1,500,000 in annual sales for each calendar year after that. Regardless of the date you open, the first calendar year will begin on January 1 of the year following your Opening Date.

You must meet the Quota for each Awarded Franchise Agreement granted to you. In addition, the Quota for one Protected Territory that is below the required number cannot be increased with revenue from another Protected Territory that may have exceeded the Quota, and a breach of the Quota under one Awarded Franchise Agreement serves as a breach of all Awarded Franchise Agreements for which no additional cure will be provided.

If you fail to reach the Quota in any calendar year for any Protected Territory, we may, in our sole discretion, offer Remedial Training, reduce the size of one, some or all of your Protected Territories, take other action short of terminating your franchise rights without terminating one, some or all Franchise Agreements, or terminate one, some or all Franchise Agreements, with the understanding that a remedies

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are cumulative and not exclusive, and may be a mixture of the above remedies (or other remedies available under the Awarded Franchise Agreements). Regardless of the fact that one, some, or all Awarded Franchise Agreements are terminated, all covenants that by their nature must survive termination to remain enforceable, including all restrictive covenants, will survive termination and will remain enforceable. Our choice of remedies is not exclusive but is cumulative.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

National Accounts

We have the right to solicit, create, and sell our goods and services to "National Accounts." A National Account is one in which we solicit and secure the account of a contracting party with locations in more than one protected territory, several locations in one protected territory, or other locations in areas not yet part of a protected territory. In such an event, we are not required to share the revenue generated by a National Account, even though it may be in your Protected Territory. We may, however, give you the option, in our sole discretion, to service the location or locations within a Protected Territory, in which case your Gross Sales will include such sales. There is no guarantee that we will allow you this right, and we may grant it to some franchisees but not to others in our sole discretion and for any reason or no reason.

Reservation of Rights

As to each Protected Territory granted to you under Awarded Franchise Agreements, an Affiliate, and we reserve the right, among others, to,

a. own, franchise, or operate businesses that are similar to your Business (and which use the Marks and the System) at any location outside of your Protected Territories;

b. retain ownership of and all revenue generated through National Accounts located in your Protected Territories;

c. use the Marks and the System to sell any products or services (which may be similar to those that you will sell) through any alternate channels of distribution within or outside of your Protected Territories. These alternate channels include the Internet and online flooring sales, sales to National Accounts, or wholesale sales to commercial businesses such as Ace Hardware®, Loew's®, or similar businesses. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason at all. We are not required to compensate you if we sell through alternate channels of distribution;

d. license others, either within any of your Protected Territories or in alternate channels of distribution, to use the Marks to service National Accounts;

e. license others, either within any of your Protected Territories or in alternate channels of distribution, to use other trademarks, trade names, service marks, or logos that are not the same as or confusingly similar to the Marks in the operation of a competing business;

f. purchase, or be purchased by, or merge, or combine with any other business, including a business that competes directly with one or more of your Businesses, wherever located, so long as the Marks of such competitive brand are not the same or confusingly similar;

g. acquire and convert to our System any businesses offering similar services and products, including businesses operated by competitors or otherwise operated independently, or as part of, or in

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association with any other system or chain, whether franchised or corporately owned and located within or outside of the Protected Territory so long as the Marks used are not confusingly similar;

h. reduce the size of one, some, or all of your Protected Territories if you breach one or more Franchise Agreements and fail to cure the same (if cure is granted); and,

i. retain all rights not specifically granted to you.

Though we can use alternative channels of distribution within your Protected Territory to make sales of goods, items, and services associated with the System and the Marks, or associated with any other system or trademarks, service marks, trade names, logos, and the like, we have not done so as of the date of this disclosure document. We reserve the right to do so at any time without notice being given to you.

Item 13

TRADEMARKS

The term "Marks" includes the trademarks, service marks, trade names, and logos licensed to us, and other commercial symbols that may be created in the future.

Our FC Affiliate owns the following Mark, which was filed for registration on the Principal Registry of the United States Patent and Trademark Office (USPTO):

Registration Number	Description of Mark	Register of the USPTO	Registration Date
7,205,620	 Word Mark: Est 1988 Floor Crafters Wood Tile Luxury Vinyl Carpet	Principal	October 31, 2023

We have a license with our FC Affiliate that permits us to sublicense the Marks to you through the Franchise Agreement. The term of the license is for 30 years and is automatically renewable for two additional 30-year terms. We must protect the goodwill of the Mark by monitoring its use by you and all other franchisees. If the license is terminated, our FC Affiliate agrees to license the Mark directly to you.

Except as stated above, there are presently no effective material determinations of, and there is no pending material litigation involving the USPTO, any trademark administrator of any state or federal court, any trial and appeal board, or of any federal or state court concerning a claim of interference, infringement, opposition, or cancellation involving any of the Marks. There is no pending federal or state court litigation regarding our use or ownership rights in any Marks material to the franchise. There are no infringing uses or previous superior rights known to us that can materially affect your use of the Mark in the state where our headquarters is located or any other state in which your Business is located. All required affidavits have been or will be filed.

Except for the license, no currently effective agreements significantly limit our rights to use or sublicense the use of the Marks listed in this section in any manner material to the franchise.

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You will notify us in writing of any possible infringement on the Marks, any component of the Proprietary Information, or the use by others of the System or any portion of the System that may be the same as, or confusingly similar to those used by us. You acknowledge that our FC Affiliate and we have the right, in our sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use of the Marks, the System, or the Proprietary Information. We may commence or prosecute such action in our name and may join you as a party to the action if we determine it to be reasonably necessary for the continued protection and quality control of the Marks, the System, and each component of the System. You have no right to demand we prosecute any claim against the alleged infringer, and you are denied the right to prosecute any such claim unless we specifically allow such right in writing. You must cooperate with us in any way necessary in the event of such an infringement. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We have no obligation to defend or indemnify you if you violate the terms of the Franchise Agreement.

If we, in its sole discretion, determine it is necessary to modify or discontinue the use of any Marks or to develop additional or substitute marks, you will, within a reasonable time after receipt of written notice of such modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

We have secured the following Internet domain name: www.FloorCraftersUSA.com. Other domain names may be added at our discretion.

Your usage of the Marks and any goodwill you establish is to our exclusive benefit, and you retain no rights in the Marks either during the term of the Franchise Agreement or on the Transfer, termination, or expiration of the Franchise Agreement.

You may not use the Marks as a part of any corporate or trade name or use any trade name, trademark, service mark, emblem, or logo other than the Marks in the operation of your Business unless we specifically approve the same, which approval may be granted or denied for any reason or no reason. You must prominently display the Marks in the operation of the Business and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or as required under applicable law. You must identify yourself as the owner of your Business by placing your name on the Business and on all checks, invoices, receipts, contracts, and other documents that bear any of the Marks, and on all printed materials, your name must be followed by the phrase: “An independently owned and operated franchisee of “Floor Crafters” or words to that effect.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents or copyright registrations.

We do claim common-law copyright protection for our Manuals and related materials. We also own “Proprietary Information” (Franchise Agreement, Article 1), including the methods, techniques, formats, specifications, and procedures for operating the Business, the System, and the know-how necessary to operate your Business.

We will disclose certain elements of the Proprietary Information to you during the training programs, seminars, and conferences through the Manuals and guidance furnished to you during the term of the Franchise Agreement. These materials are considered proprietary and confidential, are our property,

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and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any copyrighted materials whenever we deem appropriate.

No agreements in effect significantly limit our or your right to use any of the copyrighted materials. There are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress), or any court pertaining to or affecting any of our copyrights discussed above.

No infringing uses are known to us that could materially affect your use of the Proprietary Information. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We have the right to control any administrative proceedings or litigation involving our System or the copyrighted materials. If you learn of any claim against you for infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We will take the action we deem necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims. We have no obligation to defend or indemnify you if the claim against you is related to your use in violation of the Franchise Agreement.

If you learn of or believe that any other person or entity is using our Marks, any component of the System, or any of our copyrighted materials without our permission, you must immediately notify us in writing. We will take any action that we deem appropriate.

If we, in our sole discretion, determine it necessary to modify or discontinue the use of any portion of the System or the Proprietary Information or to develop additional or substitutes for any component, you will, within a reasonable time after receipt of written notice of such modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

You also agree that the Proprietary Information is disclosed to you solely on the conditions (among others) that you: (1) not use the Proprietary Information in any other business or capacity; (2) maintain the absolute confidentiality of the Proprietary Information during and after the term of the Franchise Agreement; (3) not make unauthorized copies of any portion of the Proprietary Information disclosed in written form; and, (4) adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Proprietary Information, including without limitation, restrictions on disclosure thereof to employees of the Business and the use of nondisclosure and non-competition clauses in employment agreements with such persons.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Principal Operator, Designated Manager, or you must personally participate in the direct day-to-day operation of your Businesses. Your personal participation in the day-to-day operations of each Business is always recommended. The Principal Operator is required to own 1% or more of the equity interests in the franchisee to operate the Business day-to-day. The Designated Manager is not required to own any interest in you. Your Principal Operator and Designated Manager must have passed our training. Your Designated Manager may be required to sign a non-disclosure and non-competition agreement. We do not have such a form now, so we cannot include it here.

If you purchased franchise rights through a business entity or convert to a business entity, your Principal Operator, all equity owners, and, if we determine it necessary, any officer, director, manager, or

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member may be required to sign a non-disclosure agreement. Your Principal Operator and any equity owners of your business entity must sign our then-current form of personal guaranty (the current form of which is found at Exhibit 3 of the Franchise Agreement) in which each guarantor agrees to assume, discharge, pay, and perform all obligations of the Franchisee under the Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell all products and services approved by us and specified in the Manuals and any periodic updates. You may not offer for sale any products or services not specifically approved by us in writing, and you may not use the Business for any purpose other than the operation of the Business and the sale of our authorized products or services.

We may add to, delete from, or modify the products and services offered in the Business. There are no limitations on our rights to do so. You must implement all additions and adhere to any deletions and modifications within a reasonable time after giving you written notice.

You are not required to follow our pricing suggestions.

You must serve Clients only within your Protected Territory. You must meet the annual Quota. If you breach the Franchise Agreement, including failing to meet the Quota, we may terminate your rights.

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.

This Table is applicable to all Awarded Franchise Agreements unless otherwise stated.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	4.2	120 full months.
b. Renewal or extension	4.2	Two 60-month terms if you meet certain conditions (each referred to as "Successor Franchise Rights." You will sign the then-current franchise agreement that may have terms and conditions (including the Royalty calculation) that are significantly different from the franchise agreement found in Exhibit B of this FDD, and will pay the Successor Franchise Fee for your Business as described in the Franchise Agreement. If you are awarded two or more Awarded Franchise Agreements, you may choose not to renew one, some, or all.

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Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	4.2	Written notice, receive our approval, full compliance, remodel, sign the then-current Franchise Agreement, sign a release, pay the Successor Franchise fee, and renovate the Business. The then-current franchise agreement may contain materially and significantly different terms from those of your current franchise agreement. The Royalties, advertising, and other fees may be adjusted to conform to those charged to new franchisees.
d. Termination by franchisee	10.10	If we have materially failed to comply with the terms of the Franchise Agreement and have failed to cure such noncompliance within 60 days after receiving written notice.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	10.1	We can terminate only if you commit any one of several listed violations. See subparagraphs (g) and (h) below. If you are awarded multiple Awarded Franchise Agreements, termination of one may be a cross-default that permits to terminate, one, some, or all Awarded Franchise Agreements.
g. "Cause" defined - curable defaults	10.2	Any breach of the Franchise Agreement not otherwise listed in Section 10.1. See (h) below. Ten-day right to cure.
h "Cause" defined-noncurable defaults	10.1	Non-curable defaults include the abandonment of business; bankruptcy or insolvency; surrender of control; accumulation of material judgments; criminal activity; violation of civil law; misrepresentation or omission in the application; unauthorized business or practices; failure to timely pay; misuse of Marks or Proprietary Information; failure to pay taxes; understatement of Gross Sales; unauthorized assignment; violation of covenants in the Franchise Agreement that contain their own cure rights; cross-default; failure to add new goods or services; failure to secure a Temporary Vehicle; loss of driving privileges and failure to find a replacement driver within five days.
i. Franchisee's obligations on termination/non-renewable	11.1	Cease operations; pay outstanding amounts; de-identify; return Proprietary Information; assign phone numbers; comply with restrictive covenants; cancel assumed names; contact vendors; honor restrictive covenants.
j. Assignment of contract by franchisor	9.1	No restriction on our right to assign.
k. "Transfer" by franchisee - definition	9.2	Includes any voluntary or involuntary, direct or indirect, assignment; transfer; gift; transfer because of death, divorce, or similar matters;

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Provision	Section in Franchise Agreement	Summary
		subfranchising; sale of the Business, its assets, or any interest in you; or by any other direct or indirect means.
l. Franchisor approval of transfer by franchisee	9.2 and 9.3	We must approve all transfers.
m. Conditions for franchisor approval of transfer	9.3	Transferee qualifies, you are in full compliance with the Franchise Agreement, all amounts due from you are paid in full, all reports have been submitted, appropriate written notice is submitted, the transferee attends training, the transfer fee is paid, the then-current franchise agreement and general release are signed, and we agree using our Reasonable Business Judgment.
n. Franchisor's right of first refusal to acquire franchisee's business	9.6	We have the right to match any offer.
o. Franchisor's option to purchase franchisee's Business	12	We may, but are not obligated to buy all or a portion of the assets of the Business for fair market value.
p. Death or disability of franchisee	9.5	Franchise must be assigned to an approved buyer within 180 days.
q. Non-competition covenants during the term of the franchise	15.1	Subject to state law, no involvement in a "Competing Business" (Franchise Agreement, Article 1), which is a business that receives 5% or more of its Gross Sales from operating a mobile or brick-and-mortar flooring business.
r. Non-competition covenants after the franchise is terminated or expires	15.2	Subject to state law, no Competing Business for 36 full months from the date the Franchise Agreement expires or is terminated within your Protected Territory, the protected territory of any other company-owned, Affiliate-owned, or franchisee-owned business, or within 10 miles of the perimeter of your Protected Territory or the perimeter of any other company-owned, Affiliate-owned, or franchisee-owned protected territory.
s. Modification of the agreement	18.2	No modifications are permitted unless in writing, dated, and signed by all parties. The system is subject to change, which you may be required to adopt.
t. Integration/ merger clause	18.1	Subject to state law, only the terms of the franchise agreement and exhibits, and addenda are binding.

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Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	16	Other than situations specified in the Franchise Agreement, mediation and then arbitration in the city in which our then-current headquarters is located (currently Boulder, Colorado).
v. Choice of forum	16.4	Subject to state law, the state in which our then-current headquarters is located (currently, Colorado).
w. Choice of law	16.4	Subject to state law, the law of the state where our then-current headquarters is located at the time.

Item 18

PUBLIC FIGURES

We currently do not use any public figures to promote the System. No compensation or other benefit is given or promised to any public figure arising from either the use of the public figure in the name or symbol of the Franchise or the endorsement or recommendation of the Franchise by the public figure in advertisements. There are no public figures involved in our management.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

In April 2020, our FC Affiliate transitioned its operations from a brick-and-mortar floor-covering store to a mobile showroom concept, which is substantially similar to the one offered here. The historical financial performance representations made here are based on the calendar years 2023, 2024, and 2025. We had two franchisees open in the middle of 2025. As their numbers cover less than 12 months, they have not been included in this Item 19

Our FC Affiliate's territory covers approximately Boulder and Broomfield Counties, Colorado. The most recent census shows that Boulder and Broomfield Counties encompass approximately 219,000 Dwellings (which is the most recent data from 2024-2025). Though our FC Affiliate concentrates its business in Boulder County, it is not subject to any territorial limitation.

The table below represents the FC Affiliate's "Gross Sales." "Gross Sales" means the total of all revenue and income from the sale of all goods and services and related items sold to your Clients through the Business, whether received in cash, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. To the extent that you have collected them, you may deduct from

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Gross Sales all sales tax or similar taxes that, by law, are chargeable to Clients. You may also deduct from Gross Sales the amount of any documented refunds, returns, and allowances. It also shows their "Gross Profit." "Gross Profit" means the Gross Sales minus the "Cost of Goods Sold." Cost of Goods Sold represents the cumulative total of the direct costs incurred in delivering the services and flooring to the Client. It includes the cost of the carpet or other flooring materials, the direct labor cost associated with selling and then installing the flooring, and other direct expenses to the extent that they can be determined. All installers used by our FC Affiliate are independent contractors and not employees. It is expected that you will do the same in your Business. Our FC Affiliate now pays and will pay the same amount as you for flooring supplies such as carpet and wood-based products. This may change at any time in the future without notice to you.

HISTORICAL DATA (All figures rounded to the nearest dollar)

Reporting Period (Calendar Year)	Gross Revenue	Cost of Goods Sold	Gross Profit	Gross Profit Percentage
2023	$3,002,293	$1,731,811	$1,270,580	42%
2024	$2,067,310	$1,168,975	$898,335	43.5%
2025	$2,433,670	$1,304,976	$1,128,694	46%
TOTAL	$7,503,273	$4,205,762	$3,297,609	44%
AVERAGE	$2,501,091	$1,401,920	$1,099,203	44%

Our FC Affiliate is not subject to a franchise agreement or Multi-Franchise Agreement Addendum and will not pay us the fees identified in this disclosure document, including Royalties, Digital Marketing Startup Fee, Digital Marketing Ad Spends, Market Management Fees, Local Advertising Administrative Fees, late fees, and default interest, and is not limited to a certain territory. Similarly, it is not subject to meeting any Vehicle requirements (though it currently owns and operates a Vehicle that substantially meets our standards) and is not subject to the Quota. Our FC Affiliate has been open for more than nine years, and its principals have over 30 years of experience in the flooring sales and installation business, which may be substantially greater than your experience.

Your Gross Sales depend on a wide range of factors, including the location of your Protected Territory, competition, consumer demand, general market conditions (including local, statewide, or national emergencies that may affect your business), and your marketing skills and sales efforts.

Gross Profit will depend on the above and other factors such as your cost of employees and contractors, the flooring type (wood products vs. carpet, for instance), and the fees charged to you for installation, and other factors.

Your individual results may differ. There is no assurance that you'll earn as much.

You should conduct an independent investigation of the risks, costs, and expenses you will incur in operating your franchised business. You should carefully read and consider the explanatory notes provided above.

Written substantiation of the data used in preparing these data will be made available to you upon reasonable request.

Except as stated here, 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

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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 Shaun Bezuidenhout at Floor Crafters USA Corp, 1188 Grove Court, Louisville, Colorado 80027, (720) 699-7230, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
for the years 2023 through 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the end of the Year	Column 5 Net changes
Franchised	2023	0	0	0
	2024	0	2	+2
	2025	2	6	+4
Company Owned*	2023	1	1	0
	2024	1	1	0
	2025	1	2	+1
Total	2023	1	1	0
	2024	1	4	+2
	2025	3	8	+5

* "Company-Owned" includes the Business owned by our FC Affiliate

Table No. 2
Transfer of Outlets From Franchisees to New Owners (Other than the Franchisor)
for the years 2023 through 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2023	0
	2024	0
	2025	0
Totals	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchise Outlets
for the years 2023 through 2025

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Column 1 State	Column 2 Year	Column 3 Outlets at the start of the year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operation - other reasons	Column 9 Outlets at the End of the Year
Colorado	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Total	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	4	0	0	0	0	6

Table No. 4
Status of Company-Owned Outlets
for the years 2023 through 2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Fold to Franchisees	Column 9 Outlets at the End of the Year
Colorado*	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	1	0	0	0	2

*** Includes FC Affiliate-Owned Business**

Table No. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2025

Column 1 State	Column 2 Agreements Signed, But Outlets Not Opened	Column 3 Projected New Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In The Next Fiscal Year
Colorado	0	10	0
TOTALS	0	10	0

Exhibit D lists all current franchisees and their contact information as of December 31, 2025. Exhibit D also contains the name, city, state, and the 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 has not communicated with us within ten weeks of the issuance date of this disclosure document.

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

We have not entered into any confidentiality agreements with franchisees during the prior three years. In some instances, current or former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Exhibit F lists, to the extent known, the names, addresses, telephone numbers, e-mail addresses, and Web addresses of each trademark-specific franchisee organization associated with the franchise system being offered, which we have created, sponsored, or endorsed. This Exhibit also lists the independent franchisee organizations that have asked to be included in this disclosure document.

Item 21

FINANCIAL STATEMENTS

Attached at Exhibit G are our audited financial statements for 2023, 2024 and 2025, ending December 31 respectively.

Item 22

CONTRACTS

The following franchise-related contracts are attached as exhibits to this disclosure document:

Franchise Agreement - Exhibit B.

Exhibits in Franchise Agreement

1 Statement of Ownership
2 IFF, Franchised Location and Protected Territory
3 Guaranty
4. Collateral Assignment of Contact and Electronic Information
5. General Release
6. State Specific Addenda
7. Form of SBA Amendment
8. Closing Acknowledgement

Multi-Territory Addendum - Exhibit B-1

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Item 23

RECEIPT

The Receipt is found at the end of this disclosure document.

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EXHIBIT A

NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES AND REGISTERED AGENTS IN STATES

The following is a list of state administrators responsible for registration in these states. We may register in one or more of these states.

California
Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104

Commissioner of the Department of Financial Protection and Innovation
320 West Fourth Street, Suite 700
Los Angeles, California 90013

Commissioner of the Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities and Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8299

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Hawaii
Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

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

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Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, Maine 04333

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

Michigan
Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, Sixth Floor
Lansing, Michigan 48909

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

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, Nebraska 68509

New York
Bureau of Investor Protection and Securities
New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005

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North Carolina
Secretary of State
Securities Division
Old Revenue Complex
2 South Salisbury Street
Raleigh, North Carolina 27601

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor
Department 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Department of Business Regulation
1511 Pontiac Avenue, Building 68-2
Cranston, Rhode Island 02920

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, South Carolina 29201

South Dakota
Division of Insurance
Securities Regulations
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, Texas 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, Utah 84114-6704

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219

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Washington
Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200

Wisconsin
Administrator of the Division of Securities
4822 Madison Yards Way
Madison, Wisconsin 53705

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agents for the service of process under the applicable state laws. We may register in one or more of these states.

California
Commissioner of the Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104

Commissioner of the Department of Financial Protection and Innovation
320 West Fourth Street, Suite 700
Los Angeles, California 90013

Commissioner of the Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834

(866) 275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities and Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8299

Hawaii
Commissioner of Securities
Department of Commerce and Consumer Affairs Business
Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

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

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Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

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

Michigan
Michigan Department of Commerce
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Minnesota
Minnesota Commissioner of Commerce
Minnesota Department of Commerce
85 Seventh Place East, Suite 280
St. Paul, Minnesota 55101

New York
New York Secretary of the State
99 Washington Avenue
Albany, New York 12231

North Dakota
North Dakota Securities Department
State Capitol, Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505-0510

Rhode Island
Department of Business Regulation
1511 Pontiac Avenue, Building 68-2
Cranston, Rhode Island 02920

South Dakota
Division of Insurance
Securities Regulations
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Virginia
Clerk, State Corporation Commission
1300 East Main Street, First Floor

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Richmond, Virginia 23219

Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road SW
Olympia, WA 98501

Wisconsin
Administrator of the Division of Securities
4822 Madison Yards Way
Madison, Wisconsin 53705

REGISTERED AGENT IN COLORADO

Floor Crafters USA Corp
Graham Whitaker
2228 Cliffrose Lane
Louisville, Colorado 80027
(720) 699-7230

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EXHIBIT B

FRANCHISE AGREEMENT

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FLOOR CRAFTERS USA CORP

FRANCHISE AGREEMENT

Floor Crafters USA Corp

1188 Grove Court
Louisville, Colorado 80027
(720) 669-7230
Shaun@FloorCraftersUSA.com
www.FloorCraftersUSA.com

THIS CONTRACT IS SUBJECT TO ARBITRATION

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Exhibit 5 **General Release**
Exhibit 6 **State Specific Addenda**
Exhibit 7 **Form of SBA Amendment**
Exhibit 8 **Closing Acknowledgement**

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FLOOR CRAFTERS USA CORP
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Franchise Agreement**" or "**Agreement**") is made on the "**Effective Date**" (defined below) between FLOOR CRAFTERS USA CORP, a Colorado corporation, referred to as "**Floor Crafters**," "**Franchisor**," "**we**" or similar pronouns, and _____ (**Franchisee**), individually or collectively as "**Franchisee**," "**you**," or similar pronouns.

RECITALS

Franchisor operates and has the right to license a system and business program for selling flooring, including carpet, hardwood, and synthetic flooring, to "**Clients**."

Franchisee desires to enter into this Franchise Agreement for the right to use the "**Marks**" and the "**System**" (as defined below).

NOW, THEREFORE, in consideration of the Recitals and other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the Parties agree as follows:

COVENANTS

ARTICLE 1

DEFINITIONS AND GRANT OF FRANCHISE LICENSE

1.1 Definitions

In addition to definitions found elsewhere in this Franchise Agreement, the following terms have the meanings stated below.

"Affiliate" means Floor Crafters Boulder, LLC (**FC Affiliate**). We may have other "**Affiliates**," and you may be required to work with them.

"Applicable Laws" means that, subject to our jurisdictional, venue, and choice of law rights in Article 16, the rules, regulations, ordinances, statutes, rulings, orders, or the like that apply to the operation of your Business.

"Business" means the business you will operate under this Franchise Agreement.

"Business Management Software" means the then-current online software program you must use to manage your Business's operation, including estimating, dispatching, and the like.

"Business Management Software License Fee" means the then-current monthly license fee our approved vendor charges for access to the Business Management Software.

"Change of Control" means that (i) the natural person franchisee takes on a partner regardless of whether such partner is in control; (ii) a natural person franchisee converts to a business entity franchisee and then delivers more than 49% of the equity interest to another Person(s); (iii) a business entity franchisee

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takes on any number of equity partners and delivers 49% or more of the equity interest to such Persons; (iv) through the Transfer of so much of the equity interests equal 49% or more to a Person other than you; (v) by a Transfer of any equity interest to a voting agreement, voting trust, or the like; or (vi) you in any manner delivers control of the day-to-day operations of the Business to a Person who we have not first approved.

"Claims" has the meaning given to that term in Article 14.

"Client" means each Person who uses the services of your Business. **"Client List"** means the list of clients who use your Business's services and whose personal information you have captured through your Computer System.

"Competitive Business" means the operation of a business that receives 5% or more of its Gross Sales from the operation of a mobile or brick-and-mortar flooring business.

"Computer Hardware" means the then-current computer hardware we require of you (including the cellular-data capabilities) as more fully described in the Manuals.

"Computer Software" means the then-current software packages we require you to have, including the Business Management Software, QuickBooks Online Plus, and Microsoft 365. The QuickBooks and Microsoft software may be referred to as the "**Off-The-Shelf Software**."

"Computer System" means the then-current configuration of Computer Hardware and Computer Software we require you to own, purchase, or lease.

"Compliance" means you (i) are current in all respects under this Franchise Agreement and will be current at the time you and we execute any document or take any action that requires Compliance; and (ii) have received written notice of a curable breach from us no more than three times during the Initial Term, and no more than one time during any Successor Franchise Term.

"Digital Marketing Ad Spend" is our then-current monthly fee charged for the Digital Marketing Program (to begin with the first month after the Grand Opening Marketing has been completed), which is currently paid to our approved vendor and will be used to continue purchasing various ads on your behalf under the Digital Marketing Program. We reserve the right to have a different approved vendor, an Affiliate, or us perform these duties at any time.

"Digital Marketing Program" includes the initial setup, creation, activation (as needed), and ongoing maintenance, implementation, and management of each franchisee's email accounts, website, search engine optimization (**SEO**) strategies, email marketing efforts, and various pay-per-click digital media accounts, including Facebook®, Instagram®, and Google® My Business. The program also encompasses managing "**Paid-Search Sites**" activities, which connect clients with the appropriate franchisee in their local area and, at our discretion, launching additional online advertising campaigns. The Paid-Search Site operations and social media channels mentioned above are collectively referred to as the "**Social Media Platforms**."

"Digital Marketing Program Startup Fee" means our then-current fee used to initiate the startup of the Digital Marketing Program, the creation of a website on our landing page, and to activate the then-current Business Management Software without our approved vendor.

"Default Interest" means interest of 1.5% per month, compounded monthly, except the Default Interest rate will never be greater than is permitted under Applicable Law in your state.

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"Designated Manager" means the person besides your Principal Operator and you who has received our training and is authorized to operate your Business from day to day. The Designated Manager need not be an equity owner.

"Due Date" means the date by which all Royalties and other fees due to us must be available in your account from which (i) the EFT withdrawal is made; (ii) the date on which we will debit your credit card for such amounts; or, (iii) the date that any other collection effort will be made as more fully described in Article 3.

"Dwelling" means a single-family residential housing unit that may be a condominium, townhome, duplex, detached home, or similar residential living space.

"Effective Date" is the date we both sign this Franchise Agreement. There is no contract between us until that date, regardless of the order in which signatures were obtained.

"EFT" refers to the electronic transfer of funds from your bank to us.

"Event of Default" means any default under Sections 10.1 through 10.3 of Article 10.

"Fair Market Value" means the value that a reasonable person under no duress or obligation would pay for the furniture, fixture, equipment, or item sold by a seller under no duress or obligation. If Franchisor and Franchisee do not agree on the Fair Market Value, it will be established by an appraisal. The appraisal will be done at our expense by an independent and disinterested appraiser selected by us, whose decision will be final and binding. No goodwill will be considered when valuing an item.

"Fixed Minimum Royalty" means the amount of $1,000 per month collected during the first 12 months of operations (after the Opening Date) that will be paid if your Percentage Royalties during each of the 12 months do not exceed $1,000. This is increased to $2,000 per month (beginning with the thirteenth month after the Opening Date), which is paid if the monthly Percentage Royalty calculation results in an amount of $2,000 or less.

"Force Majeure" means that except for monetary obligations that are due regardless of the existence of an event of Force Majeure, or as otherwise specifically provided in this Franchise Agreement, if either of us is delayed or prevented from the performance because of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive laws or regulations, riots, epidemic, pandemic, or similar county, statewide, national or international health emergency, insurrection, war, or other causes beyond the Party's reasonable control, then performance will be excused for the shorter of 45 days from the date of the inability to perform or the period of the delay.

"Franchise Agreement" means this Franchise Agreement, including all Exhibits that are also attached and any amendments, addenda, or the like that may be added later.

"**Franchise Disclosure Document**" or "**FDD**" means the disclosure document that was delivered to you at least 14 calendar days before you signed this Franchise Agreement or paid any money to the Franchisor.

"Franchised Location" means your home office address, Business leased office address, or Warehouse address, as applicable, which must be located within your Protected Territory. We have no criteria for the office(s) or Warehouse configuration or lease terms.

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"Franchisee" means you and all "Franchisee Parties." Each term may be used interchangeably to refer to the other. The pronoun "you" (and all similar pronouns) means the Franchisee and all Franchisee Parties.

"Franchisee Parties" means your Principal Operator, any Designated Manager, any Guarantor, you, any officers, directors, managers, members, and equity owners of a business entity, your family members that actively participate in the operation of your Business, any agents, servants, employees and all others in active concert or participation with you in the operation of your Business. The reference to a Franchisee Party will also refer to you as the Franchisee and vice versa.

"Franchisor" means the entity identified as the Franchisor and also includes any predecessor or parent (if applicable) and our shareholders, directors, officers, managers, members, employees, and agents, all of our successors and assignees, and all others whose conduct is charged to us.

"Governmental Authority" means any court, municipal, county, state, or federal entity that has jurisdiction over the operation of your Business or You.

"Grand Opening Marketing Program" means the marketing program provided by our approved vendor on your behalf. It will cover the costs of creating and distributing printed mailers, electronic advertising on Social Media Platforms, and similar grand opening advertising in your Protected Territory.

"Grand Opening Marketing Program Fee" means the then-current fee you pay our approved vendor to administer the Grand Opening Marketing Program.

"Gross Sales" means the total of all revenue and income from the sale of all goods and services and related items sold to your Clients through the Business, whether received in cash, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. To the extent that you have collected them, you may deduct from Gross Sales all sales tax or similar taxes that, by law, are chargeable to Clients. You may also deduct from Gross Sales the amount of any documented refunds, returns, and allowances.

"Indemnified Parties" has the meaning given to it in Article 14 of this Franchise Agreement.

"Initial Franchise Fee" or "IFF" means the initial fee you pay us on the Effective Date.

"Initial Franchise Training" means the initial training offered to you under Article 7.

"Initial Minimum Royalty" means the amount of $1,000 per month for the first 12 months after opening, which is paid if the Percentage Royalty calculation results in an amount less than $1,000.

"Initial Term" has the meaning given to it in Article 4 of this Franchise Agreement.

"Interim Period" has the meaning given to it in Article 10.

"Internet" means a global computer network providing various information and communication facilities, consisting of interconnected networks using standardized communication protocols. For purposes of this Franchise Agreement, it includes the World Wide Web (as it may be expanded or changed at any time in the future), social media, such as Facebook, Twitter, Pinterest, Google Plus, or LinkedIn), blogs, vlogs, and similar communication platforms as they now exist or may be invented, discovered, or created in the future.

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"Involuntary Transfer" means any Transfer done or attempted without our approval, including a Transfer of any interest in this Franchise Agreement; a transfer of a substantial portion of the assets of your Business; any interest in your business-entity franchisee (except as permitted by this Franchise Agreement); a transfer or assignment of assets or interests as a result of insolvency or bankruptcy proceeding; the foreclosure of a lien or encumbrance against you, your Business or the assets of your Business; a taking, transfer or assignment as a result of a divorce or separation, or in the case of a business entity, any action by the equity owners or creditors the result of which is the loss of any equity or other interest in your or the Business; or through any other means over which you have no control, which was done in violation of Article 9, or over which you are unable to substitute a bond or other monetary instrument so to avoid such Involuntary Transfer.

"Late Fee" means our then-current late fee for failure to make payments timely. Our current fee now is $100 per incident plus Default Interest. We may increase the Late Fee at any time after giving you no less than 60 days' prior written notice.

"Local Advertising" means the local and digital advertising you place in your Protected Territory to attract Clients to your Business.

"Local Advertising Administrative Fee" means the then-current fee we charge per month if we decide to take over Local Advertising in your Protected Territory.

"Local Advertising Fee" means the then-current amount we require you to spend on Local Advertising, as set forth in Article 3. This amount may be a percentage of your Gross Sales, a fixed monthly amount, or a combination of the two, and may change at any time as permitted by this Franchise Agreement.

"Maintenance" refers to your requirement to maintain, repair, and replace the Vehicle as needed to ensure that it is always clean, safe, free of rust or body damage, and fully operational.

"Manual" or "Manuals" means the operations manuals, technical bulletins, or other written materials (whether hard copy or email, or electronic transmissions) that are delivered to you before you open for business and which the Manuals disclose the operating methods used in your Business.

"Marketing Management Fee" means the then-current monthly fee we charge to manage the back-office operations necessary to maintain your participation in the Digital Marketing Program. We reserve the right to have an approved vendor or an Affiliate perform these duties at any time.

"Marks" means all trademarks, service marks, trade names, logos, the trademarks, trade names, service marks, and logos that are licensed to us, and other commercial symbols, and includes our copyrighted materials and other intellectual and proprietary information as we may change or control the Marks or develop other Marks to identify for the public the source of services and products delivered by your Business.

"National Account" is one in which we solicit and secure the account of a contracting party that has locations in more than one territory, several locations in one protected territory, or other locations in areas not yet part of a protected territory.

"National Branding" has the meaning given to the term in Article 3.

"National Brand Account" has the meaning given to it in Article 3.

"National Brand Fee" has the meaning given to it in Article 3.

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"Opening Date" means the date by which you open for business. The Opening Date will be the earlier of the date you open for business or 120 days after the Effective Date of this Franchise Agreement.

"Paid-Search Sites" are ads (based on keyword searches and the like) placed on search engines that result in so-called "sponsored" advertising often seen at the top of many search-engine results pages.

"Party" or, as applicable, "Parties" means the Franchisor or Franchisee and all Franchisee Parties or the Franchisor, Franchisee, and all Franchisee Parties.

"Percentage Royalty" means a Royalty of 7% of the Gross Sales.

"Permanent Disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or does prevent the Principal Operator or you from supervising the management and operation of the Business for 120 days from the onset of such disability, impairment, or condition.

"Person" means a natural person or a business entity.

"Principal Operator" means the person authorized and designated by the business-entity Franchisee to receive our training, to operate your Business, and to act as the contact between us. The Principal Operator is required to own 1% or more of the equity interests in the franchisee to operate the Business day-to-day.

"Product Sample Update Package" means the package of replacement or additional samples you must purchase in January of each calendar year, as outlined in Article 2.

"Proposed Transfer" means the Transfer you present to us for review and approval under Article 9.

"Proposed Transferee" means the Person to whom you wish to Transfer an interest, as more fully described in Article 9.

"**Proprietary Information"** has the meaning given to it in Article 6.

"Protected Territory" means the geographic area within which you will operate the Business as more fully described in Article 2.

"Quota" has the meaning given to it in Article 2.

"Reasonable Business Judgment" means that our determination on a given matter will prevail even in cases where other alternatives are also reasonable so long as we intend to benefit or are acting in a way that could reasonably benefit any component of the System, the Marks, any one or more of the franchisees, or any other aspect of the System. Such decisions include matters that may enhance or protect the Marks and the System, increase Client satisfaction, increase the use of the services all franchisees offer, and matters that correspond with franchisee or Client satisfaction. We are not required to consider any franchisee's particular economic or other circumstances when exercising our Reasonable Business Judgment. Decisions made using our Reasonable Business Judgment will not affect all franchisees equally, and some may benefit while others do not. If Applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, you and we agree that such covenant will not imply any rights or obligations inconsistent with a fair construction of the terms of this Franchise Agreement.

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"Regional Advertising Program" has the meaning given to it in Article 3.

"Remedial Training" has the meaning given to it in Article 7.

"Remedial Training Fee" means the then-current fee we charge to deliver Remedial Training.

"Report Late Fee" is the then-current daily fee you pay if any report or other document due to us is not delivered on the date specified.

"Royalty" means and includes the monthly payment of the Percentage Royalty or the Fixed Minimum Royalty, as applicable and as more fully described in Article 3.

"Social Media Platforms" means the current and future internet-based Paid-Search Site ad locations and other systems we use for creating and distributing user-generated information and advertising on your behalf. Currently, the term includes platforms such as Facebook®, Instagram®, Google®, and YouTube® channels.

"Startup Package" means and includes your initial and replacement inventory of flooring samples, including carpet, hardwood, and synthetic flooring, marketing materials, including yard signs, marketing flyers, and similar materials, and paper products displaying our Marks, as well as the custom interior sample-storage racks and the custom-branded Vehicle wrap.

"Successor Franchise Fee" is $15,000.

"Successor Franchise Rights" has the meaning given to it in Article 4 of this Franchise Agreement.

"Successor Franchise Term" has the meaning given to it in Article 4.

"System" means, without limitation, our distinctive designs and trade dress; sales techniques and materials; signs; control systems, bookkeeping, and accounting methods; Vehicle décor and color schemes; uniform standards, specifications, and procedures for operations; quality control; training and ongoing operational assistance; the limited sublicense to use the Marks, advertising and promotional programs; and related benefits for use by all franchisees any component of which may be changed, improved, and further developed by us from time to time.

"Temporary Vehicle" has the meaning given in Article 2.

"Term" means the Initial Term or a Successor Term or the Initial Term and the Successor Term. If in doubt, Term means both the Initial Term and any Successor Terms.

"Transfer" has the meaning given to it in Article 9 of this Franchise Agreement.

"Transfer Fee" is the greater of $15,000 or 5% of the gross purchase price, fee, or any other thing of value quoted or offered to you by the purchaser in the transfer, purchase or any similar document delivered to you, but before any deductions, adjustments, prorations or the like to such gross purchase price, fee, or any other thing of value.

"Vehicle" has the meaning given in Article 2.

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"Voice over Internet Protocol" or "VoIP" is how phone services are delivered to the user through the Internet.

"Warehouse" means, if applicable, the space you store your purchased inventory, tools, Vehicles, and equipment. It must be located within your Protected Territory.

1.2 Grant of Franchise and Award of Two or More Franchise Agreements

a. We grant you, and you accept from us, the non-exclusive and limited right to use the System and Marks in connection with establishing and operating one Business at the Franchised Location.

b. You, your Principal Operator, and each equity owner will complete Exhibit 1. You agree that an updated Exhibit 1 will be furnished within 30 days of any change to ensure continued accuracy. Each Person who is or becomes a Principal Operator and each natural person who joins the business-entity Franchisee as an equity owner must sign our then-current form of guaranty. Exhibit 3.

c. Unless otherwise stated in this Franchise Agreement, you do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

d. If you are granted franchise rights under two or more franchise agreements (the **"Awarded Franchise Agreement" or "Awarded Franchise Agreements")** simultaneously, you will sign this form of franchise agreement for each. You will also sign the "**Multi-Franchise Agreement Addendum**" (**First Addendum**) found at Exhibit B-1 to the FDD. The terms of the First Addendum will prevail over any inconsistent terms of each separate Awarded Franchise Agreement.

1.3 Scope of Franchise Operations and Applicable Law

a. You must comply with your obligations under this Franchise Agreement, and you will continuously use your best efforts to promote and operate your Business. You will utilize the Marks, the Proprietary Information, and every component of the System to operate your Business.

b. You must sell all of the products and services approved by us and specified in the Manuals and any periodic updates incorporated into the Manual. You may not offer for sale any products or services not specifically approved by us in writing, and you may not use the Business for any purpose other than the operation of the Business and the sale of products approved by us.

c. You must obtain all licenses and permits required under the Applicable Law of your municipality, county, and state and comply with all federal laws applicable to your Business. You, and not we, are responsible for determining what licenses and permits are needed to operate your Business and for complying with Applicable Laws. Your failure to meet this Section's requirements may result in the termination of this Franchise Agreement without the right to cure.

1.4 Reasonable Business Judgment

a. We will use our Reasonable Business Judgment to exercise our rights, obligations, and discretion, except where otherwise indicated.

b. As part of its Reasonable Business Judgment and to respond timely to market conditions and the needs and wishes of Clients, we reserve the right, in our sole discretion, to vary any standard of the System, the Marks, or the Manuals.

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1.5 Reservation of Rights

An Affiliate, and we reserve the right, among others, to,

a. own, franchise, or operate businesses that are similar to your Business (and which use the Marks and the System) at any location outside of your Protected Territory;

b. retain ownership of and all revenue generated through National Accounts located in your Protected Territory;

c. use the Marks and the System to sell any products or services (which may be similar to those that you will sell) through any alternate channels of distribution within or outside of your Protected Territory. These alternate channels include the Internet and online flooring sales, sales to National Accounts, or wholesale sales to commercial businesses such as Ace Hardware®, Loew's®, or similar businesses. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason at all. We are not required to compensate you if we sell through alternate channels of distribution;

d. license others, either within your Protected Territory or in alternate channels of distribution, to use the Marks to service National Accounts;

e. license others, either within your Protected Territory or in alternate channels of distribution, to use other trademarks, trade names, service marks, or logos that are not the same as or confusingly similar to the Marks in the operation of a competing business;

f. purchase, or be purchased by, or merge, or combine with any other business, including a business that competes directly with your Business, wherever located, so long as the Marks of such competitive brand are not the same or confusingly similar;

g. acquire and convert to our System any businesses offering similar services and products, including businesses operated by competitors or otherwise operated independently, or as part of, or in association with any other system or chain, whether franchised or corporately owned and located within or outside of the Protected Territory so long as the Marks used are not confusingly similar; and,

h. reduce the size of one, some, or all of your Protected Territories if you breach one or more Franchise Agreements and fail to cure the same (if cure is granted); and

i. retain all rights not specifically granted to you.

j. Though we can use alternative channels of distribution within your Protected Territory to make sales of goods, items, and services associated with the System and the Marks, or associated with any other system or trademarks, service marks, trade names, logos, and the like, we have not done so as of the date of the FDD. We reserve the right to do so at any time without notice being given to you.

1.6 Other Covenants Relating to the Grant of this License

a. WE BOTH AGREE TO WAIVE THE RIGHT TO A JURY TRIAL OR BE AWARDED EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES IN ANY ACTION BROUGHT IN REFERENCE TO THE RELATIONSHIP BETWEEN YOU AND US. SEE ALSO ARTICLE 10.

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b. WE BOTH AGREE THAT EACH OF US IS LIMITED TO BRINGING ANY LEGAL CLAIM AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM OCCURRED. SEE ARTICLE 16.

c. THIS FRANCHISE AGREEMENT DESCRIBES THE TERMS AND CONDITIONS ON WHICH WE CURRENTLY OFFER FRANCHISES TO NEW FRANCHISEES. WE MAY OFFER FRANCHISES UNDER DIFFERENT TERMS AND CONDITIONS TO ENHANCE, BUILD, AND PRESERVE THE SYSTEM.

d. You covenant, represent, and warrant as follows, and acknowledge we are relying upon the following covenants, representations, and warranties in making our decision to enter into this Franchise Agreement with you:

i. You acknowledge that you have received and have read this Franchise Agreement and all Exhibits attached hereto. Specifically, we have advised you to seek out and use professional counsel of your choosing to interpret any terms, covenants, or conditions of this Franchise Agreement and advise on the relationship overall. It is your sole and exclusive obligation to obtain such counsel, and we do not provide any legal, financial, or other counsel about this Franchise Agreement.

ii. You have adequate funding to purchase and operate your Business and, as a result, are financially capable of undertaking the risks involved in opening and operating your business.

iii. All statements made by you in writing in connection with its application for this Franchise were, to the best of its knowledge, true when made and continue to be true as of the Effective Date.

iv. You are not a party to any litigation or legal proceedings except as specifically disclosed by you to us in writing before you sign this Franchise Agreement.

v. You and your equity owners agree to comply with and assist us to the fullest extent possible in our efforts to comply with **"Anti-Terrorism Laws"** as defined below. Specifically, your equity owners and you certify, represent, and warrant that, (A) none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws; (B) none are otherwise in violation of any of the Anti-Terrorism Laws; (C) none is listed in the Annex to Executive Order 13224; (D) each Person will refrain from hiring (or, if already employed, retain the employment of) any individual who is listed in the Annex; (E) each has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224; (F) you solely responsible for ascertaining what actions must be taken to comply with the Anti-Terrorism Laws, and you specifically acknowledge and agree your indemnification responsibilities under this Franchise Agreement apply to this subparagraph; and (F) any misrepresentation under this subparagraph or any violation of the Anti-Terrorism Laws by you constitutes grounds for immediate termination of this Franchise Agreement and any other agreement you have signed between any Affiliate and us.

vi. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations, and other regulations found at 31 CFR 515, 595, 597, and any laws which now pertain or which may in the future pertain to the matters of this subparagraph.

e. We do not furnish or authorize our salespersons to furnish oral or written earnings claims information within this document concerning the actual sales, costs, income, and or profits of a Business. Actual results will vary from unit to unit, and we cannot estimate the results of any particular franchise.

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f. An Affiliate and we do not now but may, in the future, receive rebates and material benefits from vendors with whom you are to do business. We may or may not share the rebates or material benefits in our sole discretion.

g. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

h. A Governmental Authority may require you to obtain one or more licenses or permits to operate the Business. It is your sole responsibility (and not ours) to determine what, if any, such licenses, or permits are required. To the extent that the same may be required, you must obtain them before opening.

ARTICLE 2

OPENING DATE, DEVELOPMENT, EXCLUSIVE TERRITORY, QUOTA, VEHICLE, AND RELATED RIGHTS AND OBLIGATIONS

2.1 Opening Date

a. You must have your Business open no later than the Opening Date.

b. We may extend the Opening Date for a reasonable time in the event factors beyond your reasonable control (such as failure to receive goods in a timely fashion) prevent you from meeting the deadline, and you request an extension of time from us at least 15 days before the end of the Opening Date.

2.2 Protected Territory and Quota

a. Before signing the Franchise Agreement, you and we will agree on your "**Protected Territory**." Your Protected Territory will encompass approximately 100,000 Dwellings and will be defined by ZIP Codes, natural boundaries such as waterways or mountains, political boundaries such as city or county lines, or another manner that describes the area where the approximate 100,000 Dwellings are found. Your Protected Territory will not be a defined geometric shape or reflect any particular demographics. Your Protected Territory may contain slightly more or slightly fewer Dwellings, depending on the final perimeter upon which you and we agree. Your Protected Territory will be identified in Exhibit 2 to this Franchise Agreement.

b. Your IFF will not change (and there will be no refund) if the number of Dwellings increases or decreases. Your Protected Territory will not change regardless of whether the number of Dwellings increases or decreases.

c. The Protected Territory of another Franchisee, company-owned, or Affiliate-owned Business will not overlap your Protected Territory.

d. You may sell your products and provide all other services offered through the Business only within your Protected Territory.

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e. So long as you have complied with this Franchise Agreement, we will not locate a company-owned or Affiliate-owned business in your Protected Territory, will not license another franchisee to operate a Business within your Protected Territory, and will not decrease the size of your Protected Territory.

f. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands we control.

g. You are required to meet a quota (Quota).

i. Beginning with the calendar year that begins on January 1 of the year following your Opening Date, your Gross Sales must be $200,000 per Protected Territory for that calendar year (ending December 31). For the second full calendar year after your Opening Date, your yearly Gross Sales must meet or exceed $300,000 for each Protected Territory, and for the third full calendar year, you must meet or exceed $400,000 in Gross Sales for each Protected Territory. After that, your Gross Sales must increase in each Protected Territory by a minimum of 10% per calendar year over the previous calendar year's Gross Sales until you reach $1,500,000 in annual Gross Sales. You must then maintain $1,500,000 in annual sales for each calendar year after that. Regardless of the date you open, the first calendar year will begin on January 1 of the year following your Opening Date.

ii. If you fail to reach the Quota in any calendar year for any Protected Territory, we may, in our sole discretion, offer Remedial Training, reduce the size of one, some or all of your Protected Territories, take other action short of terminating your franchise rights without terminating one, some or all Franchise Agreements, or terminate one, some or all Franchise Agreements, with the understanding that all remedies are cumulative and not exclusive, and may be a mixture of the above remedies (or other remedies available under this or other Awarded Franchise Agreements). Regardless of the fact that some or all Awarded Franchise Agreements are terminated, all covenants that by their nature must survive termination to remain enforceable, including all restrictive covenants, will survive termination and will remain enforceable

2.3 Franchised Location and Office Location

a. Your Franchised Location will be your home office addressed, leased business office address, or your Warehouse, at your choice, which must be located within your Protected Territory. The address of the Franchised Location will be stated in Exhibit 2.

b. We have no criteria for the interior or exterior finish of the offices or Warehouse, and we will not visit or approve your office(s) or Warehouse before you lease it. You may wish to install shelving, bins, and the like to hold inventory or tools, or improve the space in some other way.

c. You may relocate your Franchised Location or office(s) or Warehouse within your Protected Territory at any time. Once the move is complete, you must give us the new location's address.

2.4 Vehicle and Startup Package

a. You must purchase or lease our then-approved van from an approved vehicle dealer. (**Vehicle**). We may have a list of approved vendors, or you may choose the dealer. In that case, you must provide us with the dealer's name and information concerning the proposed Vehicle. The Vehicle must be new. We will review the Dealer and Vehicle and provide our approval within 10 days of receipt of all information. If you do not hear from us within that time, the Vehicle is approved.

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i. You must title and license the Vehicle and must insure it as required by Article 17. You must provide proof of insurance on the Vehicle before you open.

ii. You must maintain each Vehicle as needed to ensure that it is clean, safe, free of rust or body damage, and attractive. This may require you to replace the Vehicle or purchase other components found in the Startup Package from our approved vendor, an Affiliate, or us.

iii. If you are in an accident, you must notify us immediately, alert your insurance carrier, and begin repairs (or replace the Vehicle as determined by your insurer) as soon as practicable, but in no event later than two days after the loss. You will then lease a similar cargo van (**Temporary Vehicle**) in good mechanical condition and without body damage or rust that will be used until the Vehicle is again roadworthy. We must approve the Temporary Vehicle before you lease it, which approval will not be unreasonably withheld, conditioned, or delayed. In our sole discretion and at your expense, we may require you to obtain a magnetic sign or signs that display our Marks and information concerning your Business, which will be affixed to the side of the Temporary Vehicle.

iv. If your Vehicle is repossessed, you must replace it with a Temporary Vehicle that meets the requirements identified above within five days of the loss. Failure to do so may result in the termination of this Franchise Agreement without the right to cure.

b. Once you have leased or purchased the Vehicle, we will ship (and you will us pay our then-current handling, shipping, and insurance costs), and you will install the Startup Package, including the Vehicle wrap.

i. You will replace the components of the Startup Package as they wear out and must purchase the same from an approved vendor, Affiliate, or us

ii. No more often than once every five years, we may require you to update any components of the Startup Package with our then-current goods and items. You will pay us our then-current fees for handling, shipping, and insuring the same.

iii. If you are in an accident, you must notify us immediately, alert your insurance carrier, and begin repairs (or replace the Vehicle as determined by your insurer) as soon as practicable, but in no event later than two days after the loss. You will then lease a similar cargo van (**Temporary Vehicle**) in good mechanical condition and without body damage or rust that will be used until the Vehicle is again roadworthy. We must approve the Temporary Vehicle before you lease it, and we will not unreasonably withhold, condition, or delay this permission. In our sole discretion and at your expense, we may require you to obtain a magnetic sign or signs that display our Marks and information concerning your Business, which will be affixed to the side of the Temporary Vehicle.

iv. If your Vehicle is repossessed, you must replace it with a Temporary Vehicle that meets the requirements identified above within five days of the loss. Failure to do so may result in the termination of this Franchise Agreement without the right to cure.

v. If you lose the right to drive so you cannot operate a Vehicle, you must hire someone who can drive the Vehicle within five days of the date you lose the right to drive. If you fail to do so, we have the right to terminate this Franchise Agreement without the right to cure.

c. We may require you to lease or purchase a replacement Vehicle or Vehicles (that may be a different brand or type of vehicle than previously required), must fit out the interior, and must wrap it in our then-current package no more often than once every five years during the Initial Term, at the time you

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are awarded Successor Franchise Rights, and at the time we permit you to Transfer the Business. At that time, we may designate a source or sources from which the Vehicle, interior refitting, and wrap must be leased or purchased. We will give you no less than 60 days' written notice of your obligation to comply.

2.5 Inventory, Product Sample Update Package, Computer System, and Other Furniture, Fixtures, and Equipment

a. You must purchase all inventory from and fulfill all Client orders through our approved vendors, an Affiliate, or us, and no other source. You must purchase your replacement inventory of flooring and consumables (such as paper products bearing our Marks) from our approved supplier, an Affiliate, or us at the then-current cost or fee. We reserve the right at any time to change approved vendors after giving you no less than 60 days' prior written notice.

b. Beginning with January of the year following your Opening Date, and in January of each year after that, you must purchase from an Affiliate, an approved vendor, or us, updates to your inventory of flooring samples (**Product Sample Update Package**). You must incorporate the updated samples into your inventory and display them as you would any other samples. The cost you pay will depend on the volume of samples supplied. Our Affiliate, the approved vendor, or we may increase the cost for the updated samples at any time after giving you no less than 60 days' prior written notice.

c. You must own or purchase the Computer System we require and must obtain licenses for our then-current suite of Computer Software. Your Computer System must comply with all Payment Card Industry Data Security Standard (**PCI DSS**) requirements. You and not we are responsible for ensuring your system meets these requirements. The Computer System, including all Computer Software, must be fully operational before your Opening Date.

i. You must maintain high-speed Internet access to the Computer System, including cell service to your tablet, and use your best efforts to keep all equipment connected, powered on, and in good working order to ensure its continued operation.

ii. The Computer Hardware must have cellular data capabilities. This service may be obtained from any reputable source so long as such carrier supplies services to your entire Protected Territory.

iii. You are not required to have a Computer Hardware maintenance contract, but you must maintain the Computer System to ensure its continual operation. You are required to maintain the Computer Software with all patches and material upgrades that may come from the software manufacturer.

iv. When due, you will pay the then-current monthly Business Management Software License Fees, the Off-The-Shelf Software fees, and all other fees due to Computer Software vendors. A vendor may increase its fees at any time and in any amount.

v. We may require you to update (i) the Computer Hardware no more often than once every five years during each term of the Franchise Agreement; and (ii) the Computer Software no more often than once every two years. We may also require that the Computer System be updated when you Transfer your Business or when you are awarded Successor Franchise Rights. We retain the right, however, to change vendors for any component of the Computer System at any time, in which event updating will occur more often and may cost more.

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vi. We will have independent access to your Computer System at all times. There are no contractual limitations on our right to access this information. If your databases are passcode-protected, you will provide the code to us upon request.

d. You must own or purchase a cell phone of any make or model, so long as it can operate using VoIP. You must use our VoIP service provider and pay their current fees and costs associated with the service. We reserve the right to change vendors at any time after giving you no less than 60 days' prior written notice.

e. You will also need an all-in-one plain-paper printer, scanner, copier, and a credit card charge mechanism compatible with your Computer System.

2.6 National Accounts

a. We have the right to solicit, create, and sell our goods and services to National Accounts.

b. In such an event, we are not required to share the revenue generated by a National Account, even though it may be in your Protected Territory. We may, however, give you the option, in our sole discretion, to service the location or locations within your Protected Territory, in which case your Gross Sales will include such sales.

c. There is no guarantee that we will allow you this right, and we may grant it to some franchisees but not to others in our sole discretion and for any reason or no reason.

2.7 Approval Process for Other Goods and Services, and Regional Purchasing

a. You may wish to purchase a required good or service from a supplier that we have not previously approved. We may charge our then-current fee for this service (Item 6). We do not maintain written criteria for approving suppliers; thus, these criteria are unavailable to you or your proposed supplier. To obtain our approval, you must submit such information as we may reasonably require to evaluate the prospective supplier. We will evaluate the submitted information and provide written notice of our decision within 30 days. We may grant or deny approval for any reason or no reason. Other than as stated here, we have no other supplier approval process.

b. We may revoke the approval of alternative suppliers if we determine in good faith that the goods or services supplied no longer meet our quality standards. We will notify you if we revoke our approval of any suppliers, and you must immediately stop purchasing disapproved goods or services from such suppliers.

c. Though there is none at this time, we may, in the future, develop a regional purchasing cooperative in your area. Upon the creation of the same, you must participate in the program. Any item carried by the cooperative will be of the same quality as then required by us.

ARTICLE 3

FEES, ADVERTISING, REPORTING, and NEW LINES

3.1 Initial Franchise Fee and Other Fees Paid To Us Before You Open

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a. The IFF for the franchise rights granted under this Franchise Agreement is stated in Exhibit 2. Your IFF will not change if the number of Dwellings in your Protected Territory increases or decreases.

b. In addition to the above, you must purchase or pay for the following with the IFF,

i. the Startup Package; and,

ii. the Digital Marketing Program Startup Fee.

c. All initial fees paid to us and all purchases obtained from an Affiliate or us are payable in one lump sum, are earned upon payment, and are non-refundable unless otherwise stated in this Franchise Agreement.

d. If you fail to complete Initial Franchise Training, we have the right to terminate the franchise agreement (though all covenants that must survive termination to remain enforceable, including non-competition covenants and other restrictive covenants, will remain enforceable), and we will refund 50% of the IFF only.

3.2 Royalty

Beginning on your Opening Date, you will pay the greater of 7% of your Gross Sales (**Percentage Royalty**) or the "**Fixed Minimum Royalty**" As set forth in the table below. The Royalty structure may change if you are awarded Successor Franchise Rights.

Months in Operation	2 Units or Less ($)	3 Units ($)	4 Units ($)	5+ Units ($)
1–6	$-	$-	$-	$-
7–12	$700.00	$1,000.00	$1,300.00	$1,600.00
13–24	$1,000.00	$1,300.00	$1,600.00	$1,900.00
25–36	$1,300.00	$1,600.00	$1,900.00	$2,200.00
37–48	$1,600.00	$1,900.00	$2,200.00	$2,500.00
49–60	$1,800.00	$2,100.00	$2,400.00	$2,700.00
61+	$2,000.00	$2,300.00	$2,600.00	$2,900.00

3.3 Advertising and Advertising Fees

a. **Grand Opening Program**

You will pay our approved vendor the then-current Grand Opening Marketing Program Fee for the delivery of the Grand Opening Marketing Program, which will be used during the seven days before you open and in the 60 days after the Opening Date. This fee is due at least 45 days before your Opening Date, as we may direct. Failure to timely deliver such payment to our approved vendor is a material breach of this Franchise Agreement, which, after the passage of five days from the date you are notified in writing of such failure, will permit us to avail ourselves of any remedies granted under this Franchise Agreement without any additional right to cure.

ii. We make no guarantee to you or any other franchisee that advertising expenditures from the Grand Opening Marketing Program will result in sales or provide other benefits to you or any other franchisee directly or on a pro-rata basis. Some franchisees may receive more benefits from the advertising than will others. We assume no direct or indirect liability or fiduciary or other obligation to you

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concerning the Grand Opening Marketing Program.

b. **Digital Marketing Program and Fees**

i. Beginning with the first day of opening, you will pay the then-current minimum monthly Digital Marketing Ad Spend to our approved vendor, an Affiliate, or us through the use of a pre-approved credit card on file with them. This will be collected monthly on a date determined by our approved vendor.

ii. You are required to spend an annual minimum amount on Digital Marketing based on the number of units open, pursuant to the below table:

Number of Territories	Required Minimum Annual Digital Marketing Amount
1-2 Territories	$48,000
3-4 Territories	$60,000
5 Territories	$72,000
6 Territories	$84,000
7+Territories	$96,000

iii. You will also pay us the then-current monthly Marketing Management Fee beginning with the first month of operations. If you open on a day other than the first day of the month, this fee will be prorated for that month. This fee will be collected with your Royalties.

iv. We make no guarantee to you or any other franchisee that Digital Marketing advertising expenditures will result in sales or provide other benefits to you or any other franchisee directly or on a pro-rata basis. Some franchisees may receive more benefits from the advertising than others. We assume no direct or indirect liability or fiduciary or other obligation to you concerning the Digital Marketing Program.

v. We have the sole right to form, change, dissolve, and reinstate the Digital Marketing Program, the Marketing Management Fee, and Digital Marketing Ad Spends at any time after giving you no less than 60 days' prior written notice.

vi. We reserve the right to increase the Digital Marketing Ad Spend and Marketing Management Fee or change vendors for the same (including the change to an Affiliate or us) at any time and in any amount after giving you no less than 60 days' prior written notice.

c. **Local Advertising and Internet Advertising**

i. Beginning with the month following the end of your Grand Opening Marketing Program, you will spend our then-current minimum "**Local Advertising Fee"** on advertising in your Protected Territory. (**Local Advertising**). This is in addition to the Digital Marketing Ad Spends you pay.

ii. You must advertise the Business only within your Protected Territory unless regional or cooperative advertising is implemented or you get our permission to advertise outside the Protected Territory. You may serve only those Clients located within your Protected Territory.

iii. We must approve a copy of any advertising before it is used. The copy must be delivered to us no later than 30 calendar days before its insertion into any media. We have 15 days within

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which to approve. The copy is approved if we do not deliver a written notice within that time.

iv. An accounting of your Local Advertising Fee will be submitted to us within 15 days after the end of each calendar quarter, showing your expenditures, which can be averaged over that calendar quarter.

v. If you fail to spend the entire Local Advertising Fee in one calendar quarter, we will provide written notice to you, which will require that you make up the underpayment in the next calendar quarter, thereby increasing your total expenditure for the following quarter. The Local Advertising Administrative Fee is due to us only if you fail to make the minimum Local Advertising expenditures for two consecutive quarters, and we, in our sole discretion, exercise the right to take over your Local Advertising obligation. If we exercise this right, you will deliver the Local Advertising Fee and the Local Advertising Administrative Fee to us monthly with the Royalties. If we collect it, we will administer your Local Advertising obligation on your behalf and in your Protected Territory. If you are unable or unwilling to reassume control of your Local Advertising within four months after we take control of it, we have the right to avail ourselves of any remedies available under this Franchise Agreement, including terminating your franchise rights without the right to cure.

vi. You may not advertise on the Internet, initiate or participate on any Social Media Platforms, blog, vlog, participate in online forums, or use any similar social media that relates to your Business, the Marks, or the operation of your Business without our express written permission, which may be granted or denied for any reason or no reason.

vii. We may change the Local Advertising Fee at any time and in any amount after giving you no less than 60 days' prior written notice. You may spend more on Local Advertising if you wish.

d. **National Brand Fee**

i. We do not now, but we may at any time require all franchisees and you to participate in "**National Branding**" by paying a "**National Brand Fee.**" If we decide to create this program, we will notify you and give you no less than 60 days' prior written notice before implementing it.

ii. If the National Brand Fee is collected, it will be placed in an interest-bearing or non-interest-bearing (in our discretion) checking, savings, or any other account of our determination (**National Brand Account**). Any unused funds from one year will be carried over to the next. The National Brand Account is not a trust, and we assume no fiduciary duty in administering it. The National Brand Fees of all franchisees will be placed in the National Brand Account.

iii. Once implemented, we will administer the National Brand Account and the National Brand Fees in our sole discretion. The proceeds may be used for the creation, production, and placement of advertising reasonably intended to benefit some or all franchisees in any local, regional, or national medium and will pay in-house or outside agency costs and commissions, costs associated with the preparation of and presentation of an annual convention, creation, and production of the Internet, video, audio, and written advertisements, for the payment to us of costs related to administering the National Brand Account such as reasonable salaries, administrative costs, costs allocated to any conferences, travel expenses, and overhead, and for any other commercially reasonable purpose consistent with this paragraph. We may spend National Brand Fees on soliciting franchisees.

iv. We make no guarantee to you or any other franchisee that advertising expenditures from the National Brand Account will benefit you or any other franchisee directly or on a pro-rata basis. We assume no other direct or indirect liability or obligation to you concerning collecting amounts due to the National Brand Account or for maintaining, directing, or administering the Account.

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v. Upon your prior written request, we will make available to you no earlier than 120 days after the end of each calendar year an annual unaudited financial statement for the National Brand Account.

vi. Once implemented, we reserve the right to increase the amount of this fee at any time after giving you no less than 60 days' prior written notice.

vii. If implemented, we will have the sole right to form, change, dissolve, or reinstate the National Brand Fee at any time.

e. **Regional Advertising Program**

i. We reserve the right, upon 30 days' prior written notice to you, to allocate all or a portion of the Local Advertising Fee, Digital Marketing Ad Spend, or National Brand Fee to a regional advertising program (**Regional Advertising Program**) to benefit Businesses within a particular geographic area. We have the right to determine the composition of all geographic territories and market areas included

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in a particular Regional Advertising Program. If a region is formed, we will require all franchisees and company-owned Businesses within the region to participate. We will administer the Regional Advertising Program, but there will be no governing documents for any region. All advertising for the Regional Advertising Program will be prepared by a local, national, or international agency or us. Upon your prior written request, we will make available to you no earlier than 120 days after the end of each calendar year an annual unaudited financial statement for the Regional Advertising Program.

ii. If implemented, we intend for the Regional Advertising Program to be continual and perpetual, but we have the right at any time to change, dissolve, merge, or suspend (and subsequently reinstate) the Regional Advertising Program. We will not, however, close a Regional Advertising Program until all contributions and earnings have been used for the purpose for which they were collected.

f. **Advertising Council**

We do not now, but in the future may create an advertising council consisting of no more than 15 franchisees. We will determine the exact number of participants from time to time in our sole discretion. If created, the council members will be chosen from the top franchisees in terms of Gross Sales each year. The council will serve in an advisory capacity only. We may or may not create and maintain managing documents for the council. If created, we will have the sole right to form, change, dissolve, and reinstate the council at any time.

g. **Gift Cards and Loyalty Programs**

We do not now, but may in the future require all franchisees and you to participate in gift card, coupon, loyalty, or other customer incentive programs. We will give you no less than 60 days' prior written notice before implementation. If a gift card or loyalty program is implemented, and if you are awarded the right to open in several Protected Territories, you may be required to participate in such program in one, some, or all Protected Territories awarded to you at such additional expense as then determined.

3.4 Other Fees, New Technology, and New Lines

a. You may be required to pay our then-current Late Fee and Default Interest.

b. You will be charged the Successor Franchise Fee and the Transfer Fee as required.

c. You will pay our then-current fee for additional on-site or remote operating assistance, additional training, and Remedial Training.

d. If you require it, will may provide additional operating assistance at our then-current fee, which we may change at any time after giving you no less than 60 days' prior written notice.

e. We may, from time and in our sole discretion, assess other fees or costs during a Term of this Franchise Agreement. We will notify you of these fees and costs, and you will have 60 days within which to comply. Such fees may increase your costs to operate.

f. In addition to the above, we may require all franchisees and you to incur additional fees that respond to market trends, consumer preferences, and, after using our Reasonable Business Judgment. If we do this, you may incur additional expenses, costs, and fees, some of which may be due to an approved vendor, Affiliate, a third party for whom we collect the funds, or us. In reference to the identification of new fees, additional fees, the cost of new technology, or the imposition of other fees created to respond to market and other changes which are not specifically titled or for which no current fee is now charged, as

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we have no formula for determining if or when such changes may arise or in what amount the same will cost, we cannot quote a fee or formula here for determining or calculating the same. We will provide you with no less than 60 days' prior written notice before imposing any changes or fees identified in this paragraph.

g. We may charge our then-current fee to train additional personnel.

h. Other fees to be paid to an approved vendor, an Affiliate, us, or any other Person are identified elsewhere in this Franchise Agreement or the Manuals.

i. If assessed by your state, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, on our collection of the IFF, on the collection of Royalties and advertising contributions, and the collection of similar fees or costs.

j. You will pay the Report Late Fee for any report or other documentation that is delivered after the required date.

3.5 Calculation of Royalties and Other Fees, and Method of Payment

a. On or before the 5th of each month, You must submit, or Franchisor will access, your QuickBooks Profit and Loss Statement such that Franchisor can compute your Royalty fees owed and due based on Gross Sales. Failure to deliver the same is subject to the Report Late Fee and is a breach of this Franchise Agreement for which no other cure may be granted.

b. No later than ten days before the Opening Date, you will execute an authorization agreement for the withdrawal by EFT from your bank account of Royalties and all other fees due to us. We will reasonably cooperate with you (at no cost to us) to ensure this occurs.

c. At any time, we may require you to give us a credit card number, expiration date, and other information that is sufficient to allow us to debit for Royalties, advertising fees, or other fees or costs due to us, or we may require you to incorporate into your Business any other change we make to our method of collection. We will give you no less than 60 days' written notice before you must comply with such change.

d. All Royalties and other fees due to us must be deposited into your operating account no later than 2:00 p.m. local time at our then-current headquarters on the fourth business day following the month for which such fees were calculated. We will collect all Royalties and other fees due to us by sweeping your account on or after 3:00 p.m. local time at our then-current headquarters on the fifth business day. (**Due Date**).

e. If you fail to have sufficient funds in the account on the Due Date or otherwise fail to pay any Royalties or other fees due under this Franchise Agreement, you will owe the fees then due, plus the then-current Late Fee and Default Interest. You will not be required to pay interest at a rate greater than the maximum interest rate permitted by Applicable Law.

f. You acknowledge that this Section does not constitute our agreement to accept payments after the Due Date and does not infer a commitment to extend credit to or otherwise finance your Business's operation. Collecting any Late Fee or Default Interest and accepting any payments made after the Due Date will not diminish our right to any other remedies available under this Franchise Agreement, and all such remedies are cumulative.

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3.6 Application of Payments

a. Notwithstanding any designation by you as to the application of a payment, we will allocate payments made by you first to any Late Fees and Default Interest, then to any past due Royalties or other fees, and then to any obligations you have to any third-party vendors we pay on your behalf, then to the current Royalties and other fees owed to the Franchisor. This allocation method will not serve to postpone any payments due on any current or future Due Date.

b. We will also have the right, in our sole discretion, to allocate in the same manner as stated in this Section any payments or credits from third-party vendors delivered to us on your behalf.

c. To the extent necessary to carry out the intent of this Section, you appoint us as your attorney-in-fact for the sole purpose of allocating any such funds received. This power of attorney is coupled with an interest and will continue throughout the term of this Franchise Agreement, any extension thereof, and if applicable, after the termination of this Franchise Agreement, but in the latter case, only to the extent you still owe us money from the operation of your Business.

3.7 Other Reporting

a. You will deliver to us (i) within 15 days after the end of each calendar quarter, profit and loss statements, balance sheets, and trial balances prepared under generally accepted accounting principles, consistently applied, for such calendar quarter; (ii) within 60 days after the end of each fiscal year, a complete financial statement for your fiscal year, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with such other information in such form as we may require; and, (iii) within ten days after the end of the state sales tax reporting period, copies of all tax returns relating to sales at your Business. You will also submit additional records, reports, information, and data relating to the Business as we may reasonably designate, in the form, at times, and the places reasonably required by us. We have the right to change the required information we may require, and before requiring the same, we will provide you with reasonable written notice through a change to the Manuals. Failure to timely deliver the same is subject to the Report Late Fee.

b. The reports required under this Section may be unaudited. All reports you deliver must be signed and verified as being true and accurate by you or your principal financial or executive officer.

c. You grant us permission to release to your landlord, lenders, or prospective landlords or lenders and to disclose in our FDD, any financial and operational information relating to your Business or you.

3.8 Record Retention and Our Right to Audit

a. You agree to record all sales at the time of the sale in the Computer System, as the case may be. You agree to retain all computer records, charge account records, sales slips, orders, return vouchers, sales tax reports, and all of your other business records and related background material for at least three years following the end of the year in which the items were generated.

b. Our designated agents or we have the right to examine and copy your books, records, and tax returns at all reasonable times during business hours. We also have the right, at any time, to have an independent audit of the Business's books and records.

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i. If we discover a deficiency in your bookkeeping or accounting, we will give you written notice, and you will correct the same immediately.

ii. If an inspection reveals you underreported Gross Sales, you will immediately pay us the Royalties and all other fees calculated from Gross Sales by using the correct Gross Sales number, plus the Late Fees and Default Interest.

iii. If an inspection discloses an understatement of 2% or more, in addition to making the correct payments, you will pay the Late Fee and Default Interest and will also reimburse us for all costs and expenses relating to the inspection (including travel, lodging, and wage expenses and reasonable accounting and legal costs), and, at our discretion, must then submit audited monthly financial statements prepared at your expense, by an independent auditor we approve.

iv. If an inspection discloses an understatement of 4% or more, then in addition to the repayment requirements above (including Late Fees, Default Interest, and reimbursement), we may terminate this Franchise Agreement without a right to cure.

v. Should it be determined that any underreporting or inaccurate payment was made intentionally, we have the rights to the collection of fees, damages, and costs as stated above, and, regardless of the percentage that the underreporting or inaccurate payment relates to the correct numbers, we have the right to terminate this Franchise Agreement without any right to cure.

vi. All fees, costs, and damages described in this paragraph will be paid within ten days of your receipt of our bill. The preceding remedies are in addition to any other remedies we have under this Franchise Agreement and as provided at law and equity, as all remedies are cumulative.

ARTICLE 4

TERM AND SUCCESSOR FRANCHISE RIGHTS

4.1 Effective Date and Initial Term

a. This Franchise Agreement is effective on the Effective Date.

b. The Initial Term is for 120 full months from the Effective Date unless earlier terminated. If we are required by law to give you notice before the termination or expiration of this Franchise Agreement, and if we fail to do so, this Franchise Agreement will remain in effect until we have given the required notice. If the Initial Term begins on a day other than the first day of a month, the Initial Term will be extended by the number of days remaining in that month.

4.2 Successor Franchise Rights

a. At the end of the Initial Term, you have the option to request the right to be awarded up to two additional and successive 60-month terms (each being a "**Successor Franchise Term**" or jointly the "**Successor Franchise Terms**") by acquiring "**Successor Franchise Rights"** under the following conditions for each Successor Franchise Term:

i. You provide us with written notice of your request no later than 180 days before the end of the then-current Term.

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ii. You must be in Compliance with this Franchise Agreement at the time you apply for and are granted Successor Franchise Rights.

iii. You sign the then-current franchise agreement within 30 calendar days of the date that it was received, **with the understanding that the terms of such franchise agreement for each Successor Franchise Term may be significantly different from those found here or those found in the franchise agreement for the first Successor Franchise Term.**

iv. If necessary to comply with the then-current standards, you will replace the Vehicle, wrap, and all Startup Package components.

v. You sign the then-current form of General Release, a current copy of which is found at Exhibit 5.

vi. You pay the Successor Franchise Fee.

b. If granted, the new franchise agreement begins on the day following the end of the Initial Term or Successor Franchise Term. You must separately comply with the terms of this Section for each Successor Franchise Term.

4.3 Conditions of Refusal

We will not be obligated to offer you Successor Franchise Rights for either Successor Franchise Term if,

a. you are out of Compliance;

b. you failed to comply with any of the conditions necessary to obtain Successor Franchise Rights as described above; or,

c. Upon the occurrence of any of the events described above, you will not be granted Successor Franchise Rights, and we will give you written notice of the same within three business days after such decision is made.

4.4 Expiration at the End of a Term and Interim Term

a. Unless it is terminated earlier, or if you fail to elect to purchase continuing Successor Franchise Rights, or if you are denied Successor Franchise Rights, the then-current Franchise Agreement expires at midnight Local time at our then-current headquarters on the last day of the Initial Term or the then-current Successor Franchise Term.

b. If at the expiration of this Franchise Agreement you continue to accept the benefits of the Franchise Agreement, then in our sole option, we may treat this Franchise Agreement as (i) having expired as of the date of natural expiration of the then-current Term, in which case you will be operating the business without the right or permission and in violation of our rights; or (ii) continuing on a month-to-month basis (**Interim Period**) until one Party provides the other with written notice of such Party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of such written notice. During the Interim Period, all obligations under the then-current Franchise Agreement will remain in full force and effect as if the Franchise Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of the Franchise Agreement will take effect upon termination of the Interim

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Period. The rights under this Section do not apply in the event of a termination of the Franchise Agreement earlier than the natural end of the then-current Term.

ARTICLE 5

MANUALS and SERVICES PROVIDED TO YOU BY US

5.1 Manuals

a. We will provide you with one or more Manuals. You will comply with the Manuals as an essential aspect of your obligations under this Franchise Agreement, and your failure to comply will be considered a breach of this Franchise Agreement. The Manuals will be updated from time to time in written or electronic format, and you must comply with the changes identified in every update within the time provided in such updates.

b. The Manuals are the Franchisor's sole property and will be used by you only during the Term of this Franchise Agreement and in strict accordance with the terms and conditions of this Franchise Agreement.

5.2 Services Provided by Us Before Commencement of Operations

Before you open the Business, we will:

a. Designate your Protected Territory.

b. Deliver the Startup Package.

c. Offer Initial Franchise Training (Article 7).

d. Offer reasonable consultation on pre-opening operations matters.

5.3 Services Offered by Us During Operations

During the operation of the Business, we may:

a. Modify, update, or change the System.

b. If created, we may provide you access to local advertising materials.

c. Periodically advise you or offer guidance on other matters concerning the operation of the Business.

d. Provide additional training and support (in our discretion) on an as-needed basis and for the then-current fee.

e. Conduct quality control visits (both announced and unannounced), including a "secret shopper" (or similar) program.

f. If created, we may add new advertising methods for which there may be an additional fee.

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g. At such time in the future as we deem appropriate, we will hold an annual conference at which new ideas and other matters will be discussed.

h. You may ask for, or we may offer additional onsite or remote assistance during the operation of the Business. If you do, and we agree to provide it, you will pay our then-current fees, plus, if applicable, our travel, room, and board if we visit you.

i. Except for the assistance described in this Article or otherwise found in this Franchise Agreement, we are not required to offer any other pre-opening or post-opening help.

ARTICLE 6

MARKS, COPYRIGHTS, THE SYSTEM, and PROPRIETARY INFORMATION

6.1 Proprietary Information and Client Lists

a. You acknowledge that we will disclose proprietary matters, techniques, and business procedures to you that are necessary and essential to the operation of your Business, without which information you could not effectively and efficiently operate. You further acknowledge that such information was not known to you before you signed this Franchise Agreement.

b. Our **"Proprietary Information"** includes (i) Persons or other entities that were past or are now franchisees; (ii) Persons that are or have been Clients; (iii) the terms of and negotiations relating to past or current franchise agreements; (iv) the operating procedures of your Business; (v) the economic and financial characteristics of the System; (vi) the System; (vii) the Marks; (viii) the services and products offered your Clients; (ix) the National Accounts; (x) any common law or statutory copyrighted materials and the protection afforded as a result; (xi) telephone number(s), URL's, social media sites and email addresses used in your Business; and, (xii) the Client Lists. Our Proprietary Information may be added to or revised from time to time in our sole discretion.

c. In consideration of the time and effort that we have put into the System and its goodwill, and for other valuable consideration, you agree that we retain ownership and control of your Client List. You may use the Client List only in conjunction with the operation of the Franchised Business. Upon a Transfer or at the expiration or earlier termination of this Franchise Agreement, the Client List will be retained by us without the obligation to pay you.

d. During the Term of this Franchise Agreement and following the Transfer, expiration, or termination of this Franchise Agreement, you agree not to divulge, directly or indirectly, any Proprietary Information (including the content of the Client Lists) to any Person without our prior written consent which consent will be granted or denied for any reason or no reason. Nothing contained herein will be construed to require us to divulge any portion of the Proprietary Information except as is necessary for you to operate the Business.

e. You will disclose Proprietary Information only to your employees, agents, and representatives who must access it to operate the Business. You will obtain from each such employee, representative, or agent an agreement that such Person will not during employment, representation, or agency with you, or at any time after that, use, divulge, disclose, or communicate any of the Proprietary Information, directly or indirectly, in any form or manner, to any Person.

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f. You will use the Proprietary Information only as permitted by this Franchise Agreement and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement and our policies and procedures that we prescribe from time to time.

g. You acknowledge that we have the sole right to license (or sublicense) and control your use of every component of the Proprietary Information. You also acknowledge that you have not acquired any right, title, or interest in or to any component of the Proprietary Information and will not acquire any such interest in the future. You are granted the limited, non-exclusive license to use the same in the operation of Business as disclosed in this Franchise Agreement.

h. You will not copy any component of the Proprietary Information unless we authorize it in writing, which authorization may be granted or denied for any reason or no reason.

i. We reserve the right to require you (and each officer, director, shareholder, member, manager, and employee that holds a manager or above position) to sign a non-disclosure and non-competition agreement.

j. All goodwill associated with the Proprietary Information and any goodwill garnered by any component of the Proprietary Information as a result of the operation of your Business inures exclusively to our benefit.

k. You acknowledge that any failure to comply with this Article's requirements will cause us irreparable injury, and we will be entitled to obtain specific performance or an injunction against any violation of such requirements. You waive to the fullest extent permitted by Applicable Law any requirements for posting one or more bonds. If we are able to obtain equitable relief, and unless otherwise stated in this Franchise Agreement, the resolution of any claim made under this Section will be resolved using the alternative dispute resolution procedures identified elsewhere in this Franchise Agreement.

6.2 Marks

a. Our FC Affiliate owns the following Mark, which was filed for registration on the Principal Registry of the United States Patent and Trademark Office:

Registration Number	Description of Mark	Register of the USPTO	Registration Date
7,205,620	 Word Mark: Est 1988 Floor Crafters Wood Tile Luxury Vinyl Carpet	Principal	October 31, 2023

b. We have a license with our FC Affiliate that permits us to sublicense the Marks to you through the Franchise Agreement. The term of the license is for 30 years and is automatically renewable for two additional 30-year terms. We must protect the goodwill of the Marks by monitoring its use by you and all other franchisees. If the license is terminated, our FC Affiliate agrees to license the Mark directly to you.

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c. You have the right to use the Marks only in the operation of your Business and only for so long as you fully perform and comply with all of the terms, covenants, and conditions of this Franchise Agreement and other policies and procedures we prescribe from time to time.

d. No marks, logotypes, trade names, trademarks, or the like, other than those specifically approved by us, will be used in the identification, marketing, promotion, or operation of your Business.

e. Except as permitted in the Manuals, you will not use any of the Marks as part of an electronic mail address or on any sites on the Internet, and you will not use or register any of the Marks as part of a domain name on the Internet.

f. Use of a Mark in advertising must be with our prior written approval as set forth in this Franchise Agreement or the Manuals.

g. You will not (i) directly or indirectly contest or aid in contesting the validity of the ownership of the Marks; (ii) in any manner interfere with or attempt to prohibit our use of the Marks, any component of the System or derivatives thereof, or any of the Proprietary Information or any other name that is or becomes a part of our System; or, (iii) at any time interfere with the use of the Marks by our other franchisees or licensees.

6.3 Protection of Proprietary Information

a. You agree to (i) fully and strictly adhere to all security procedures prescribed by us for maintaining the secrecy of the Marks and each component of the Proprietary Information; (ii) refrain from using any component of the Marks or the Proprietary Information in any other business or any manner not specifically authorized or approved by us in writing; and, (iii) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the Term of the Franchise Agreement.

b. You and any of your employees will also refrain from conducting any activity at the Franchised Location other than the operation of the Business and will take no action that could result in damage to or disparagement of the Marks or any other component of the Proprietary Information. Any breach of this covenant will result in immediate termination, for which no cure is provided.

6.4 Infringement

a. You will notify us in writing of any possible infringement on the Marks, any component of the System or Proprietary Information, or the illegal use by others of any Mark, or any portion of the System or Proprietary Information, that may be the same as, or confusingly similar to that used by us.

b. You acknowledge that our FC Affiliate and we have the right, in our sole discretion, to determine whether any action will be taken because of any possible infringement or illegal use of the Marks, the System, or the Proprietary Information. Our FC Affiliate or we may commence or prosecute such action in our name and may join you as a party to the action if we determine it to be reasonably necessary for the continued protection and quality control of the Marks and each component of the System. You have no right to make any demand of us and have no right to prosecute any claim against the alleged infringer. You must cooperate with us in any way necessary in the event of such an infringement.

c. Our FC Affiliate and we have the right to control any administrative proceedings or litigation involving a Mark licensed by us to you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We

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have no obligation to defend or indemnify you if the claim against you relates to your use of the Marks in violation of this Franchise Agreement.

6.5 Business Name and Contact Information

a. You acknowledge that our Affiliate and we have a prior and superior claim to each portion of the Marks. You will not use "**Floor Crafters**" (or any confusingly similar iteration of the name) or any portion of the Marks in the legal name of your business entity. You also agree not to register or attempt to register a trade name using the above (or any confusingly similar iteration of the name) in your name or that of any other person or business entity without our prior written consent, which may be withheld for any reason or no reason. You may adopt a "**DBA**" (doing business as) or a fictitious name such as "**XYZ, LLC dba Floor Crafters of Denver (or another city/county/area)**" so long as this is not part of the business entity name.

b. You will not change your Business's telephone number(s), URL, email, or similar electronic contact information without prior notice to us and our written approval. You will advertise and publicize the telephone number(s), URL, email, and similar electronic contact information for your Business in the manner prescribed by us. Upon the Transfer, expiration, or earlier termination of this Franchise Agreement, all contact information is our sole and exclusive property. You will sign the "**Collateral Assignment of Contact and Electronic Information**" found at Exhibit 4.

6.6 Modification and Discontinuation

If we, in our sole discretion, determine it necessary to modify or discontinue the use of any Marks or any portion of the Proprietary Information or the System or develop additional or substitutes for any such component, you will, within a reasonable time after receipt of written notice take such action, at your sole expense, as may be necessary to comply with the modification, discontinuation, addition or substitution.

6.7 Innovations by You.

a. During any Term, you may create, design, or otherwise improve upon any portion of the Proprietary Information, including improving upon any manner of doing business (**Innovation**). Any Innovation will be our sole and exclusive property. Upon creating an Innovation, you will immediately notify us in writing that will describe the nature of the Innovation in detail. We have the sole and exclusive right to approve or disapprove of any such Innovation for any reason or no reason. If we approve of it, we may permit you to use the Innovation and may, in our sole and exclusive discretion, permit any one or more franchisees or company-owned stores to use any portion of the Innovation.

b. You agree that, as between you and us and any other Person, we own the right, title, and interest to the Innovation. You agree to take any action necessary to ensure we obtain such right, title, and interest so long as such action costs you nothing.

c. We are not obligated to pay you for the Innovation, though we reserve the right to do so without incurring the obligation to pay you or any other franchisee for any future Innovation.

6.8 Relief in the Event of Breach

You acknowledge that any failure to comply with this Article's requirements will cause us irreparable injury that will entitle us to seek specific performance of the terms of this Franchise Agreement or an injunction against any violation of such requirements. In such an event, we may also seek such damages as may be available. Further, upon breach of any covenant in this Article, we may terminate this

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Franchise Agreement without granting any right to cure. The preceding remedies are in addition to any other legal or equitable remedies we have, including using the alternative dispute resolution procedures found in Article 16 once equitable relief has been granted.

ARTICLE 7

TRAINING

7.1 Initial Franchise Training

a. For your first Business awarded to you (unless multiple Awarded Franchise Agreements are granted to you), we will offer an initial training program **(Initial Franchise Training**) to you and one additional person who may be your Designated Manager or Principal Operator. We do not charge tuition for the first two attendees. If you are awarded more than two Protected Territories, no tuition will be charged for the third attendee.

i. Except as described above, if you wish to bring any additional persons, we may charge a fee. You must pay for your transportation and living expenses incurred by you for attending Initial Franchise Training or any other training under this Franchise Agreement if it is held at a location chosen by us (and which is not your Franchised Location).

ii. We reserve the right to waive a portion of the training program or alter the schedule if we, in our sole discretion, determine that your designated attendees have sufficient experience or training.

iii. You must complete Initial Franchise Training to our satisfaction. If you fail to do so, we have the right to terminate the single Franchise Agreement or some or all of the Awarded Franchise Agreements (in our sole discretion), and we will refund 50% of the IFF only. In such an event, all covenants that must survive termination to remain enforceable, including non-competition covenants and other restrictive covenants, will remain enforceable.

iv. If one of your additional personnel fails such training, they will be permitted to retake it, though you will have to pay our then-current additional training fee and will bear their travel, room, and board costs.

b. We will make the Initial Franchise Training available to a replacement of, or for additional, Designated Managers or approved Principal Operators. We reserve the right to charge our then-current tuition or fee for such training. You must pay for all travel and living expenses of the replacement or additional personnel. The training program's availability to such trainees will be subject to space considerations and prior commitments to other new franchisees.

c. If you propose to Transfer your Business, part of our approval process requires the Proposed Transferee to pay for, attend, and pass the then-current Franchise Training.

7.2 Remedial Training

a. If the Business fails to meet the Quota, we may, in our sole discretion, require you to take additional training (**Remedial Training**) at your expense. Such training will be of a duration and have content reasonably determined by us. We will charge our then-current fee for such training. There is no guarantee that we will offer this training to you. We reserve the right to make Remedial Training available at our location, your location, or virtually. We will give you no less than 10 days' prior written notice of the method by which such training will be delivered. If we travel to you, you will cover our travel, room,

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and board expenses, and if you travel to us, you will pay your own travel, room, and board. Further, if you fail to meet the Quota under any of the Awarded Franchise Agreements granted to you, we may offer Remedial Training under one, some, or all Awarded Franchise Agreements.

b. If we do not offer Remedial Training, we have the right in our sole discretion to reduce the size of any one or more Protected Territories; to take other action short of terminating one or more Franchise Agreements; to terminate your franchise rights under one, some or all Franchise Agreements without terminating one, some or all Franchise Agreements; or to terminate one, several, or all Franchise Agreements without any additional right to cure, except that all covenants that by their nature must survive termination to remain enforceable, including all restrictive covenants will survive termination and will remain enforceable.

7.3 Other Education Development Programs

a. You may wish to get additional, extraordinary, refresher, or on-site training from us. If we agree to provide the same and we travel to you, we will charge our then-current fee plus all costs for travel, room, and board. If you travel to us, we will charge our then-current fee, and you will be responsible for your travel, room, and board costs. Such training may also be held virtually.

b. Your Principal Operator, Designated Manager, or you may be required to attend any seminars, programs, or meetings offered by us that we deem to be mandatory. Though none is now charged, we may, in the future, charge tuition or a fee for such mandatory training or conferences. You must also pay for all travel and living expenses associated with attending such programs.

c. We may, in our discretion, provide bulletins, brochures, manuals, and reports regarding plans, policies, developments, techniques, improvements, and activities that we feel may be relevant to the operation of your Business. You will comply with the same.

7.4 Annual Conference

We do not now, but we may have an annual conference in the future, to which attendance may be mandatory. This may be in addition to the seminars, conventions, programs, or meetings described above. You will be responsible for paying all expenses for travel, accommodations, food, and other expenses incurred. Though none is now required, we may, in the future, charge an attendance fee. We will provide you with no less than 60 days' written notice of any tuition amount. Once confirmed, we will provide you with the duration of the meeting, its location, and the presenters' identities. If held, your Principal Operator, Designated Manager, or you must attend.

7.5 Employees and Employee Training

a. Your employees are not our employees.

b. You are exclusively responsible for the performance of all matters concerning your employees, including training, hours worked, scheduling, paying taxes, purchasing any workers' compensation insurance, and following all local, state, and federal rules, laws, and statutes.

c. You will indemnify us if we suffer any loss relating to your employee management (including co-employment claims) as more fully outlined in Article 14.

ARTICLE 8

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QUALITY CONTROL

In addition to all of your obligations and representations under this Franchise Agreement, you also agree as follows:

8.1 General Compliance.

a. You will comply with each term, covenant, and condition of this Franchise Agreement and will strictly follow the System, the Franchisee Manuals, and other procedures, forms, and obligations we deliver from time to time.

b. You will refrain from engaging in any trade practice or other activity we determine to be a deceptive trade practice, harmful to the goodwill of the System or the Marks, or that may reflect unfavorably on the reputation of you, us, other franchisees, or the System. You agree to discontinue selling or using any products we determine, in our sole discretion, may harm such goodwill.

c. Your employees and you will not (i) conduct any activity at your Business other than that authorized under this Franchise Agreement; or (ii) conduct any activity at your Business that could result in damage to, or disparagement of the Marks, the System, or the reputation and goodwill of Franchisor.

d. You will maintain a sufficient inventory of samples, consumables, and similar items necessary to operate your Business and serve all Clients.

e. You must purchase all items we require, including inventory and consumables, only from our approved vendors.

f. You will comply with all other contracts you enter into for the operation of your Business, with the understanding that your breach and failure to cure the breach of any such contract could result in the termination of this Franchise Agreement.

g. You will maintain the Vehicle in a good, clean, and sanitary condition and repair or replace any component of the Startup Package as necessary to present a first-class image to the public.

h. You will not modify the System without our prior written consent, which we may grant or deny for any reason or no reason.

i. You will cooperate and assist us with any marketing research program we may institute from time to time. Your cooperation and assistance may include distributing, displaying, and collecting Client comment cards, questionnaires, and similar items.

j. You must adhere to the specifications we establish concerning furnishing, equipping, establishing, and operating the Business. These include standards and specifications for the delivery of services, appearance, design, quality, performance, and functionality. The specifications are based on our FC Affiliate's experience.

8.2 Compliance with Applicable Laws.

a. You agree to comply with all Applicable Laws that regulate or affect the operation of your Business, including compliance with wage laws and the payment of all taxes (including sales taxes, payroll, and related taxes).

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b. You agree that certain licenses may be required to operate your Business. You are solely and exclusively responsible for determining the nature of any Applicable Laws and will always comply with them.

c. Your failure to comply with this Section will be a breach of this Franchise Agreement, for which no cure will be provided.

8.3 Inspections, Audits, and Notification of Deficiencies

a. You consent to our reasonable inspections and audits of your Business during normal business hours to ensure you are operating under the System and for other commercially reasonable purposes. You will also permit our agents or us at any reasonable time to remove samples of items from your Business without payment, in amounts reasonably necessary for testing by an independent laboratory or us to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Franchise Agreement (including the right to terminate one, some, or all franchise agreements (or your franchise rights without terminating the franchise agreement(s)) between us, we may also require you to bear the cost of such testing if we have not previously approved the supplier or if the sample fails to meet our specifications.

b. Should we notify you at any time of defects, deficiencies, or unsatisfactory conditions concerning your Business as a result of such visits, or otherwise, you agree to correct the same within five days of receipt of the written notice. If more time is needed, you will contact us, and we may, in our sole discretion, allow additional time to complete such corrections.

8.4 Appearance and Client Service

a. You will give prompt, courteous, and efficient service to your Clients to preserve and enhance the reputation and goodwill of your Business and the System.

b. All personnel must wear clean uniforms that meet our color and design specifications while working at your Business. Further, all employees must present a clean, neat appearance.

c. You will hire a sufficient number of employees necessary to operate your Business at its maximum capacity.

8.5 Timely Delivery of all Reports and Fees

You will timely deliver to us all reports and fees as required herein or in the Manuals.

8.6 Management

a. Your Principal Operator, Designated Manager, or you must personally participate in the direct day-to-day operation of the Business. Your personal participation in the day-to-day operations of the Business is always recommended.

b. Your Designated Manager must have passed training and may be required to sign a non-disclosure and non-competition agreement in the form we may have at the time. We currently have no such form.

8.7 Hours of Operation

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Unless otherwise mutually agreed in writing, you must operate your Business during such hours and on such days as required by the Manuals. All days and hours of minimum required operation are subject to change at our discretion.

8.8 Modification and Pricing

a. We may change or modify the System, the Manuals, the Proprietary Information, and the Marks, and you agree to accept, be bound by, and use, implement, and display any such changes to the System. You will make necessary expenditures to implement such changes or modifications. We have complete ownership and control of any changes, modifications, enhancements, or suggestions, whether made by you or us.

b. We may, from time to time, advise you concerning suggested retail prices for goods and services. You and we agree that any list or schedules of prices furnished to you are suggested retail prices only, are not required to be followed by you, and are not intended to optimize profits. To the fullest extent permitted by Applicable Law, we reserve the right to set prices in the future after giving you no less than 60 days' prior written notice.

8.9 Disclosure

We can disclose any information concerning your business in our FDD, including your name, address, telephone number, and financial information.

8.10 Variances and Materiality of Quality Control

a. We may approve exceptions to or changes in the uniform standards and methods of operation or any other portion of the System for you or other franchisees we believe are necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for yourself.

b. Enforcement of the quality control matters identified in this Article is material to the maintenance and enhancement of the goodwill of the System, the Marks, and Proprietary Information. As a result, the material breach by you of any of the above covenants is one for which no cure may be granted

ARTICLE 9

TRANSFERS

9.1 Sale or Assignment by Us

This Franchise Agreement and all rights and obligations under it are fully saleable, assignable, and transferable by us, and if sold, assigned, or transferred, are binding upon and inure to the benefit of our successors and assigns. By way of example and not limitation, we may sell to a competitor or any other entity any portion of the System, the Proprietary Information, or assets to a competitor or other entity, and any or all of our rights to license or sublicense the Marks. Additionally, we may go public; engage in a private or other placement of some or all of our securities; merge or acquire other entities or assets that may be competitive with the System; be acquired by a competitor or other entity; and undertake any refinancing, leveraged buy-out, or other transaction. You waive all claims, demands, and damages concerning such transactions and will fully cooperate with any proposal, merger, acquisition, conversion, sale, or financing.

9.2 Transfer by You

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a. This Franchise Agreement is personal to you and has been signed by us in reliance on and in consideration of your qualifications and representations. Therefore, this Franchise Agreement, any of its rights or privileges, or any equitable, capital, voting, non-voting, or other interest in you may be assigned, sold, transferred, or divided in any manner by you or anyone else only with our express written permission.

b. To obtain such written approval, you will provide us with all documentation we require relating to the "**Proposed Transfer**" (including the exact terms of the deal). We will notify you of our decision within 30 days of receiving all the requested information. The proposed transfer is disapproved if we do not respond within these 30 days.

c. The term "**Transfer**" includes the voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition by you (or by any of your equity owners) of any interest in (i) this Franchise Agreement or your rights under it; or (ii) your equity ownership as stated in Exhibit 1 that results in a Change of Control; or (iii) any assets of the Business (other than in the normal course of business). A "**Transfer**" also includes (iv) a transfer as a gift to any Person; (v) a transfer resulting from a divorce, insolvency, or business-entity dissolution proceeding; (vi) by operation of law; (vii) in the event of the death, transfer or disposition by will or under the laws of intestate succession; (viii) by the declaration of or transfer in trust; (ix) the pledge of any of interests described in this paragraph as a security interest; (ix) as the result of any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of you; and, (xi) by any other direct or indirect means.

d. If a Proposed Transfer is only among existing natural-person franchisees, existing shareholders, equity holders or members of a corporate or limited liability company franchisee, or existing partners of a partnership franchisee, and if there is no Change of Control, then there will be no Transfer Fee, and we will not be entitled to exercise our "**Right of First Refusal**" which is described below. We may require the Transferee to sign a guaranty if they have not already done so. All other conditions to the approval of a Proposed Transfer will, however, apply. If the Proposed Transfer under this subsection could result in a Change in Control, then all of our rights apply, and such Transfer will be subject to our approval

e. Each certificate of a corporate or limited-liability-business-entity franchisee will have endorsed upon its face a legend stating that assignment or transfer thereof is subject to the restrictions of this Franchise Agreement. You agree to provide us with a copy of each certificate to ensure compliance with this provision.

9.3 Conditions to Approval of any Transfer

a. In determining the acceptability of the Proposed Transferee, we will consider, among other things, our then-current standards applicable to new franchisees, including the net worth, creditworthiness, background, training, personality, reputation and business experience, the terms and conditions of the Proposed Transfer, and any circumstances that would make the Transfer contrary to our Reasonable Business Judgment.

b. We may meet and candidly discuss all matters relating to the Franchise Agreement and the Business with the Proposed Transferee. In no case, however, will you or a Proposed Transferee rely on us to review or evaluate any Proposed Transfer. We will not be liable to you, the Proposed Transferee, or any other person or entity relating to the transfer.

c. As a condition of any Transfer permitted under this Franchise Agreement, you agree as follows:

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i. You will notify us of the Proposed Transfer by sending us written notice and enclosing a copy of the written offer from the Proposed Transferee.

ii. You will also notify the Proposed Transferee of our rights to review and consent to the Proposed Transfer.

iii. You must be in Compliance with this Franchise Agreement.

iv. All accounts payable and other monetary obligations to an Affiliate or us must be paid in full.

v. You must have timely submitted all required reports, financial statements, and other documents.

vi. If approved, the Proposed Transferee must (unless we otherwise agree) sign the then-current form of the franchise agreement, **which may contain terms, covenants, and conditions that are significantly different from those found in this Franchise Agreement**.

vii. The Proposed Transferee must attend training and may be required to pay our then-current tuition (if any) that is then being charged to train additional personnel. In any case, the Proposed Transferee will also pay for their travel, room, and board expenses for such training.

viii. The Proposed Transferee or you must pay the Transfer Fee upon execution of the franchise agreement.

ix. The Proposed Transferee may be required to update the Vehicle (including the interior and wrap) to our then-current requirements.

x. You must execute a general release, the current copy of which is attached as Exhibit 5. The terms of the then-current general release may change from time to time in our sole discretion. Notwithstanding the signing of the general release, all terms, covenants, and conditions of this Franchise Agreement that must survive the Transfer to remain enforceable, including any post-Term covenant-not-to-compete, any indemnification covenants, confidentiality obligations, and the provisions relating to dispute resolution, will survive any Transfer and continue to be your obligation. Nothing in the release is intended to disclaim representations made in the FDD.

9.4 Invalid Transfers

a. An Involuntary Transfer or any attempt by you to complete a Transfer in violation of this Franchise Agreement is not binding on us and is grounds for your termination without the right to cure.

b. You will not grant a sub-franchise of or under this Franchise Agreement and will not otherwise license or permit others to use this Franchise Agreement, your AI15 Gym, or any of the rights derived by you under this Franchise Agreement.

c. You agree that using this Franchise Agreement as security for a loan or otherwise encumbering this Franchise Agreement is prohibited unless we specifically consent to any such action in writing before the proposed transaction. Our permission may be granted or denied for any reason or no reason.

9.5 Death or Permanent Disability

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a. Upon your death or Permanent Disability or that of your Principal Operator, the executor, administrator, conservator, guardian, or another personal representative of such person will transfer the Franchisee's interest in this Franchise Agreement or such interest in the Franchisee entity to an approved third party who may be the heirs or successors of the deceased or disabled individual. Such disposition of this Franchise Agreement or such interest (including, without limitation, transfer by operation of law, intestacy, bequest, or inheritance) will be completed within a reasonable time, not to exceed 180 days from the date of death or Permanent Disability, and will be subject to all terms and conditions applicable to transfers contained in this Article as though the transferee were being introduced to us by the deceased or disabled Franchisee; provided, however, that for purposes of this section, there will be no Transfer Fee charged.

b. Failure to transfer the interest in this Franchise Agreement or the Franchisee entity within the said period constitutes a breach of this Agreement for which no additional cure may be granted.

9.6 Right of First Refusal

a. Unless otherwise stated in this Franchise Agreement, if you receive a proposal to Transfer or wish to Transfer, you agree the same is subject to our 30-day right of first refusal (**Right of First Refusal**) to purchase such rights, interest, or assets on the same terms and conditions as are contained in the written offer, except that the following additional terms and conditions will apply:

i. The 30-day Right of First Refusal period will run concurrently with the period in which we have to approve the Proposed Transferee.

ii. Our Right of First Refusal is effective for each Proposed Transfer, and any material change in the terms or conditions of the Proposed Transfer will be a separate offer on which a new 30-day right of first refusal will be given to us.

iii. If the consideration or manner of payment offered by a Proposed Transferee is such that we may not reasonably be required to furnish the same, we may substitute the consideration for its reasonable cash equivalent. If the Parties cannot agree within a reasonable time on the cash equivalent of the consideration, an independent appraiser will be designated by us, whose determination will be binding. All expenses of the appraiser will be equally split between us.

b. If we choose not to exercise the Right of First Refusal, you will be free to complete the Transfer, subject otherwise to your compliance with this Franchise Agreement. Our failure to reply to your notice of a Proposed Transfer within 30 days is deemed a waiver of our Right of First Refusal.

ARTICLE 10

DEFAULT AND TERMINATION

10.1 Termination by Franchisor - Effective upon Notice

We have the right, at our option, to terminate this Franchise Agreement without allowing you the right to cure (subject to any state laws to the contrary, where such state law may prevail) or to exercise any other rights that we may have, including terminating your right to operate your Business without terminating the Franchise Agreement, which notice of termination will be effective five days after mailing by prepaid, certified mail, return receipt, or if by overnight or hand delivery, then effective on the date of

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such delivery or the date of refusal by you to accept delivery, upon the occurrence of any of the following events:

a. You cease to operate your Business or otherwise abandon your Business for 14 consecutive days, or any shorter period that indicates your intent to discontinue operation of your Business, unless and only to the extent that full operation of your Business is suspended due to acts of Force Majeure and not related to the availability of funds to you.

b. You become insolvent, as that term is commonly defined using generally accepted accounting principles, consistently applied; are adjudicated a bankrupt; if any action is taken by you or by others against you under any insolvency, bankruptcy, or reorganization act; or if you make an assignment for the benefit of creditors or a receiver is appointed by you. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq. If, for any reason, this Agreement is not terminated under this Article 10, and the Franchise Agreement is assumed, or assignment of the same is made to any Person that has made a bona fide offer to accept an assignment of the Franchise Agreement under the U.S. Bankruptcy Code, then you must supply us within 20 days after receipt, written notice of such proposed assignment or assumption, setting forth, (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption; and, in any event, within ten days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of this Franchise Agreement to us upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Franchise Agreement.

c. A material judgment or award (or several judgments or awards which in the aggregate are material) is (are) obtained against you or the Business and remain(s) unsatisfied or of record for 30 days or longer (unless a supersedeas, appeal bond, performance bond or similar assurance has been filed); if execution is levied against your Business or any of the property used in the operation of your Business and is not discharged within five days; if the real or personal property of your Business be levied upon under the laws of the state in which your Business is located; or if you are levied upon the consequence of which is you are unable to operate your Business.

d You are convicted of or plead no contest to, a crime (whether a misdemeanor or felony) involving moral turpitude; convicted of, or plead no contest to, a felony of any nature; or are convicted of, or plead no contest to, any crime (whether a misdemeanor, or felony) or civil offense that is reasonably likely, in our sole opinion to materially and unfavorably affect the System, Marks, Proprietary Information, or the goodwill or reputation thereof.

e. You fail to pay any Royalties, Advertising Fees, or other amounts due us, an Affiliate, or a third party with whom we require you to work, and fail to pay the same within five days after receiving written notice that such amount is overdue.

f. You negligently misuse or fail to follow our direction and guidelines concerning the use of, and the confidentiality of, the Marks, the Manuals, any component of the System, or any Proprietary Information, and fail to correct the misuse or failure within five calendar days after notification from us. If your violation of this subparagraph is intentional, there will be no five-day right to cure the default, and our right to take action will be immediate.

g. You fall out of Compliance.

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h. You attempt a Transfer that violates Article 9;

i. You violate any Applicable Law or directive from a Governmental Authority and then fail to timely cure within the time permitted under such notice if any cure is granted. If such notice requires immediate corrective actions.

j. You made any material misrepresentations regarding acquiring your rights under this Franchise Agreement.

k. You violate any covenant or condition relating to Anti-Terrorism Laws.

l. Your Vehicle is damaged in an accident, your Vehicle is repossessed, or you otherwise lose the use of the Vehicle and then fail to obtain a Temporary Vehicle in the time provided in Article 2.

m. You lose your driving privileges and fail to find a replacement driver within five days of such loss.

n. You breach any other term, covenant, or condition of this Franchise Agreement that contains its own cure provision and then fail to cure within the time provided.

o. You violate the terms of Section 10.3 below.

p. You engage in any activity, take any action, fail to take any action, fail to pay taxes, fail to pay employees, or otherwise, the consequence of which harms the System, the Proprietary Information, or the Marks, or which otherwise harms the goodwill of the System, the Proprietary Information, or the Marks.

q. You fail to deliver any reports or documents due under this Franchise Agreement and then fail to cure the same after written notice giving you five days to cure the same.

r. You fail to add new lines of goods, services, training programs, equipment, technology, or changes to the System, Operations Manuals, or Proprietary Information after we have notified you in writing.

s. Materially violate any of your equitable obligations under this Franchise Agreement and fail to cure the same (if cure is granted) in the time permitted under this Franchise Agreement. If a cure period is stated, then such a cure must be completed within that period. If none is stated, then there will be no cure period.

t. You threaten bodily harm to any member of our staff, employees, agents, or the like, or harass such Person, as "harass" is defined by the laws of the state in which our then-current headquarters are located. If that state does not have a specific law regulating harassment, then the term will mean the intentional engagement and use of intimidation, bullying, threatening, or coercive behavior as would be experienced by a reasonable person under similar circumstances.

u. You fail to meet one or more Quotas, the result of which grants us the right to terminate one, some, or all franchise agreements between us.

10.2 Termination by Franchisor - 30 Days Notice

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We have the right to terminate this Franchise Agreement (subject to any state laws to the contrary, in which case such state law will prevail) effective upon 30 days' written notice to you if you breach and then fail to cure any other term, covenant, or condition of this Franchise Agreement that does not have its own cure period and is not identified in Section 10.1 within the 30 days. Such cure and termination notice may be provided in the same notice.

10.3 Cross Default

a. If you are a party to other Franchise Agreements (including Awarded Franchise Agreements identified in the Mult-Franchise Agreement Addendum to the Franchise Agreements (**First Addendum**) fount at Exhibit B-1 to the Franchise Disclosure Document (or an equivalent document if the location if such addendum is changed in the FDD or otherwise amended from time to time) with us or are a party to any agreements with an Affiliate, and if such agreement is breached and not timely cured within the time permitted in such document with the result being that the Franchise Agreement(s) or other agreement is terminated, we have the right in our sole discretion to terminate your rights under this Franchise Agreement and one, some, or all of the other Franchise Agreements (or other agreements) without affording you any additional right to cure. We may also avail ourselves of any other remedies available at law or in equity, as all remedies are mutual and not exclusive.

b. If you violate the terms, covenants, or conditions of any other contract or agreement with a third party that is unrelated to us but which is material to the operation of the Business, including any real property or equipment lease (**Third Party Contract**) and fail to cure the breach within the time permitted under such Third Party Contract, and as a result, you are unable (i) to operate this Business in the manner you were able to before the breach; or, (ii) to operate any other Floor-Crafters business under a separate franchise agreement; or, (iii) operate the Business under the terms of this Agreement, then upon termination of the Third Party Contract, this and in our sole discretion, one, some or all other franchise agreements with us may be terminated at the same time as the Third Party Contract terminates. You will provide us with immediate notice in the event of the termination of such a material agreement. In addition, we may avail ourselves of any other legal or equitable remedies available to us under this Franchise Agreement.

10.4 Diligent Pursuit of Cure and Our Right to Discontinue Services to You

a. If the breach is one for which cure is provided under Section 10.2 and if you undertake the cure within three days of the date you receive our notice, and if you continue to pursue such cure in good faith but are unable to complete it within the cure period, we will give you up to an additional 30 days after the end of the first cure period within which to complete such cure. If you fail to pursue the cure during this additional time or are unable to complete such cure within this additional time, we have the right to terminate the Franchise Agreement without further notice to you.

b. We also have the right, in our sole discretion, to grant you extended time to cure. In such an event, however, we will not have waived our rights to later strictly enforce any right to cure, to deny you the right to cure a future breach for which no cure is provided, or to take such action as is allowed to us by this Franchise Agreement if you fail to cure during the extended period granted to you.

c. As to any breach of this Franchise Agreement for which cure is granted, during the period of cure, we have the right to suspend our performance of any of our obligations under this Franchise Agreement, including, without limitation, the supply of any online services, online advertising, web-page hosting or the sale or delivery of any services or products until you correct the breach, unless the supply of such services, advertising, web-page hosting or the sale or delivery of any services or products are required for you to cure the breach properly. If, however, your ability to cure is dependent on the supply of the services identified in this subsection, then the same will be supplied during the cure period.

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10.5 Our Rights to Damages

Upon your failure to timely cure an Event of Default (if cure is provided), we may proceed to enforce any or all of the following non-exclusive remedies or any other remedy, claim, cause of action, award, or damages allowed by law or equity, all without further written notice to you, with the understanding that the pursuit of any one remedy is not an election of one remedy to the exclusion of another, and is not a waiver by us to pursue additional remedies as all remedies are cumulative and are not exclusive:

a. Bring one or more actions for lost net profits as measured by the Royalties and other fees that would have been due and payable had the Event of Default not occurred, plus penalties and interest as provided for in this Franchise Agreement, and for all other damages we sustained.

b. Accelerate the balance of any outstanding financial obligations due hereunder and bring an action for the entire accelerated balance.

c. Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Franchise Agreement and otherwise stop you from engaging in prohibited actions, including (i) improper use of the Marks, the System, or the Proprietary Information; (ii) unauthorized assignment of the Franchise Agreement; (iii) violation of any of the restrictive covenants; and (iv) your failure to meet or perform your obligations upon the Transfer, expiration or earlier termination of this Franchise Agreement.

d. Terminate this Franchise Agreement and proceed to enforce our rights under the appropriate provisions. Such termination is effective upon delivery of a notice of termination to you without further action by us.

e. Refrain from terminating this Franchise Agreement, but instead terminate your right to operate under this Franchise Agreement, in which case we can pursue such damages as may be available. In this case, we also have the right to reduce the size of one, some, or all of your Protected Territories by any amount we deem appropriate in our exclusive discretion.

f. If you operate your Business after a Transfer, Involuntary Transfer, repurchase, termination, or expiration; or use any of the Marks or any component of the System or the Proprietary Information; or otherwise violate any restrictive covenant after the occurrence of the same, then, in addition to any remedies provided above, and in addition to any other remedies in law or equity (all of which are cumulative and not an election of remedies to the exclusion of other remedies), our damages will include all that are permitted by law or in equity.

g. Notwithstanding anything in this Franchise Agreement to the contrary, to the extent that state law requires us to purchase some or all of your assets at Fair Market Value upon the expiration or termination of this Franchise Agreement, we agree to repurchase your assets at their Fair Market Value.

10.6 Waiver of Punitive, Exemplary, or Consequential Damages

Each Party agrees that it has the right to seek damages in addition to the actual monetary loss that can be proven, including consequential, exemplary, indirect, special, and punitive damages, even if a Party is made aware of the availability of such damages or that such damages were foreseeable. Being advised of the same, we each waive such damages that may be in addition to any actual monetary damages suffered; except if you must indemnify us under Article 14 and if, as a result of the action underlying the indemnification, such damages are awarded to the injured party,

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then you agree that indemnification in our favor will cover such damages. If, in some event, the arbitrator awards such damages and if such award is not deemed to be outside the scope of what is permitted by this Franchise Agreement, then any constitutional or statutory limitations on punitive, exemplary, multiple, or similar damages will apply.

Initials as to this Section

_____
Initials of Franchisee

_____
Initials of Franchisee

_____
Initials of Franchisor

10.7 State or Federal Law Prevails

If any mandatory provisions of governing state Applicable Law prohibit termination of this Franchise Agreement as described here, or if the same otherwise limits our rights to terminate by imposing different rights or obligations, then such mandatory provisions of state law will be incorporated into this Franchise Agreement by reference and will prevail over any inconsistent terms. If no such law exists, or if such law exists but permits you to agree to abide by the termination provisions as set forth here (instead of that state law), you and we will be subject to the terms of this Franchise Agreement. If, by electing the alternative dispute resolution provisions of Article 16, it is determined that your and our choice of law, venue, jurisdiction, and other provisions preempt your state's Applicable Law to the contrary, then the choices made by you and us will prevail to permit the limitations identified in this Franchise Agreement. Except as provided above, these waivers and limitations may not be enforceable under state or federal law.

10.8 Payment of Fees is an Independent Covenant

You agree you will not withhold payments of Royalties, Advertising Fees, or any other amounts of money owed to us for any reason, even including a claim by you of our breach of this Franchise Agreement. All such claims by you will, if not otherwise resolved by us, be resolved as permitted in this Franchise Agreement.

10.9 Action Against the Franchisor

a. Subject to the limitations of actions as found in Article 16, before starting any dispute resolution procedure against us or any of our officers, agents, or employees, you agree to give our officers, agents, employees, or us 60 days prior written notice and an opportunity to cure any alleged act or omission within that time. If such an act or omission cannot be cured within 60 days and we or our officers, agents, or employees are diligently pursuing cure, you will give us or our officers, agents, or employees such additional time as is reasonably necessary to cure, which time will not exceed an additional 30 days. If we fail to complete such a cure in a timely fashion, you have such rights as are permitted in this Franchise Agreement.

b. Except as required by state law, you further agree that fulfillment of all of our obligations under this Franchise Agreement, or obligations deemed to bind us through any oral communications) will be the Franchisor's sole responsibility, and none of our equity owners, members, managers, officers, agents, representatives, or any individuals associated with us will be personally liable for any reason.

ARTICLE 11

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OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION

11.1 Obligations

a. Upon the Transfer, expiration, or earlier termination of this Franchise Agreement, you will cease to be a licensed Franchisee and will immediately,

i. pay for all product purchases, advertising fees, and other charges owed or accrued to us;

ii. refrain from holding yourself out as a Franchisee and immediately cease to advertise or in any way use the System, the Marks, any materials, designs, logos, methods, procedures, processes, and other commercial property and symbols or promotional materials provided by or licensed to you by us or in any way connected with the Business;

iii. take all steps necessary to disassociate yourself from the System and the Business, including removing signs and destruction of letterhead;

iv. take such action as is necessary to amend or cancel any assumed name, fictitious name, business name, or equivalent registration that contains any trade name or Mark of ours or in any way identifies you as being affiliated with the System;

v. notify all suppliers, utilities, creditors, and concerned others that you are no longer affiliated with us, the System, or the Franchise, and provide proof of such notification. You covenant not to use any part of the System or any part of our trade secret or confidential, or proprietary information or materials following the termination of this Franchise Agreement and not to identify any present or future business owned or operated by you as having been in any way associated with the System or us;

vi. within seven calendar days, return to us by first-class mail, prepaid, certified, return receipt requested, all Manuals (including originals and any copies), all training, advertising, promotional aids, materials, and all other printed materials concerning the operation of the Business and the Client Lists; and,

vii. unless an earlier time is called for, in which case the earlier time prevails, furnish evidence satisfactory to us of compliance with this Article within 30 calendar days after the termination, expiration, or Transfer of this Franchise Agreement.

b. We will also exercise our rights under the Collateral Assignment (Exhibit 4). If the telephone company, website manager, hosting agent, and other listing agency fails to accept the Collateral Assignment, this covenant serves as your election of us as your attorney in fact (coupled with an interest) as evidence of our exclusive rights in and to the same. If your state requires specific information to be included in this Franchise Agreement or requires a particular document to be executed to perfect our rights as your attorney-in-fact, you and we agree that this Franchise Agreement is amended to include such language or the document, and you and we will cooperate to ensure that such document is executed;

c. The terms of this Section survive a Transfer or the expiration or earlier termination of this Franchise Agreement.

11.2 Additional Matters

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Further, upon the Transfer, expiration, or earlier termination of this Franchise Agreement for any reason,

a. no payment will be due to you from any source on account of any goodwill or other equity claimed by you arising from your operation or ownership of the Business or this Franchise Agreement;

b. unless otherwise described herein, no fees, charges, royalties, advertising fees, or other payments of any kind from you to us will be refundable in whole or in part; and,

c. you will have no equity or other continuing interest in this Franchise Agreement.

ARTICLE 12

FIRST RIGHT TO PURCHASE

a. Except as otherwise provided in Article 9, which will prevail in the instance of a Transfer, upon expiration or earlier termination of this Franchise Agreement, you grant to us the right to acquire, in our sole discretion, all or any part of your inventory, equipment, signs, accessories, and other personal property relating to your Business or the Franchise Agreement at the then-existing Fair Market Value.

b. If the Parties do not agree on the Fair Market Value, it will be established by an independent appraisal. The appraisal will be done at our expense by a neutral and disinterested appraiser selected by us.

c. No goodwill will be considered when valuing any item sold under this Article.

d. We must exercise this option within 30 days of such expiration or termination by giving written notice to you of our intent to exercise our option to purchase. Unless otherwise agreed by you, the purchase price as determined hereunder will be paid in cash within the option period.

e. If we have not notified you of our election to exercise this option within 30 days, it will be conclusively presumed we have elected not to exercise our option, and you are then free to sell or transfer such assets to any person or entity on such terms as you may so choose.

ARTICLE 13

RELATIONSHIP BETWEEN THE PARTIES

13.1 Independent Contractor

a. In all matters between us or between you and the public, you are an independent contractor. Nothing in this Franchise Agreement or the franchise relationship constitutes a partnership, agency, joint venture, or another arrangement between us.

b. Neither of us is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors, or omissions of the other.

c. You, and not we, are responsible for the direct and day-to-day management and control of your Business and compliance with this Franchise Agreement, including, without limitation, its daily operations, managing and directing employees and salespersons, and paying all costs, taxes, employee wages, and all other expenses and liabilities incurred in the operation of your Business.

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d. You and we will not make any representation contrary to this Article.

e. None of your employees is our employee, and each employee must be so notified.

f. Neither Party will act or have the authority to act as an agent for the other, and neither you nor we will guaranty the other's obligations or, in any way, become obligated for the debts or expenses of the other unless agreed to in writing.

13.2 No Fiduciary Relationship

It is understood and agreed between us that this Franchise Agreement does not establish a fiduciary relationship between us and that nothing in this Franchise Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.

13.3 Posting of Signs

You agree to post promptly and maintain any signs or notices specified by Applicable Law or us indicating the Parties' status as described above.

ARTICLE 14

INDEMNIFICATION

14.1 Indemnification

a. You agree to and will indemnify, defend, and hold harmless us (the "**Indemnified Parties"**) against and will reimburse us for all "**Claims**" (as defined below), directly or indirectly arising out of your operation of the Business, including claims by your employees or Clients; your breach of any agreement with a third party that results in our being named in the Claim; a Claim of premises liability; a Claim of vicarious liability, accidental agency, co-employment or the like arising from the operation of your Business; your use or misuse of the Marks, the System, and the Proprietary Information; as a result of your performance or failure to perform under this Franchise Agreement; or other errors or omissions committed or incurred in connection with the Franchised Business. "**Claims**" include any legal or equitable claim, obligation, liability, cause of action, damages (including consequential, exemplary, and punitive), award, judgment, cost (including reasonable attorney's fees, court costs, and expert witness fees), expenditures of funds by us, or loss suffered by us.

b. Included in indemnification is the reimbursement or direct payment by you of any award, damage, consequential damages, and costs reasonably incurred in defense of any Claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

c. We have the absolute right to defend any Claim against us and also have the right to use counsel of our choosing, the reasonable cost of which you will bear.

d. This indemnity will continue in full force and effect after and notwithstanding a Transfer or the expiration or termination of this Franchise Agreement and will continue for any applicable limitation-of-action statute.

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e. **Further, should any Claim that results in the granting of exemplary, punitive, or consequential damages against us, the same will be covered under this Article and will be reimbursed to us regardless of any language to the contrary in this Franchise Agreement.**

ARTICLE 15

RESTRICTIVE COVENANTS

15.1 In-Term Covenant Not to Compete

a. You and we share a common interest in avoiding situations where persons or companies who are or have been franchisees within the System operate or otherwise become involved with a similar Competing Business either during a Term or after the Transfer, expiration, or earlier termination of this Franchise Agreement. Similarly, you and we want to protect our Proprietary Information, trade secrets, and similar information from misuse or in a Competitive Business.

b. Therefore, during each Term of this Franchise Agreement, you will refrain in any capacity or at any location from owning, operating, leasing, franchising, conducting, consulting with; engaging in, having any interest in; assisting any Person in; or acting as an employee, consultant, partner, officer, director or shareholder of any Person in a Competitive Business except with our prior written consent which consent may be granted or withheld for any reason or no reason.

15.2 Post-Term Covenant Not to Compete

Upon the Transfer, expiration, or earlier termination of this Franchise Agreement and for 24 full months after that, you agree you and any of the Franchisee Parties will refrain in any capacity or at any location from owning, operating, leasing, franchising, conducting; consulting with; engaging in; having any interest in; assisting any Person in; or acting as an employee, consultant, partner, officer, director or shareholder of any Person in a Competitive Business within your Protected Territory or the protected territory of another franchisee, or company-owned or Affiliate-owned business, or within 10 miles of the perimeter of your Protected Territory, or 10 miles of the perimeter of the protected territory of another franchisee, company-owned or Affiliate-owned Business.

15.3 No Disclosure and No Setoff

a. You further agree that during the Initial Term, any Successor Franchise Term, or at any other time after the Transfer, expiration, or earlier termination of this Franchise Agreement for any reason, each will refrain from making any unauthorized disclosure or use of the Marks, the System, any component of the System, or any portion of the Proprietary Information.

b. You expressly agree that the existence of any claim you may have against us, whether or not arising from this Franchise Agreement, does not constitute a defense to the enforcement by us of any covenants of this Article specifically and this Franchise Agreement generally. You further agree that we are entitled to set off any loss or damage we suffer against any amounts owed to you.

15.4 No Diversion

During any Term and for 24 full months following the Transfer, expiration, or termination of this Franchise Agreement, you will not, directly or indirectly, or for yourself, or through, on behalf of, or in

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conjunction with any Person, divert your Clients to any Competitive Business (by direct or indirect inducement or otherwise) any business or Clients of your Business; or,

15.5 Reasonable Restriction and Savings Clause

a. The covenants in this Article are intended to be a reasonable restriction on you and others identified above. You and we agree that the purpose of these restrictions is to protect the entire franchise system from unfair competition and to protect the goodwill and time and effort spent by us in creating the Marks, the System, and the Proprietary Information. In fact, we would not have shared such information with you unless you agreed to be bound by the terms of this Article 15.

b. You further agree you have skills of a general and specific nature, you do now or will have other opportunities to use such skills, and that enforcing these covenants will not unduly deprive you of the opportunity to earn a living.

c. To ensure that the covenants found in this Article are and will remain enforceable, every location of a Business, every month, each mile of distance, or any other restriction may be amended by the arbitrator in the most limited manner possible to reduce any spatial, temporal, or other limitation considered to be overly broad to create a reasonably enforceable covenant that upholds the restrictive nature of this Article specifically and this Franchise Agreement generally.

d. The terms of this Article do not apply when you own 5% or less of a beneficial interest in the outstanding equity securities of any publicly held corporation (as the Securities and Exchange Commission generally defines this term).

15.6 Tolling of Time and Injunctive Relief

a. If at any time during a period of non-competition, you fail to comply with your obligations under this Article 15, under Article 6, or under any other covenants that have survived a Transfer or the expiration or termination of this Franchise Agreement, the period of noncompliance will not be credited toward your satisfaction of the non-competition requirement. Instead, counting the non-competition period will be tolled until you are again in compliance. To the extent necessary to ensure that the entire period of non-competition is met, additional days, weeks, or months will be added to the end of the non-competition period to ensure enforcement of the entire period of the restrictive covenants.

b. You acknowledge that any failure to comply with this Article will cause us irreparable injury for which no adequate remedy at law may be available. Therefore, you agree we may apply for an injunction to a court of competent jurisdiction solely for the purpose of protecting our rights and you agree not to contest such injunction. If permitted by law, you agree to waive any requirement that we post a bond. Further, you and we understand that if such relief is granted or denied, the Parties will not be deemed to have waived the right to mediation or arbitration and are still obligated to resolve the underlying matter through the alternative dispute resolution procedure under Article 16. If the temporary injunction is granted or denied, either Party must begin the alternative dispute resolution process under Article 16 within 60 days of the date of the decision.

15.7 Application and Survival

a. This Article applies to all managers and above participants in the Business, including the Principal Operator, any equity holder, and any Person that is your spouse or civil partner.

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b. The covenants of this Article and all other restrictive covenants in this Franchise Agreement (including those in Article 6) survive the Transfer, expiration, or earlier termination of this Franchise Agreement and continue to bind the Persons subject to these terms.

ARTICLE 16

DISPUTE RESOLUTION

16.1 Intent to be Bound, Meeting, and Mediation

You and we believe that resolving disputes amicably, quickly, cost-effectively, and professionally, and returning to business as soon as possible is important. We agree that the provisions of this Article support these mutual, practical business objectives and, therefore, agree as follows:

a. All provisions of this Franchise Agreement (including the language of this Article) will be fully enforced, including those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring claims;

b. **All of the terms, covenants, and conditions of this Article, including the choice of law, choice of venue, and use of arbitration, are mandatory and not permissive;**

c. The Parties rely on the federal preemption of state laws under the Federal Arbitration Act (9 U.S.C. §1 et seq.) (**FAA**) with the understanding that the FAA and not state law will control any matters concerning mediation and arbitration and, as a result, the provisions of this Franchise Agreement will be enforced only according to its terms and through the alternative dispute mechanism found in this Article. The Parties further agree that each Party intends that any state law attempting to prohibit arbitration, the choice-of-law provisions identified here, or to void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and that arbitration will be held as provided in this Article;

d. Except as expressly provided in this Franchise Agreement, **EACH PARTY KNOWINGLY WAIVES ALL RIGHTS TO A COURT OR JURY TRIAL AND, INSTEAD, SELECTS FACE-TO-FACE MEETINGS, MEDIATION AND FINALLY BINDING ARBITRATION AS THE SOLE MEANS TO RESOLVE DISPUTES UNDERSTANDING THAT FACE-TO-FACE MEETINGS, MEDIATION, AND ARBITRATION MAY BE LESS FORMAL THAN A COURT OR JURY TRIAL, MAY USE DIFFERENT RULES OF PROCEDURE AND EVIDENCE, THAT AN APPEAL PROCESS IS GENERALLY LESS AVAILABLE, AND THAT THE FEES AND COSTS ASSOCIATED WITH MEDIATION AND ARBITRATION MAY BE SUBSTANTIALLY GREATER THAN IN CIVIL LITIGATION;**

Initials as to the above three subsections:

_____
Initials of Franchisee

_____
Initials of Franchisee

_____
Initials of Franchisor

e. Notwithstanding the fact that a Party is or may become a party to a court action or special proceeding with a third party or otherwise, and whether or not such pending court action or special proceeding: (i) may include issues of law, fact, or otherwise that arise out of the same transaction (or series of related transactions) as any arbitrable matter between or involving the Parties; (ii) involves a possibility

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of conflicting rulings on issues of law, fact, or otherwise; and (iii) such pending court action or special proceeding may involve a third party who cannot be compelled to arbitrate the terms, covenants, and conditions of this Franchise Agreement, the Parties still agree any dispute between the Parties to this Franchise Agreement will be enforced according to the terms found herein, including the obligation to perform under this Article.

f. Before arbitration, each Party agrees to adhere to the following procedure:

i. First, in the event of a disagreement between us, we agree to meet face-to-face within 30 days after one Party gives the other written notice.

ii. Second, if the issues between us cannot be resolved, the disagreement must be submitted to non-binding mediation before a private mediator.

A. You and we will agree upon a single mediator. If we cannot agree upon the mediator, then the senior-most officer, director, or manager of the association under which the mediation is to take place will choose a neutral and disinterested mediator, and such choice will be final and binding.

B. Mediation must begin 30 days after the face-to-face meeting. Counsel may represent any Party and may bring persons appropriate to the proceeding with permission of the mediator.

iii. Each Party will bear the Person's costs associated with attending mediation. Each Party will equally split the cost of the mediator.

iv. If mediation does not resolve the matter, you and we agree that the disagreement will be submitted to and finally resolved by binding arbitration.

16.2 Resolution under Arbitration

a. Subject to the terms of this Article, Arbitration must begin by the earlier of 90 days after the end of mediation or the last day of the one year identified in this Article.

b. Arbitration will be held before a private arbitrator pursuant to the arbitration rules of JAMS or its successor (or an organization designated by JAMS or its successor). Any arbitrator must be experienced in franchising. If the Parties cannot agree upon the arbitrator, then the senior-most officer, director, or manager of the association under which the arbitration is to take place will choose a neutral and disinterested arbitrator, and the choice of such Person will be final and binding upon the Parties.

c. Counsel may represent any Party and may, with permission of the arbitrator, bring persons appropriate to the proceeding.

d. The arbitrator's judgment on any preliminary matter and the final arbitration award will be final and binding and may be entered in any court having jurisdiction.

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e. The arbitrator's award will be in writing. On request by any party to the arbitration, the arbitrator will provide to all disputants a reasoned opinion with findings of fact and conclusions of law, and the Party so requesting will pay the arbitrator's fees and costs.

f. There will be no right to appeal any preliminary finding or ruling, and there is no right to appeal the final award

g. The Parties agree that they will equally split the fees paid to start arbitration and the fees paid to the arbitrator until the arbitrator awards fees and other costs to the "**Prevailing Party**" (defined in this Article).

16.3 Confidentiality:

The mediator or arbitrator may require the Parties to any meeting, mediation, or arbitration to sign a confidentiality agreement; or confidentiality covenants may be included in any settlement or resolution of the dispute. We currently do not have such a form and cannot provide it as an exhibit.

16.4 Choice of Law, Venue and Jurisdiction

a. Any meeting, mediation, or arbitration will be conducted exclusively at a neutral location within 15 miles of our then-current headquarters without regard to conflict of law provisions or *forum non-conveniens* demand to the contrary and with the understanding that the same is mandatory and not permissive.

b. The arbitrator will apply all Applicable Laws and equity permitted under the laws of the state where our headquarters is located without regard to conflicts of law provisions to the contrary, with the understanding that the same is mandatory and not permissive.

c. Franchisor intends to insist on the application of the chosen law, venue, and jurisdiction, even if your state law states otherwise.

d. You have had the opportunity to review this Section (including the jurisdiction, venue, forum, and choice of law) and agree that all such terms are **mandatory and not permissive.**

Initials as to this entire Section

_____
Initials of Franchisee

_____
Initials of Franchisee

_____
Initials of Franchisor

16.5 Scope, Discovery, other Procedural Matters, Fees, and Costs

a. The arbitrator will decide any factual, procedural, or legal questions relating in any way to the dispute between the Parties, including any decision as to whether there is a franchise contract between the Parties, whether this Article is applicable and enforceable, and all other matters including issues relating subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

b. The Parties to the dispute have the same discovery rights as are available under the rules of the arbitration association hosting the arbitration.

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c. Each participant must submit or file any claim that would constitute a "compulsory counter-claim" (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any compulsory counter-claim not submitted or filed in such proceeding will be forever barred.

d. The arbitrator may issue summary orders disposing of all or part of a claim and issue temporary restraining orders, preliminary injunctions, though the Parties may seek injunctive relief from a court as otherwise permitted by this Franchise Agreement; but with the understanding that applying to the court does not waive each Party's obligation to adhere to the dispute resolutions procedures identified in this Article or elsewhere in the Franchise Agreement, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable, interim, or final relief.

e. Each Party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

f. The arbitrator has subpoena powers limited only by the laws of the state in which our headquarters is then located

g. In addition to any other remedy, the arbitrator will award the "**Prevailing Party**" their costs, fees, reasonable attorney's fees, expert witness fees, appeals costs and fees, collection costs and fees, and the like, which the Party expended in preparation for and prosecuting the case at arbitration. The Prevailing Party will be the Party that has obtained the greatest "**net judgment**" in terms of money or money equivalent. If money or money equivalent has not been awarded, then the Prevailing Party will be that Party that has prevailed on a majority of the material issues decided. The "**net judgment**" is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, or if, in the interest of justice, the arbitrator, using their reasonable arbitrator's judgment, will award the above fees to the Party that it deems has prevailed over the other Party. This award applies to all matters the arbitrator decides, including matters concerning misrepresentation or fraud.

16.6 Disputes Not Subject to the Mediation or Arbitration

a. Claims or disputes relating primarily to the Marks, to any intellectual property licensed to you, to any matter governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), are subject to court proceedings in a court of competent jurisdiction. Only the portion of any claim or dispute identified in this Section is subject to court action, but only to the extent that such action is necessary to protect the Marks, the intellectual property, and any matters governed by the Lanham Act.

b. Matters relating solely to the collection of money by one Party against the other are not subject to a face-to-face meeting, mediation, or arbitration. Such matters include collection efforts against you or us solely for failing to pay any amount due to the other promptly. In such an event, such matter may be brought in a court of competent jurisdiction and venue. If, however, one Party to such action pleads another claim, cross-claim, counter-claim, or affirmative defense based on anything other than the mere collection of money, or if the other Party alleges facts concerning fraud or any other equitable defense, then the entire matter, including the collection-of-money effort will be subject to the alternative dispute resolution procedures of this Article.

c. To the extent that either of us seeks injunctive relief before a court of competent jurisdiction, the court will hear only the application for injunctive relief, and the mere fact that the court

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exercised jurisdiction in considering the injunction will not serve to eliminate the alternative dispute resolution requirements imposed on the Parties under this Article.

d. In any matter brought in court under this Section, the court will award the Prevailing Party all costs and fees as more fully stated in Section 16.5(g) and as though the court was the arbitrator under such Section.

16.7 One Year Limitation of Action

a. Except for matters identified in Section 16.6 above (including an alleged violation of the Marks or any intellectual property licensed to you (which may be brought at any time), **YOU AND WE ARE LIMITED TO BRINGING ANY ARBITRATION AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM OCCURRED.** The one-year period begins to run and will not be tolled merely because the claiming Party was unaware of legal theories, statutes, regulations, or case law upon which the claim might be based. If the Parties have begun mediation on the day that the one-year period expires, then the one period will be extended by 90 days from the unsuccessful end of mediation, within which a Party must bring arbitration. If arbitration is not brought by 5:00 p.m. local time at our then-current headquarters on the 90th day after mediation ends, then the right to bring arbitration expires, and the Parties will have no other opportunity to try, arbitrate, or receive any other relief because of the action, matter, dispute, or disagreement underlying the claim.

b. Notwithstanding the preceding, if any federal or state law provides for a shorter limitation period than is described in this Section, then such a shorter period will govern.

c. This Article will not apply to indemnification issues, and such actions under the indemnification covenant may be brought within the period provided by any limitation-of-action statute under the laws of the state in which our headquarters is then located.

Initials as to this entire Section

_____
Initials of Franchisee

_____
Initials of Franchisee

_____
Initials of Franchisor

16.8 Other Matters

We each understand and specifically agree that any matters concerning the relationship between us and any dispute arising, as a result, will be determined on an individual basis and will not be brought as a class action or with multiple unrelated franchisees (whether as a result of attempted consolidation, joinder, or otherwise). This is prudent from a business standpoint because (a) the mediation and arbitration procedures function most effectively on an individual case basis; (b) there are significant factors present in each individual franchisee's situation that should be respected; and (c) class-wide or multiple plaintiff disputes do not foster quick, amicable, and economic dispute resolutions.

16.9 Survival of Obligations and Other Parties

a. Each provision of this Article 16 is self-executing and will continue in full force and effect after a Transfer or the expiration or termination of this Franchise Agreement.

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b. This Article 16 is for the benefit of and is enforceable by all Parties' successors and assigns.

ARTICLE 17

INSURANCE

17.1 Insurance is Required; Coverage

a. Before you open, and then no later than 30 days before each renewal or expiration date of a policy, you will purchase and maintain in full force during each Term, an insurance policy or policies protecting you and us, and the officers, directors, partners, and employees of both you and us against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the operation of the Business. We and our officers, directors, members, partners, and employees will be named as additional insureds on all such policies using the latest version of one or more of the following ISO endorsements: CG 20 29 04 13; CG 20 10; CG 20 42; or CG 20 43, or any one or more combined equivalent that affords us the broadest coverage as additional insureds. The coverage afforded to the additional insureds must be written on a primary basis and will not require or contemplate contribution by any other policy or policies obtained by, or available to, an additional insured and must expressly provide that any interest of the additional insureds will not be affected by your breach of any policy provisions for which such certificates evidence coverage.

b. You will deliver to us the actual policy or policies of insurance or endorsements issued by the insurer (and not the broker), evidencing the proper coverage with limits not less than those required hereunder.

c. All policies must expressly provide that not less than 30 days' prior written notice must be given to us in the event of a material alteration to termination, non-renewal, or cancellation of the coverage evidenced by such policies.

d. You will obtain the following coverage:

i. Commercial general liability, including coverage for medical expenses, personal and advertising injury, third-party claims, product and completed operations liability, and similar losses having a combined single limit of $1,000,000 per occurrence and $2,000,000 in the aggregate.

ii. Employer's liability and workers' compensation insurance required by your state law.

iii. Business personal property insurance for the replacement value of all of your inventory and other personal property of the Business.

iv. Comprehensive commercial vehicle insurance that includes coverage for bodily injury, property damage, medical payments, and uninsured-underinsured coverage for a minimum of $1,000,000 per occurrence and $2,000,000 in the aggregate.

v. Comprehensive crime and blanket employee dishonesty insurance of not less than $5,000.

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vi. Computer fraud coverage (including coverage for cyberattacks or losses, hacking losses, and loss because of malware, pretexting, phishing attacks, and the like) of no less than $1,000,000 per occurrence and $2,000,000 in the aggregate. To the extent that this coverage requires multiple policies or endorsements, then you will obtain each such policy or endorsement.

vii. "**Social Engineering Fraud**" (which is the manipulation of a person through social media that results in such person disclosing confidential personal or company information that then causes a loss) coverage of no less than $1,000,000 per occurrence and $2,000,000 in the aggregate.

viii. Business interruption (sometimes called "Business income") insurance to cover lost income, rent, employee wages, and other business expenses incurred as a result of a covered peril (including fire, theft, and natural disasters), and extra expense coverage, for no less than nine months.

e. Such policy or policies will be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service, and satisfactory to us under standards and specifications set forth in the Manuals (or otherwise in writing) and will include, at a minimum, the coverage found above.

17.2 No Limitations on Coverage and Primacy

a. Your obligation to obtain and maintain the policy or policies in the amounts specified will not be limited in any way because of insurance that we may maintain, and your performance of these obligations will not relieve you of liability under the indemnity provisions of this Franchise Agreement.

b. Your insurance policies must contain a provision that your coverage is primary to any coverage maintained by us, and we will be entitled to recover under your policies for any loss we sustained for whatever reason.

17.3 Franchisor May Procure Insurance Coverage

Should you, for any reason, fail to procure or maintain the insurance required by this Franchise Agreement, by the Manuals or otherwise in writing, we have the right and authority (but no obligation) to procure such insurance and to charge the same to you together with a reasonable fee for our time, all of which will be immediately payable to us by you.

ARTICLE 18

ADDITIONAL PROVISIONS

18.1 Entire Agreement - Merger

a. This Franchise Agreement, including all exhibits and addenda, contains the entire agreement between the Parties and supersedes all prior oral, written, express, or implied agreements, representations, or inducements concerning the subject matter hereof.

b. Nothing in this Franchise Agreement or any related agreement you sign with us is intended to disclaim any representations in the FDD.

18.2 Modification and Power of Attorney

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a. This Agreement may only be modified in a written agreement signed by all parties to this Franchise Agreement.

b. You acknowledge, however, that we may modify our standards, specifications, and operating and marketing procedures, any component of the System, the Marks, or any copyrighted or Proprietary Information, unilaterally, under any conditions and to the extent to which we, in our sole discretion, deem necessary to protect, promote or improve the Marks and the quality of the System in general.

c. If you grant us a power of attorney under this Franchise Agreement, it is always coupled with an interest. To the extent that a specific form or special language is required in your state to ensure enforceability, you agree to execute a separate power of attorney in the form required or to incorporate the special language into this Franchise Agreement to form an enforceable power of attorney.

18.3 Delegation and Franchisor Approval

a. From time to time, we have the right to and will delegate the performance of any portion or all of our obligations and duties hereunder to a third party whom we approve to deliver such services and perform such duties, whether the same are agents of ours or independent contractors whom we have contracted with to provide such services.

b. Subject to state law to the contrary, whenever a matter requires our approval, you must make a timely written request for approval, and our decision must be in writing in order to bind us. Except as otherwise expressly provided in this Franchise Agreement, if we fail to approve any request within the required time, we shall be deemed to have denied your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval.

18.4 Review of Agreement

You acknowledge that you had a copy of this Franchise Agreement in your possession for no less than 14 calendar days before signing it or giving us money, during which time you had the opportunity to submit it for professional review and advice by one or more professionals of your choosing before freely executing this Agreement.

18.5 No Waiver

A waiver by a Party of any term, covenant, or condition contained in this Franchise Agreement is not a waiver in the future of the enforcement of such term, covenant, or condition, and the failure of a Party to exercise a right or remedy granted to it under this Franchise Agreement will not constitute or imply a further waiver by a Party of enforcement of the same or any other condition, covenant, right, or remedy. Further, no custom, usage, concession, or practice on the part of a Party that varies from the literal terms of this Franchise Agreement will preclude at any time the strict enforcement of this Agreement under its terms.

18.6. No Right to Set Off or Third-Party Beneficiaries

a. You will not set off against amounts owed to us any amount we owe you, and in any event, you will not withhold such amounts due to us because of any alleged nonperformance by us, which right of set-off you expressly waive.

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b. All of our obligations under this Agreement are solely and exclusively for the benefit of you and us, and no other party is entitled to rely on, enforce, benefit from, be deemed to be a third-party beneficiary, or otherwise obtain relief either directly or by subrogation.

c. You are not a third-party beneficiary to agreements between any vendor or supplier with whom we have contracted for supplies, goods, or services that are then provided through us to you.

18.7 Invalidity

If any provision of this Agreement is held invalid, and if the arbitrator modifies such provision to eliminate the invalid element, then the provision as modified will be a part of this Franchise Agreement as though originally included. The remaining provisions of this Franchise Agreement will not be affected by such modification. If any provision cannot be modified, it will be stricken, and the rest of the Franchise Agreement will remain in full force and effect.

18.8 Notices

a. All notices relating to any breach of this Franchise Agreement and all notices concerning the implementation of the alternative dispute resolution procedures must be given in writing and must be delivered by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt (or refusal,) at the address, either of us may designate from time to time and will be effective five days after mailing by certified mail, return receipt or when receipted for (or when refused) by hand or overnight delivery. A copy of all notices will also be sent to:

Corporon & Katz, LLC
Attention: Michael J. Katz
5602 S. Florence Street
Greenwood Village, Colorado 80111

b. Communication other than relating to any breach of this Franchise Agreement or relating to the implementation of alternative dispute resolution may be given by email (which is effective when sent to the recipient at the correct email address) or by the means stated in subparagraph (a) of this Section.

18.9 Time is of the Essence, Construction and Counting of Days

a. In all matters concerning this Franchise Agreement, time is of the essence.

b. The headings are for the reader's convenience only and are not intended to be inclusive or exclusive of any term, covenant, or condition.

c. In reading this Agreement, the singular includes the plural, and the reference to one gender includes a reference to all genders and neutral genders.

d. The word "**including**" means "**including, but not limited to**..."

e. The Parties have reviewed this Franchise Agreement and, to fairly accomplish the purposes and intentions of the Parties, will be construed and interpreted according to the ordinary meaning of the words used. The Parties intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

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f. Unless otherwise stated, a reference to "**days"** means calendar days. The counting of days includes weekends and all state and national holidays. If notice is to be delivered and the notice requires the counting of days, such counting will begin on the first calendar day following the day that the notice was received, refused, or deemed to have been delivered under the terms of this Franchise Agreement.

18.10 Survival of Provisions and Independent Covenants

a. Any term, covenant, or condition of this Franchise Agreement that by its terms extends beyond the Transfer, expiration, or earlier termination will continue in full force and effect after the Transfer, expiration, or earlier termination of this Franchise Agreement.

b. The Parties further agree that each covenant of this Franchise Agreement is to be construed as being independent of any other covenant or provision of this Franchise Agreement.

18.11 Force Majeure

Except for monetary obligations hereunder, which are due regardless of this Section's language and unless otherwise specifically provided in this Franchise Agreement, Force Majeure will apply.

18.12 Guaranty and Joint and Several Liability

a. If you purchased franchise rights through a business entity or convert to a business entity, your Principal Operator and all equity owners must sign our then-current form of personal guaranty (the current form of which is found at Exhibit 3) in which each guarantor agrees to assume, discharge, pay and perform all obligations of the Franchisee under the Franchise Agreement including the restrictive covenants found in Articles 6 and 15. All Guarantors are jointly and severally liable.

b. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IF THIS FRANCHISE AGREEMENT IS SIGNED BY MORE THAN ONE FRANCHISEE OR IS GUARANTEED BY MORE THAN ONE PERSON, EACH FRANCHISEE AND GUARANTOR WAIVES AND RELEASES FRANCHISOR FROM THE ENFORCEMENT OF ANY PROVISIONS OF APPLICABLE LAW (INCLUDING, FOR EXAMPLE, COLORADO REVISED STATUTE § 13-50-103), WHICH PROVIDES, IN PART, THAT IF ONE OR MORE JOINT FRANCHISEES, GUARANTORS OR DEBTORS ARE RELEASED OF LIABILITY, NONE OF THE REMAINING FRANCHISEES, GUARANTORS OR DEBTORS WILL BE LIABLE FOR MORE THAN THEIR PROPORTIONATE SHARE OF THE INDEBTEDNESS. AS A RESULT, EACH FRANCHISEE AND EACH GUARANTOR COVENANTS AND AGREES THAT EACH WILL BE LIABLE JOINTLY AND SEVERALLY FOR THE ENTIRE AMOUNT DUE REGARDLESS OF THE RELEASE OF ONE OR MORE FRANCHISEES OR GUARANTORS, THE CONTRIBUTION OF ANOTHER FRANCHISEE OR GUARANTOR, OR FAILURE TO CONTRIBUTE BY ANOTHER FRANCHISEE OR GUARANTOR.**

18.13 Acknowledgement

BEFORE SIGNING THIS FRANCHISE AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF PROFESSIONAL COUNSEL OF YOUR CHOICE. YOU ACKNOWLEDGE THAT:

a. THE SUCCESS OF THIS BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS IN LARGE PART ON YOUR ABILITY AS

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AN INDEPENDENT BUSINESS PERSON AND YOUR ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS, AND

b. YOU UNDERSTAND THAT IF YOU ARE NOT ABLE TO OPERATE THE BUSINESS PROFITABLY, YOU COULD LOSE PART OR ALL OF YOUR INVESTMENT, PLUS ANY ADDITIONAL FUNDS YOU CONTRIBUTE TO THE BUSINESS.

c. Further, you will review and sign the "**Closing Acknowledgment**" attached as Exhibit 8 to this Franchise Agreement.

18.14 Recitals, State Addenda, SBA Amendment and Signatures

a. The Recitals are made part of this Franchise Agreement.

b. Some states require additional information to be provided. Please review Exhibit 6 to see if your state requires this.

c. This Franchise Agreement may be signed in any number of counterparts, all of which taken together form one original document. Signatures may be completed electronically or manually. Facsimile or electronically signed and delivered documents are as effective as an original. By signing electronically, the Parties acknowledge that each can rely on a digital signature of the other as being the respective Party's signature.

d. We may, in the future, be listed with the Small Business Administration (SBA) on its franchise registry. If so, we will add the addendum required by the SBA as Exhibit 7.

Hereby agreed and entered into as of _____ (the "Effective Date")

FRANCHISOR	**FRANCHISEE**
FLOOR CRAFTERS USA CORP	_____
by: _____	by: _____
its: _____	its: _____
date: _____	date: _____

INDIVIDUAL FRANCHISEES

INDIVIDUAL FRANCHISEE

_____

name: _____

date: _____

INDIVIDUAL FRANCHISEES

_____

name: _____

date: _____

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EXHIBIT 1
STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): **Floor Crafters Specialist Flooring Company DFW**_____

_____

Form of Ownership
(Check One)

_____ Individual _____ Partnership _____ Corporation _____ limited liability business entity

If you are a partnership, provide each partner's name and address showing the percentage owned, whether active in management, and indicate the state where the partnership was formed.

If you are a limited liability business entity, provide the name and address of each equity-interest holder, Member, and Manager, showing the percentage owned, and indicate the state where the limited liability business entity was formed.

If you are a corporation, provide the state and date of incorporation, each officer and director's names and addresses, and list every shareholder's name and address, showing what percentage of stock each owns.

_____
_____
_____
_____
_____

Franchisee acknowledges that this Statement of Ownership applies to your Business authorized under this Franchise Agreement.

Use additional sheets if necessary. Any changes to the above information must be reported to the Franchisor in writing.

FRANCHISOR

FLOOR CRAFTERS USA CORP

by: _____
its: _____
date: _____

FRANCHISEE

_____

by: _____
its: _____
date: _____

INDIVIDUAL FRANCHISEES

_____

name: _____
date: _____

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INDIVIDUAL FRANCHISEES

name: _____

date: _____

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EXHIBIT 2
IFF, FRANCHISED LOCATION AND PROTECTED TERRITORY

The IFF is: $____

The Franchised Location is: _____
The Protected Territory is:

FRANCHISOR

FLOOR CRAFTERS USA CORP

by: _____
its: _____
date: _____

FRANCHISEE

_____

by: _____
its: _____
date: _____

INDIVIDUAL FRANCHISEES

_____

name: _____
date: _____

INDIVIDUAL FRANCHISEES

_____

name: _____
date: _____

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EXHIBIT 3
GUARANTY

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GUARANTY OF FRANCHISEE'S OBLIGATIONS

This Guaranty of Franchisee's Obligations (Guaranty) is entered into on the date signed by all Parties (Effective Date) between **Floor Crafters USA Corp** (Franchisor), _____ (Franchisee), and _____ (a "Guarantor" or the "Guarantors"). Franchisor, Franchisee, and Guarantor may be referred to as a "Party" or "Parties." Any capitalized term not defined herein will have the meaning given to it in the "Franchise Agreement" (defined below).

RECITALS

Franchisee signed a franchise agreement with Franchisor on the _____(Franchise Agreement). As an inducement to the Franchisor for granting the franchise rights, the Guarantor(s) agreed to fully guaranty the payment and performance of the Franchisee under the Franchise Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants found herein and for other good and valuable consideration, which consideration is deemed to be adequate by all Parties, each of the undersigned personally and unconditionally agrees to the following:

COVENANTS

1. Guarantor(s) guarantee to Franchisor and its successors and assigns, for the Term of the Franchise Agreement, that Franchisee will timely pay any amount required by the Franchise Agreement and will perform every undertaking, agreement, and covenant under the Franchise Agreement and any addenda or Exhibits attached to it as each may be amended or renewed.

2. Guarantor(s) also agree to be personally bound by every term of the Franchise Agreement, as amended or renewed, and agree to be personally liable for the breach of and cure of every breach of any term, covenant, or condition of the Franchise Agreement. Guarantor(s) agree that this Guaranty is one of payment and performance and not one of just collection.

3. By signing this Guaranty, each Guarantor further agrees that each shall also be subject to all restrictive covenants in the Franchise Agreement, including all Articles 6, 14, 15, and 16 covenants.

4. As part of the inducement given to Franchisor by Guarantor(s), the Guarantor(s) further agree to waive the following,

a. acceptance or notice of acceptance;

b. notice of demand for payment of any indebtedness or notice of any nonperformance of any obligations;

c. protest and notice of default concerning the indebtedness or nonperformance of any obligations guaranteed;

d. any right Guarantor may have to require that any action be first brought against Franchisee or any other Person as a condition of liability; and

e. all other notices and legal or equitable defenses to which Guarantor may be entitled.

5. Guarantor(s) further consent and agree that:

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a. Guarantor(s) is directly and immediately liable under this Guaranty, and if signed by more than one Person, such liability is joint and several;

b. Guarantor(s) shall render any payment or performance required under the Franchise Agreement upon demand of Franchisor if Franchisee fails or refuses punctually to do so;

c. Guarantor(s) performance shall not be contingent or conditioned upon the pursuit of any remedies against Franchisee or any other Person;

d. Guarantor(s) liability shall not be diminished, relieved, or otherwise affected by an extension of time, credit, or another indulgence, including the acceptance of any partial payment or performance or the compromise or release of any claims which Franchisor may from time to time grant to Franchisee or any other Person, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the Term of the Franchise Agreement, including renewals thereof;

e. this Guaranty will be continuing and irrevocable during the Term of the Franchise Agreement, including renewals thereof; and,

f. Franchisor's rights under this Guaranty will not be exhausted by any action of Franchisor until all of the terms, covenants, and conditions of the Franchise Agreement have been met.

6. Guarantor waives all of the following, whether created or imposed by or under statute, common law, or otherwise:

a. any right to require the Franchisor to proceed against Franchisee or any other Person or any security now or hereafter held by Franchisor or to pursue any other remedy whatsoever;

b. any defense based upon any legal disability of Franchisee or any Guarantor, or any discharge or limitation of the liability of Franchisee or any Guarantor to Franchisor, or any restraint or stay applicable to actions against Franchisee or any other Guarantor, whether such disability, discharge, limitation, restraint or stay is consensual, or by order of a court or other governmental authority, or arising by operation of law or any liquidation, reorganization, receivership, bankruptcy, insolvency or debtor-relief proceeding, or from any other cause;

c. all setoffs, counterclaims, presentment, demand, protest, or notice of any kind, except for any notice which the provisions of this Guaranty may expressly require.

d. any defense based upon the modification, renewal, extension, or other alteration of the obligations under the Franchise Agreement or of the documents executed in connection therewith;

e. any defense based upon the negligence of Franchisor, including the failure to file a claim in any bankruptcy of the Franchisee or any guarantor;

f. all rights of subrogation, reimbursement, and indemnity;

g. any defense based upon or related to the Guarantor's lack of knowledge as to Franchisee's financial condition;

h. all rights to revoke this Guaranty in whole or in part;

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i. any defense based upon any action taken or omitted by Franchisor in any bankruptcy or other insolvency proceeding involving Franchisee; and,

j. all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies impairs or destroys Guarantor's right of subrogation or reimbursement against Franchisee.

7. Guarantor agrees to pay upon Franchisor's demand, Franchisor's reasonable out-of-pocket costs and expenses, including attorneys' fees, costs, and disbursements, incurred to collect or enforce any of the terms, covenants, or conditions of the Franchise Agreement, or this Guaranty, regardless of whether any lawsuit is filed.

8. Guarantor, and each Person executing this Guaranty as Guarantor jointly and individually, makes the following representations and warranties, which are deemed to be continuing representations and warranties until payment and performance in full of terms, covenants, and conditions of the Franchise Agreement:

a. Guarantor has all the requisite power and authority to execute, deliver, and be legally bound by this Guaranty on the terms and conditions herein stated.

b. This Guaranty constitutes the legal, valid, and binding obligations of Guarantor, enforceable against Guarantor under its terms.

c. The execution and delivery of this Guaranty and the consummation of the transaction contemplated herein will not, with or without notice or lapse of time, (i) constitute a breach of any of the terms and provisions of any note, contract, document, agreement or undertaking, whether written or oral, to which Guarantor is a party or to which Guarantor's property is subject; (ii) accelerate or constitute any event entitling the holder of any indebtedness of Guarantor to accelerate the maturity of any such indebtedness; (iii) conflict with or result in a breach of any writ, order, injunction or decree against Guarantor of any court or governmental agency or instrumentality; or (iv) conflict with or be prohibited by any federal, state, local or other governmental law, statute, rule or regulation.

d. No consent of any other Person is required in connection with the valid execution, delivery, or performance by Guarantor of this Guaranty.

e. This Guaranty and any other statement furnished by Guarantor contain no untrue statements of a material fact or omits to state a material fact necessary to make the statements contained herein or therein true and not misleading.

9. Each Guarantor understands and agrees that each is also bound by the Dispute Resolution covenants of the Franchise Agreement found at Article 16, which are incorporated herein by this reference as if fully set forth here.

10. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GUARANTORS FURTHER WAIVE AND RELEASE FRANCHISOR FROM THE ENFORCEMENT OF ANY PROVISIONS OF APPLICABLE LAW (INCLUDING, FOR EXAMPLE, COLORADO REVISED STATUTE § 13-50-103), WHICH PROVIDES, IN PART, THAT IF ONE OR MORE JOINT FRANCHISEES, GUARANTORS OR DEBTORS ARE RELEASED OF LIABILITY, NONE OF THE REMAINING FRANCHISEES, GUARANTORS OR DEBTORS WILL BE LIABLE FOR MORE THAN THEIR PROPORTIONATE SHARE OF THE INDEBTEDNESS. AS A RESULT, EACH GUARANTOR COVENANTS AND AGREES THAT**

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EACH WILL BE LIABLE JOINTLY AND SEVERALLY FOR THE ENTIRE AMOUNT DUE, REGARDLESS OF THE RELEASE OF ONE OR MORE GUARANTORS OR THE CONTRIBUTION OF ANOTHER GUARANTOR OR FAILURE TO CONTRIBUTE BY ANOTHER GUARANTOR.

11. The Recitals are incorporated by this reference.

DONE AS OF THE EFFECTIVE DATE.

FRANCHISOR

FLOOR CRAFTERS USA CORP

by: _____
its: _____
date: _____

FRANCHISEE

_____

by: _____
its: _____
date: _____

INDIVIDUAL FRANCHISEES

_____

name: _____
date: _____

INDIVIDUAL FRANCHISEES

_____

name: _____
date: _____

GUARANTORS

BUSINESS-ENTITY GUARANTOR

_____

by: _____
print name: _____
d ate: _____

INDIVIDUAL GUARANTOR

_____

name: _____
date: _____

_____

name: _____
date: _____

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EXHIBIT 4
COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION

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COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION

This Collateral Assignment of Contact and Electronic Information (**Agreement**) is made as of the date signed by all Parties **(Effective Date**) between **Floor Crafters USA Corp**, (**Franchisor**) and _____ _____ (**Franchisee**). Any capitalized term not defined herein will have the meaning outlined in the Franchise Agreement.

RECITALS

On _____, 202_, Franchisor and Franchisee executed a "**Franchise Agreement**." As part of the Franchise Agreement, the Franchisee agreed that upon the expiration, Transfer, or termination of the Franchise Agreement, the Franchisor would have the right, title, and interest in and to all contact and electronic information relating to the Franchisee's Business and to ensure that the Franchisor that it will have such rights, the Parties have agreed to enter into this Agreement.

NOW THEREFORE, for and in consideration of the covenants found in the Franchise Agreement and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, it is agreed as follows:

COVENANTS

1. Franchisee acknowledges that, as between Franchisor, Franchisee, the public, and any other Person, the Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers, directory listings, URL's web page identifiers, blog, vlogs, email addresses, and social network addresses (including Twitter and Facebook), that are associated with any Mark and assigns all of the same to Franchisor under this Agreement.

2. To the extent necessary to enforce this Agreement, Franchisee appoints Franchisor and any of its officers, as Franchisee's attorney-in-fact (coupled with an interest,) to direct the telephone company, all telephone directory publishers, any electronic transfer agency, any URL or webpage host, and any other electronic business, company, transfer agent, host, webmaster, and the like to transfer to the Franchisor all telephone, facsimile machine numbers, and directory listings, and all electronic listings, web pages, social network pages or identities (including Twitter and FaceBook), URL's, blogs, vlogs, "**handles**", email addresses and the like that are owned by Franchisee or that relate to the Franchisee's Franchised Business, and any party named herein may accept such direction under this Agreement as conclusive of Franchisor's exclusive rights in and to such information, site, URL, electronic media, telephone numbers, directory listings and the like and Franchisor's authority to direct their transfer. To the extent that any Person identified above or the law of the state in which such Person is located requires special language to enforce the Franchisor's rights as the attorney-in-fact or requires a special form, Franchisee will execute such additional form or will add such language to this Agreement.

3. This Agreement is only effective when the Franchise Agreement expires, is transferred, or is terminated, and only if the Franchisee fails or refuses to make the necessary assignments as contemplated by this Agreement.

4. The Recitals are incorporated into this Agreement by this reference.

DONE AS OF THE EFFECTIVE DATE.

FRANCHISOR **FRANCHISEE**

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FLOOR CRAFTERS USA CORP

by: _____
its: _____
date: _____

by: _____
its: _____
date: _____

IF SIGNED PERSONALLY

INDIVIDUAL FRANCHISEE

_____
name: _____
date: _____

INDIVIDUAL FRANCHISEE

_____
name: _____
date: _____

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EXHIBIT 5
GENERAL RELEASE

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GENERAL RELEASE

This General Release (Release) is made as of the date that it is signed by all Parties (**Effective Date**) between **Floor Crafters USA Corp**, a Colorado limited liability company (**Franchisor**), _____ (Franchisee), and _____ and _____ (**Guarantor(s)**, jointly and severally if applicable). Franchisor, Franchisee, and Guarantor may sometimes be referred to as a "**Party**" or jointly as the "**Parties**." Any capitalized term not defined here will have the meaning outlined in the "Franchise Agreement."

RECITALS

Franchisor and Franchisee entered into that certain franchise agreement dated_____ (**Franchise Agreement**), and Guarantor guaranteed the performance of the Franchisee under the Franchise Agreement. Franchisee desires to take some action (or make some amendment) to the Franchise Agreement or desires for the Franchisor to take any action for which a General Release is called for in the Franchise Agreement or is required by Franchisor as part of such action, and as a material inducement to the Franchisor approving the same, Franchisee and Guarantor have each agreed to provide this Release.

NOW, THEREFORE, for and in consideration of the mutual covenants found herein, for that consideration stated below, and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, each of the Guarantors personally and unconditionally agrees as follows:

COVENANTS

1. Franchisee, for and on behalf of itself, its officers, directors, shareholders, and employees, and on behalf of any parent corporation or subsidiary, business entity, successor, assignee, and their officers, directors, shareholders, and employees, (**Franchisee Parties**) and Guarantor for himself or herself and for and on behalf of its family members and for and in consideration of: the Franchisor granting to the Franchisee the right to do the following; _____; and for other good and valuable consideration, all of which is deemed adequate by all Parties hereto, do each (personally, jointly and severally) from the beginning of time to the Effective Date of this Release, release, indemnify, and forever forgive and discharge Franchisor and the Franchisor Parties from all known or unknown, liquidated or unliquidated, fixed, direct or indirect, foreseeable or unforeseeable, matured or unmatured, absolute or contingent, determined or determinable, equitable or legal claims; claims sounding in Applicable Law; causes of action; complaints; direct, indirect, punitive or consequential damages; judgments; business losses; awards; injury, or any other right or action (separately and together a "Claim" or the "Claims") which relate in any way to: (i) the manner and method by which Franchisor delivered the FDD to Franchisee, and Guarantor (ii) the content, or lack of content of the FDD (as such content may have been required by any Applicable Law); (iii) the performance or failure of performance of Franchisor or Franchisor Parties in reference to any federal-required or state-required disclosure obligations and requirements; (iv) any oral, written, express or implied promises, statements, disclosures and the like relating in any way to the Franchise Agreement or the franchise relationship between the Franchisor and Franchisor Parties, Franchisee, Guarantor and the Franchisee Parties; (v) the performance or the failure to perform of Franchisor or any Franchisor Party under the Franchise Agreement; (vi) the performance or failure to perform of Franchisor or any Franchisor Party under any other oral or written, express or implied agreement, covenant, or document whether or not found in the Franchise Agreement; and, (vii) any other Claim sounding in equity or law. Notwithstanding the preceding, nothing in this Release is intended to disclaim any representations made in the FDD.

2. Franchisee for itself and on behalf of the Franchisee Parties and Guarantor each agree and expressly state that this Release was made in contemplation of not only known Claims and the consequences

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thereof but also in contemplation of the possibility that each such Party identified in this paragraph may or will sustain future damages presently unknown to them and which accrued on or before the Effective Date of this Release but which were not asserted until after that date. By executing this Release Franchisee for itself and on behalf of the Franchisee Parties intend to release Franchisor and the Franchisor Parties, jointly and severally, from liability for all known, unknown, and unforeseen Claims, losses, expenses, damages, costs, liabilities, business losses, and the consequences thereof.

3. Franchisee for itself and on behalf of the Franchisee Parties assume any risk that the facts and law may be, or may become, different from the facts and law as known to them or believed to be known by them as of the date of this Release, and each agrees that if the execution of this Release was made based on mistake (mutual or unilateral) that each will forever waive any right to claim that entering into this Release resulted from a mistake of any kind, thereby waiving all claims based upon the doctrine of mistake.

4. Franchisee for itself and on behalf of the Franchisee Parties and Guarantor deliver this Release with the intent that Franchisor relies upon the same. Should any condition, covenant, or clause herein be considered to be unenforceable, any tribunal of competent jurisdiction shall be permitted to amend the Release to the least extent possible to form an enforceable covenant, or if such amendment cannot be fashioned then to excise the offending clause, covenant, or condition to form an enforceable Release, which shall be binding upon the Parties to the fullest extent permissible.

5. Notwithstanding the terms of this Release, nothing herein relieves any Party of the obligation to maintain the confidentiality of any confidential, trade secret, proprietary, or similar information of any other Party. The terms of this Release are and will remain confidential and will not be disclosed by any Party to any Person except as required by legal process and required to be disclosed in Franchisor's Franchise Disclosure Document.

6. In the event of a dispute concerning this Release, the Parties agree that the alternative dispute resolution provisions of the Franchise Agreement found at Article 16 are incorporated herein by this reference as if fully set forth here.

7. If any mandatory provisions of the governing state law limit or prohibit the use of this Release, or which in any manner impose different rights or obligations as are found herein, then such mandatory provisions of state law shall be deemed incorporated in the Franchise Agreement and this Release by reference and shall prevail over any inconsistent terms in this Release. If no such law exists, or if such law exists but permits the Franchisee to agree to abide by the terms of this Release, or if by accepting the alternative dispute resolution covenants of the Franchise Agreement found at Article 16, the state law is preempted by the federal law applicable to such dispute resolution, then the Franchisee for itself and on behalf of the Franchisee Parties and Guarantor each agree to abide by the terms of this Release. Notwithstanding the preceding, claims arising from representations in the FDD are excluded from this release.

8. Notwithstanding anything herein to the contrary:

a. Release of Unknown Claims and Waiver of California Law. The Franchisee, Franchisee Parties, and Guarantors acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release concerning claims not known or suspected by them at the time of execution of the release, such as Section 1542 of the Civil Code of the State of California which provides that:

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> "A general release does not extend to claims which the creditor does not know or suspect to exist in their favor at the time of executing the release, which, if known by him, must have materially affected their settlement with the debtor."

Franchisee, Franchisee Parties, and each Guarantor waives and relinquishes every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California and any similar provisions of any other law (as may apply to this Release), to the fullest extent that the Franchisee, Franchisee Parties, and Guarantors, may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment concerning the Released Claims, the Franchisee, Franchisee Parties, and Guarantors each acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true concerning the subject matter of this Release, but that it is the Franchisee's, Franchisee Party's, and Guarantor's intention to settle and release fully, finally and forever, all claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or previously existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee and each Franchise Party and Guarantor agree to defend and indemnify Franchisor from all claims arising out of, directly or indirectly, the assertion by you, each Franchisee Party, and each Guarantor (or any Person by, through, or on their behalf) of any Released Claims, positions, defenses, or arguments contrary to this Section 6(a) above.

b. Release of Unknown Claims and Waiver of South Dakota Law. The Franchisee and each Franchisee Party and Guarantor acknowledge that each is aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release concerning claims not known or suspected by them at the time of execution of the release, such as South Dakota Codified Laws§ 20-7-11, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in their favor at the time of executing the release, which, if known by them, must have materially affected their settlement with the debtor."

Franchisee and each Franchisee Party and Guarantor waive and relinquish every right or benefit which they have, or may have, under § 20-7-11 of the South Dakota Codified Laws and any similar provisions of any other law (as may apply to this Release) to the fullest extent that they may lawfully waive such right or benefit concerning the subject matter of this Release. In connection with such waiver and relinquishment, concerning the Released Claims, Franchisee and each Franchisee Party and Guarantor acknowledge that they are aware and informed that they may later discover facts in addition to or different from those that each Party now knows or believes to be true concerning the subject matter of this Release. Knowing that they intend to settle and release fully, and finally and forever, all Released Claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or previously existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee and each Franchisee Party and Guarantor agree to defend and indemnify the Franchisor and the Franchisor Affiliates from all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or any Person by, through, or on behalf of Releasor) of any Released Claims, positions, defenses, or arguments contrary to this Section l(b) of this Release.

9. Additional Provisions

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a. Each such Party represents that the execution and delivery of this Release is the duly authorized and binding act of such Party.

b. The Recitals are incorporated herein by this reference.

c. This Release shall be interpreted under the laws of the state of Colorado without regard to any conflict of laws provision to the contrary. Enforcement of this Release is to be under the alternative dispute resolution provisions of the Franchise Agreement found at Article 16 as though such Article was incorporated in its entirety herein.

d. Each Party shall fully cooperate with all other Parties with respect to the performance of this Release. Each Party will execute, acknowledge, and deliver such further documents that may reasonably be required to perform this Release effectively and to evidence the release of all obligations and liabilities of the Parties as more fully stated herein.

e. This Release may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute the same instrument, without the necessity of production of the others. An executed signature page delivered via facsimile transmission or electronic signature shall be deemed as effective as an original executed signature page.

DONE AS OF THE EFFECTIVE DATE

FRANCHISOR	**FRANCHISEE**
FLOOR CRAFTERS USA CORP	_____
by: _____	by: _____
its: _____	its: _____
date: _____	date: _____

IF SIGNED PERSONALLY

INDIVIDUAL FRANCHISEE

_____

name: _____

date: _____

INDIVIDUAL FRANCHISEE

_____

name: _____

date: _____

GUARANTORS

_____

by: _____

name: _____

date: _____

_____

name: _____

date: _____

_____

name: _____

date: _____

_____

name: _____

date: _____

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EXHIBIT 6
STATE ADDENDA

NONE

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EXHIBIT 7
FORM OF SBA AMENDMENT

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ATTACHMENT

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

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

FORCED SALE OF ASSETS

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

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

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

FRANCHISOR:	**FRANCHISEE:**
By: _____	By: _____
Print Name: _____	Print Name: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT 8
CLOSING ACKNOWLEDGEMENT

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CLOSING ACKNOWLEDGEMENT

Franchisee Name: _____
Address: _____
Telephone: _____
Today's Date: _____

A. GENERAL QUESTIONS

1. The date I received the Franchise Disclosure Document (FDD) from Franchisor was: _____

2. The earliest date I signed the Franchise Agreement or any other binding document (not including the Receipt) was: _____

3. The earliest date I delivered cash, check, or consideration to the franchise marketing representative or any other Person was: _____

4. Did you initiate negotiations about the Franchise Agreement with the Franchisor? Yes_____No_____. If yes, what was that date? _____

B. REPRESENTATIONS

PLEASE RESPOND TO EACH PARAGRAPH. IN RESPONDING, PLEASE STATE WHETHER THE STATEMENT IS TRUE OR FALSE AND PROVIDE ANY OTHER INFORMATION THAT IS IMPORTANT TO YOU.

1. I had an opportunity to review the FDD and other agreements attached to the disclosure document and understand the terms, conditions, and obligations of these agreements.

☐ **Yes** ☐ **No**

_____ _____
_____ Initials

2. I had an opportunity to seek professional advice regarding the FDD, the Franchise Agreement, and all matters concerning my franchise purchase.

☐ **Yes** ☐ **No**

_____ _____
_____ Initials

3. I have adequate working capital to develop, open, and operate my Franchised Business.

☐ **Agree** ☐ **Disagree**

_____ _____
_____ Initials

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4. I understand that my investment in this business contains substantial business risks, and there is no guarantee that it will be profitable.

☐ **Agree** ☐ **Disagree**

_____ _____
_____ Initials

5. I acknowledge that the success of my business depends largely upon my ability as an independent businessperson and my active participation in the day-to-day operation of the Business.

☐ **Agree** ☐ **Disagree**

_____ _____
_____ Initials

C. STATEMENTS OF THE FRANCHISOR

THE PARAGRAPHS BELOW ARE THE POLICIES OF THE FRANCHISOR. IF ANY IS UNTRUE OR IS CONTRADICTED BY YOUR EXPERIENCE, PLEASE PROVIDE AN EXPLANATION.

1. The Franchisor <u>does not permit</u> any employee, salesperson, officer, director, or another individual to make or endorse any representations, warranties, projections, or disclosures of any type relating to the financial success of the franchise business and, except as specifically stated in Item 19, or by you at the line below, no information as to sales, income, expenses, profits, cash flows, tax consequences or otherwise have been given to the Franchisee. I*f any such representations have been made to you by any Person in the Franchisor's employ, please state so below and immediately inform the President or Chief Officer of the Franchisor.*

_____

_____
Initials

2. The Franchisor <u>does not permit</u> any employee, salesperson, officer, director, franchisee, or another individual to project any results that a Franchisee can expect in the operation of the Business. *If any such representations have been made to you by any Person, please state so below and immediately inform the President or Chief Officer of the Franchisor.*

_____

_____
Initials

3. The Franchisor <u>does not permit</u> any promises, agreements, contracts, commitments, representations, understandings, "side deals," or variations or changes in or supplements to the Franchise Agreement except by means of a written addendum signed by you and the Franchisor. *If any such deals or changes have been made or promised, please state so below and immediately inform the President or Chief Officer of the Franchisor.*

_____

_____
Initials

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I have completed this Closing Acknowledgement and have disclosed any information contrary to any printed statement or have provided any other information that I deem important. I understand that my answers are part of the Franchisor's material determination in granting franchise rights and that their reliance on the same is fair, reasonable, and expected of me.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

DONE AS OF THE DATE FOUND BELOW

FRANCHISOR	**FRANCHISEE**
FLOOR CRAFTERS USA CORP	_____
by: _____	by: _____
its: _____	its: _____
date: _____	date: _____

IF SIGNED PERSONALLY

_____

name: _____

date: _____

INDIVIDUAL FRANCHISEES

_____

name: _____

date: _____

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EXHIBIT B-1
MULTI-TERRITORY ADDENDUM

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MULTI-FRANCHISE AGREEMENT ADDENDUM TO THE FRANCHISE AGREEMENTS

This Multi-Franchise Agreement Addendum to Franchise Agreements (**First Addendum**) is entered into and made effective on the date that all Parties finally sign it (**Effective Date**) between Floor Crafters USA Corp (**Franchisor)** and _____(**Franchisee**). Franchisor and Franchisee may be referred to as a "**Party**" or the "**Parties**." Any capitalized word not defined herein will have the meaning given in the "**Awarded Franchise Agreement**."

BACKGROUND

The Parties entered into the number of separate Awarded Franchise Agreements as follows:

Awarded Franchise Agreements	Date of Signature	Brief Description of Protected Territories
1		
2		
3		
4		

As a result of the award of the franchise rights identified just above, certain terms of each Awarded Franchise Agreement will change. The reference in this First Addendum to an "**Article**" or "**Section**" means the corresponding Article or Section in each Awarded Franchise Agreement. The reference to the "**Awarded Franchise Agreements**" refers to the number of franchise agreements awarded to you as stated in the above table.

NOW, THEREFORE, for and in consideration of the mutual covenants found herein, and for other good and valuable consideration, the adequacy of which is admitted by all Parties, it is agreed as follows:

COVENANTS

1. The terms of this First Addendum and in addition to the terms of each Awarded Franchise Agreement, except unless otherwise stated, this First Addendum will amend each applicable term, covenant, and condition of each Awarded Franchise Agreement and will prevail over any inconsistent terms of each Awarded Franchise Agreement. Though this First Addendum currently applies to all Awarded Franchise Agreements granted to you as a whole, we reserve the right to require you at any time to sign a First Addendum for each Awarded Franchise Agreement.

2. Section 2.1 is amended to provide that you must simultaneously open each Business in each Protected Territory awarded to you.

3. Section 2.2 is amended to provide that,

a. the identity of each Protected Territory awarded under each Awarded Franchise Agreement will be identified in Exhibit 2 of such Awarded Franchise Agreement;

b. the Quota is applicable to each Protected Territory granted to you under the Awarded Franchise Agreements. In addition, the Quota for one Protected Territory that is below the required number cannot be increased with revenue from another Protected Territory that may have exceeded

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the Quota, and a breach of the Quota under one Awarded Franchise Agreement serves as a breach of all Awarded Franchise Agreements for which no additional cure will be provided; and,

c. if you fail to reach the Quota in any calendar year for any Protected Territory, we may, in our sole discretion, offer Remedial Training, reduce the size of one, some or all of your Protected Territories, take other action short of terminating your franchise rights without terminating one, some or all Franchise Agreements, or terminate one, some or all Franchise Agreements without any additional right to cure, with the understanding that all remedies are cumulative and not exclusive, and may be a mixture of the above remedies (or other remedies available under the Awarded Franchise Agreements). Regardless of the fact that one, some, or all Awarded Franchise Agreements are terminated, all covenants that by their nature must survive termination to remain enforceable, including all restrictive covenants, will survive termination and will remain enforceable.

4. Section 2.4 is amended as follows:

a. You must lease or purchase one Vehicle for each Awarded Franchise Agreement granted to you. You must license, title, and insure each Vehicle properly.

b. You must purchase a Startup Package and wrap each Vehicle. Shipping and handling will be charged for each Startup Package.

5. Section 2.5 is amended as follows:

a. You must purchase sufficient inventory for use in each Protected Territory.

b. You must purchase a Product Sample Update Package for each Protected Territory. One such package cannot be used in multiple Protected Territories.

c. You must own or purchase the Computer System required under the First Awarded Franchise Agreement you sign. The single Computer System can be used to operate the Business in each Protected Territory. You may wish to purchase or lease additional equipment, provided each Computer System meets our then-current configuration.

d. You need only one cell phone regardless of the number of Awarded Franchise Agreements granted to you.

6. Section 3.1 is amended as follows:

a. You will pay the IFF, which reflects the number of franchise agreements awarded to you as follows:

Awarded Franchise Agreement	Initial Franchise Fee	Cumulative Fee
1	$59,900 For the First	$59,900
2	$45,900 For the Second	$105,800
3	$39,900 For the Third	$145,700

Awarded Franchise Agreement	Initial Franchise Fee	Cumulative Fee
4	$35,900 For the Fourth	$181,600

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If you are an honorably discharged member of the military, you will receive a 10% discount on the total IFF you pay under the above table.

b. You will incur the costs for the Startup Package and Digital Marketing Program Startup Fee for each Awarded Franchise Agreement.

7. The required Royalty identified in Section 3.2 is due separately for the Gross Sales generated under each Awarded Franchise Agreement.

8. Section 3.3 is amended as follows:

a. You will pay the then-current Grand Opening Marketing Fee for each Awarded Franchise Agreement.

b. You will pay the then-current Digital Marketing Program Startup Fee, the payment of which is applicable for all Awarded Franchise Agreements granted to you.

c. You will spend the then-current Digital Marketing Ad Spend under each Awarded Franchise Agreement.

d. Beginning with the first month that you open, you will pay the then-current monthly Marketing Management Fee, which is currently applicable for all Awarded Franchise Agreements granted to you. If you open on a day other than the first day of the month, this fee will be prorated for that month. Though the Marketing Management fee is not currently calculated based on the number of Awarded Franchise Agreements granted to you, we may decide to charge the fee for each Awarded Franchise Agreement after giving you no less than 60 days' prior written notice. We may also decide to change this fee at any time and in any amount after giving you no less than 60 days' prior written notice.

e. You will pay the then-current Local Advertising Fee for each Awarded Franchise Agreement granted to you.

f. We have not determined whether the National Brand Fee will be collected for one, some, or all Awarded Franchise Agreements. We reserve the right to do so and will notify you no less than 60 days' prior to implementing such a decision.

g. If a Regional Advertising Program is instituted, all of your Protected Territories granted to you under the Awarded Franchise Agreements will be located in one region.

h. If a gift card or loyalty program is implemented, you may be required to participate in such program in one, some, or all Protected Territories awarded to you at such additional expense as then determined.

9. Section 3.4 is applicable under each Awarded Franchise Agreement granted to you.

10. Article 4 is amended to provide that you may decide to renew one, some, or all of your Awarded Franchise Agreements and are granted to right to do so, subject to the remaining terms of Article 4.

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11. We will supply the services identified in Section 5.2 and may supply the services identified in Section 5.3 for each Awarded Franchise Agreement, except to the extent that such services can (in our sole discretion) be delivered once while being applicable to all Awarded Franchise Agreements, then the delivery of such services once will be sufficient to satisfy our delivery requirement.

12. Section 7.1 is amended as follows:

a. We will supply Initial Franchise Training to you and one additional Person if you are granted two Awarded Franchise Agreements, and to you and up to two additional Persons if you are granted three or more Awarded Franchise Agreements.

b. The refund offered in the event you fail training will be the IFF paid under the table currently found in Paragraph 7 of this First Addendum.

c. We may, in our sole discretion, either offer training for replacement or additional Designated Managers during a Term, in which case you will pay our then-current fee for such service or allow you to train the replacement or additional Designated Manager yourself. There is no guarantee that we will grant the latter, and we may deny you this right for any reason or no reason.

13. Subject to the terms of this First Amendment in reference to the remedies available for failure to meet the Quota for any Protected Territory, Section 7.2 is amended to provide if you fail to reach the Quota in any calendar year for any Protected Territory, we may, in our sole discretion, offer Remedial Training for one, some or all Protected Territories.

14. The quality control standards identified in Article 8 are applicable to each Awarded Franchise Agreement.

15. The Transfer obligations identified in Article 9 are applicable to Transfers under one, some, or all of the Awarded Franchise Agreements.

a. Section 9.5 is amended to confirm that this Section is applicable under each Awarded Franchise Agreement so that the death or Permanent Disability of the Person identified in that Section will require the sale of your interests under one, some, or all of the Awarded Franchise Agreements in our sole discretion.

b Section 9.6 is amended to allow us to exercise the Right of First Refusal for one, some, or all of the Awarded Franchise Agreements you seek to Transfer.

16. Article 10 applies to each Awarded Franchise Agreement.

a. The Cross Default provisions of Article 10 are each Awarded Franchise Agreement granted to you so that your breach of any term, covenant, or condition of one Awarded Franchise Agreement (as amended by this First Addendum) or any Third-Party Contract grants us the right, in our sole discretion, to terminate one, some or all of your Awarded Franchise Agreements, or to take any other action allowed as a result of such cross-default Further, we may seek damages or relief under one, some, or all of the Awarded Franchise Agreements if we exercise our right granted under the Cross-Default provisions.

b The Damages provision of Article 10 is clarified to provide that our right to damages and other relief granted to us under each Awarded Franchise Agreement is cumulative and will not be to the exclusion of any other rights or remedies that may be applied to one, some or all of the Awarded Franchise Agreements, and in doing so, we are not waiving the right to apply a different set of remedies

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under one, some or all of the Awarded Franchise Agreements, or the right to seek damages under one or some, but not all Awarded Franchise Agreements. All damages allowed under each Awarded Franchise Agreement and in addition to the damages allowed under any other Awarded Franchise Agreements.

17. Article 12 is amended to be applicable to one, some, or all of the Awarded Franchise Agreements after the expiration or earlier termination of one, some, or all of your Awarded Franchise Agreements.

18. Article 14 is clarified to confirm that the indemnification granted is applicable to each Awarded Franchise Agreement.

19. Article 15 remains applicable to each Awarded Franchise Agreement during the Term of each such document and for each such agreement that may expire, be terminated, or is Transferred. To further clarify the same, if your rights expire or are terminated under less than all of your Awarded Franchise Agreements, or under Article 9 of each Awarded Franchise Agreement if you Transfer less than all of your Awarded Franchise Agreements, Article 15 will apply separately to each expired, terminated or Transferred Awarded Franchise Agreement, and will also remain in effect for the remaining Awarded Franchise Agreements that have not expired, were not terminated or were not Transferred.

20. Article 16 is applicable to each Awarded Franchise Agreement.

21. Article 17 is amended to provide:

a. You will need the required insurance for each Awarded Franchise Agreement. For instance, if you are granted two Awarded Franchise Agreements, your coverage will include commercial general liability coverage with a combined limit of $1,000,000/$2,000,000 for each Awarded Franchise Agreement.

b. You may reduce your premiums to the extent your insurer agrees to combine the separate insurance obligations and premiums for each Awarded Franchise Agreement into one policy and one premium, so long as the coverage required (including the coverage afforded to the additional insureds) is sufficient to cover the full aggregate losses required under each Awarded Franchise Agreement. By way of example and not limitation, if your insurer issues one policy that covers all of your insurance obligations under each of the three Awarded Franchise Agreements granted to you, and if there are three separate claims made in the Protected Territory identified under three separate Awarded Franchise Agreements (for instance vehicle accidents involving different injured drivers in different Protected Territories), the policy will separately award the limits of insurance to the three injured parties under each Awarded Franchise Agreement even though the final combined award would otherwise be in excess of the aggregate coverage allowed under one Awarded Franchise Agreement.

22. Section 18.12 is clarified to affirm that guarantors will be needed for each signed Awarded Franchise Agreement, though such guaranty may be reduced to one guaranty if the guarantors and we agree to allow the guaranty of your obligations (including payment and performance) for all of the Awarded Franchise Agreements and such guaranty is appropriately amended.

23. We may, in our sole discretion (which may be granted or denied for any reason or no reason), allow you to sign one or more, but less than all of the exhibits attached to each Awarded Franchise Agreement so long as such combined documents cover your all of your obligations, duties, liabilities, payment, and performance under each Awarded Franchise Agreement.

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24. Except as amended by this First Addendum, the terms, covenants, conditions, duties, obligations, and rights granted under each Awarded Franchise Agreement will remain in full force and effect as to each Awarded Franchise Agreement.

DONE AS OF THE EFFECTIVE DATE.

FRANCHISOR	**FRANCHISEE**
FLOOR CRAFTERS USA LLC	_____
By: _____	By: _____
Member	Its: Member
Date: _____	Date: _____

IF AWARDED AGREEMENTS ARE SIGNED PERSONALLY

INDIVIDUAL FRANCHISEE

_____

name: _____

date: _____

INDIVIDUAL FRANCHISEE

_____

name: _____

date: _____

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EXHIBIT C

MANUAL TABLE OF CONTENTS

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EXHIBIT D

LIST OF CURRENT FRANCHISEES
AND OTHER FRANCHISEE INFORMATION

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LIST OF CURRENT FRANCHISEES
AS OF DECEMBER 31, 2025

Individual Franchisees

None

Multiple Awarded Franchise Agreements

STATE	CITY AND ZIP	ADDRESS	TELEPHONE NUMBER	EMAIL	NUMBER OF AWARDED FRANCHISE AGREEMENTS
Colorado*	Louisville, 80027	2228 Cliffrose Lane	720-724-1347	graham@floorcraftersbroomfield.com	2
Texas	Fort Worth, 76248	13021 Harmon Rd	817-242-9505	dennisj@floorcraftersdfw.com	2
South Carolina	Charlotte, 28273	4746 Sweden Rd	980-944-8468	david@floorcrafterssouthcharlotte.com	2

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
AS OF DECEMBER 31, 2025

None

TRANSFEREES AS OF DECEMBER 31, 2025

None

FRANCHISEE THAT HAS NOT COMMUNICATED WITHIN 10 WEEKS OF THE ISSUANCE DATE

None

FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS BUT HAD NOT OPENED
AS OF DECEMBER 31, 2025

None

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

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EXHIBIT E

STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT

ADDENDUM TO FLOOR CRAFTERS FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND

Notwithstanding anything to the contrary set forth in the Floor Crafters Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Floor Crafters franchises offered and sold or operated in the State of Maryland.

1. Item 17 of the Franchise Disclosure Document is amended as follows:

"Termination for bankruptcy filing may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)."

2. Items 17I and 17(m) are revised to provide that, under COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Items 17(v) and (w) are modified by insertion of the following:

"Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

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ADDENDUM TO
FLOOR CRAFTERS
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF MINNESOTA

Notwithstanding anything to the contrary in the Floor Crafters Franchise Disclosure Document, the following provisions shall supersede and apply to all Floor Crafters franchises offered and sold to residents of the State of Minnesota or if the Franchised Business will be located in Minnesota:

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

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (a) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and (b) that consent to the transfer of the franchise will not be unreasonably withheld.

3. To the extent required by Minnesota Statutes, Chapter 80C, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Franchise Agreement.

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief.

6. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5 with respect to limitation of claims.

7. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C, are met independently without reference to this Addendum.

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ADDENDUM TO
FLOOR CRAFTERS
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Floor Crafters Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Floor Crafter franchises offered and sold or operated in the State of Rhode Island.

1. §19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this addendum.

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ADDENDUM TO
FLOOR CRAFTERS
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF VIRGINIA

Notwithstanding anything to the contrary set forth in the Floor Crafters Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Floor Crafters franchises offered and sold or operated in the State of Virginia.

1. Item H of the chart in Item 17 is hereby amended by the addition of the following disclosure:

"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 Franchise Act or the laws of Virginia, that provision may not be enforceable."

2. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this addendum.

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WASHINGTON ADDENDUM
TO THE
FRANCHISE DISCLOSURE DOCUMENT,
THE FRANCHISE AGREEMENT,
AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise

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agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgments**. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Dated _____.

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FRANCHISOR:
ELLIE FAM LLC
By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:
_____
By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:
_____
Name: _____

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ADDENDUM TO
FLOOR CRAFTERS
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF WISCONSIN

Notwithstanding anything to the contrary in the Floor Crafters Franchise Disclosure Document, the following provisions shall supersede and apply to all Floor Crafters franchises offered and sold to residents of the State of Wisconsin or if the Franchised Business will be located in Wisconsin:

1. The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal, or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Franchise Agreement that are inconsistent with the Wisconsin Fair Dealership Law.

2. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this Addendum.

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EXHIBIT

FRANCHISEE ORGANIZATIONS FRANCHISOR HAS CREATED, SPONSORED, OR ENDORSED AND INDEPENDENT

ORGANIZATIONS.

NONE

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EXHIBIT G

FINANCIAL STATEMENTS

Floor Crafters USA Corp

Financial Statements
For the Years Ended December 31, 2025 and 2024

OLSONI• □
REYES[• □
SAUERWEIN
Certified Public Accountants

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OLSON REYES SAUERWEIN
Certified Public Accountants

Independent Auditor's Report

To the Stockholders
Floor Crafters USA Corp

Opinion

We have audited the accompanying financial statements of Floor Crafters USA Corp (a Colorado corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Floor Crafters USA Corp as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Floor Crafters USA Carp's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

OLSON REYES SAUERWEIN

Certified Public Accountants

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Floor Crafters USA Carp's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Floor Crafters USA Carp's ability to continue as a going concern for a reasonable period of time.

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

Olson, Reyes & Sauerwein, LLC

Olson, Reyes & Sauerwein, LLC
Centennial, Colorado
February 19, 2026

Floor Crafters USA Corp

Balance Sheets

December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash	$ 15,074	$ 697
Royalty fees receivable		2,000
Deferred contract costs	152,446	
Deposits	10,643	
TOTAL ASSETS	$ 178,163	$ 2,697
LIABILITIES AND STOCKHOLDER'S (DEFICIT)		
Liabilities		
Accounts payable and accrued liabilities	$ 15,348	$ 30,226
Advances payable	24,884	
Due to related party	8,258	5,308
Deferred revenue	153,547	
Total Liabilities	202,037	35,534
Stockholder's (Deficit)		
Common stock - no par value, 10 shares authorized; 100 shares issued and outstanding		
Additional paid-in capital	2,486	2,486
Retained (deficit)	(26,360)	(35,323)
Total Stockholder's (Deficit)	(23,874)	(32,837)
TOTAL LIABILITIES AND STOCKHOLDER'S (DEFICIT)	$ 178,163	$ 2,697

See Notes to Financial Statements

Floor Crafters USA Corp

Statements of Operations

For the Years Ended December 31, 2025 and 2024

	2025	2024
Franchise Fees and Royalty Revenue	$ 147,653	$ 13,000
Operating Expenses		
Advertising and promotion	74,159	13,308
Bank charges	1,093	180
Commissions	7,054	
Office expenses	3,306	105
Professional fees	31,161	19,669
Repairs and maintenance		400
Software subscriptions	9,642	14,666
Travel expenses	57	
Website	22,599	
Total Operating Expenses	149,071	48,328
Net (Loss) Before Taxes	(1,418)	(35,328)
Income Tax Provision (Benefit)		
Current	262	
Deferred	(10,643)	
Income Taxes (Benefit)	(10,381)	
NET INCOME (LOSS)	$ 8,963	$ (35,328)

See Notes to Financial Statements

Floor Crafters USA Corp

Statements of Retained Earnings

For the Years Ended December 31, 2025 and 2024

	2025	2024
Retained earnings (deficit) - beginning of Year	$ (35,323)	$ 5
Net income (loss)	8,963	(35,328)
RETAINED {DEFICIT) - END OF YEAR	$ (26,360)	$ (35,323)

See Notes to Financial Statements

Floor Crafters USA Corp

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 8,963	$ (35,328)
Adjustment to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities		
Deferred income tax	(10,643)	
Changes in Operating Assets and Liabilities		
Royalty fees receivable	2,000	(2,000)
Deferred contract costs	(152,446)	
Accounts payable	(14,878)	30,226
Due to related parties	2,950	5,308
Deferred revenue	153,547	
Net Cash Flows from Operating Activities	(10,507)	(1,794)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from informal advances	24,884	
Net Increase (Decrease) in Cash	14,377	(1,794)
Cash - Beginning of Year	697	2,491
CASH - END OF YEAR	$ 15,074	$ 697

See Notes to Financial Statements

Note 1 - Significant Accounting Policies

Nature of Business

Floor Crafters USA Corp (the "Company") was incorporated in the state of Colorado on March 14, 2023. The Company is engaged in franchising flooring companies who specialize in flooring solutions for both residential and commercial markets. The Company is based in Louisville, Colorado. Under the franchise agreement, the franchisees are granted the nonexclusive use of the Company's "Marks" (see Note 2). The Company is also responsible for monitoring the activities of the franchisees, enforcing its rights, and ensuring the performance of obligations under the franchise agreements.

The Company generates revenues from the sale of new franchise agreements and from ongoing royalty fees earned under existing franchise agreements. The Company receives royalty fees from franchise owners based on a percentage of sales.

Income Taxes

The Company is a corporation. The Company accounts for income taxes using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

Financial Instruments

The Company's financial instruments include cash, receivables, accounts payable and short term borrowings. The fair values of these financial instruments approximates their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Note 1- Significant Accounting Policies (continued)

Royalty Fees Receivable

Royalty fees receivable are recorded when services are provided. The carrying value of these receivables are recorded net of an allowance for credit losses. Credit losses are estimated based on management's evaluation of historical losses, current conditions of individual accounts and reasonable and supportable forecasts. The Company uses a pooled approach to estimate credit losses for financial assets with similar characteristics. Generally, the Company pools its receivables using the aging method. No allowance for credit losses was considered necessary as of December 31, 2025 and 2024.

Deferred Contract Costs

Deferred contract costs primarily represent costs to obtain a contract and fulfill a contract. Costs to obtain a contract are recorded as a deferred contract cost if: (1) the cost is incremental, and (2) the cost is expected to be recovered. Costs to fulfill a contract are recorded as a deferred contract cost if the costs: (1) directly relate to an existing or anticipated contract, (2) generate or enhance resources that will be used in satisfying performance obligations in the future, and (3) are expected to be recovered through the contract. If a cost to obtain or fulfill a contract is deferred and it is material, the cost is capitalized as an asset, amortized over the expected duration of the contract, and tested for impairment.

Contract Liabilities

Contract liabilities represent the Company's obligations to transfer goods or services to a customer when consideration has already been received from the customer. Contract liabilities include deferred revenue. For the years ended December 31, 2025, the Company had contract liabilities of $153,547. The Company did not have contract liabilities at December 31, 2024 or 2023.

Revenue Recognition

The Company accounts for revenue in accordance with ASC 606, Revenue from Contracts with Customers.

Initial Franchise Fees

Initial franchise fees consist of two performance obligations:

1. The franchise license, and
2. Pre-opening services.

The Company allocates the transaction price between the franchise license and pre-opening services based on relative standalone selling prices. The Company has elected the practical expedient under ASC 606 to treat all pre-opening services as a single performance obligation.

Note 1- Significant Accounting Policies (continued)

Revenue Recognition (continued)

Franchise license fees are recognized over time on a straight-line basis over the term of the franchise agreement, as the franchisee simultaneously receives and consumes the benefits of the license throughout the term.

Pre-opening service fees are recognized at a point in time, generally when the franchisee commences operations, as that is when the performance obligation is satisfied.

Initial franchise fees collected prior to satisfaction of the related performance obligation are recorded as contract liabilities (deferred revenue).

Renewal Franchise Fees

Renewal franchise fees relate solely to the franchise license for the renewal term and are recognized ratably over the renewal term.

Royalty Revenue

Franchisees are required to pay ongoing royalty fees calculated as a percentage of gross sales, net of discounts, with a monthly minimum royalty as stipulated in the contract. Royalty revenue is recognized over time in the period the underlying sales occur, consistent with the sales-based royalty exception under ASC 606. Royalty fees are billed monthly and are accrued based on franchisee-reported gross sales.

Disaggregation of Revenue

For the years ended December 31, 2025 and 2024, the Company recognized $127,000 and $13,000 of initial franchise fees were recognized at a point in time, and $20,653 and $8,000 of franchise license fees and royalty revenue, respectively, which are recognized over time.

Remaining Performance Obligations

As of December 31, 2025, the aggregate amount of the transaction price allocated to unsatisfied performance obligations related to franchise license fees was $153,547. The Company expects to recognize this revenue ratably over the remaining terms of the related franchise agreements, which range from 8 to 9 years.

The Company has elected the practical expedient not to disclose remaining performance obligations for royalty revenue as such amounts are recognized in accordance with the sales-based royalty exception.

Note 1- Significant Accounting Policies (continued)

Advertising and Promotion

The Company follows the policy of charging the costs of advertising and promotion to expense as incurred. Advertising and promotion expense was $74,159 and $13,308 for the years ended December 31, 2025 and 2024, respectively.

Subsequent Events

In preparing its financial statements, the Company has evaluated subsequent events through February 19, 2026, which is date the financial statements were available to be issued. Management of the Company has not identified any material subsequent events that require reporting or disclosure.

Note 2 - Marks

The Company licenses certain intellectual property, including trademarks, service marks, trade names, logos, copyrighted materials, and other proprietary information (collectively, the "Marks"), from an affiliated entity pursuant to a 30-year license agreement dated October 31, 2023.

Under the terms of the agreement, the Company has the exclusive right to sublicense the Marks to franchisees. The Company is responsible for protecting and defending the Marks and for maintaining and enhancing the goodwill associated with the Marks.

The license agreement does not require the Company to pay royalties or other consideration to the affiliate. Accordingly, no asset or liability has been recorded related to the license agreement.

Note 3 Concentrations of Customers

The Company grants franchise rights to independent franchises. The Company had one operating franchise location at December 31, 2024, and opened four additional franchise locations with two different customers in 2025.

	2025	2024
Franchisee A	4%	100%
Franchisee B	63%	N/A
Franchisee C	32%	N/A

Note 4 - Related Party Transactions

The principal shareholder of the Company has advanced monies to the Company on an informal basis. The amounts advanced are non-interest bearing, unsecured and due on demand. As of December 31, 2025 and 2024, the amounts due to the shareholder was $8,258 and $5,308, respectively.

During the year ended December 31, 2025, the shareholder of the Company was paid $24,500 of commissions, of which, $1,429 was recognized as commissions expense in 2025 and the remaining $23,071 was included in deferred contact costs on the Balance Sheet.

Note 5 Income Taxes

The income tax provision (benefit) consisted of the following for the years ended December 31, 2025 and 2024.

	2025	2024
Current:		
Federal	$ 217	$
State	45	
Total Income Tax Provision (Benefit)	$ 262	$

The Company's federal statutory rate is 21% and the blended state tax rate, net of federal benefit is 4.4%. Principal items comprising net deferred income tax assets (liabilities) are as follows for the years ended December 31, 2025 and 2024.

	2025	2024
Deferred Tax Assets:		
Net operating loss	$ 6,536	$
Deferred contract costs	42,833	
Total Deferred Tax Assets	49,369	
Deferred Tax Liabilities		
Deferred franchise fees	(38,726)	
Total Deferred Tax Liabilities	(38,726)	
Net Deferred Tax Asset	$ 10,643	$

The Company has federal net operating loss carry forwards of $25,733 which can be carried forward indefinitely. The Company has state net operating loss carryforwards of $25,733, which expired in 2023 to 2045.

Floor Crafters USA Corp

Financial Statements
For the Vear Ended December 31, 2024

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SAUERWEIN

Certified Public Accountants

Floor Crafters USA Corp

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SAUERWEIN

Certified Public Accountants

Independent Auditor's Report

To the Stockholders
Floor Crafters USA Corp

Opinion

We have audited the accompanying financial statements of Floor Crafters USA Corp (a corporation), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Floor Crafters USA Corp as of December 31, 2024, and the results of its operations and its cash flows for the for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Floor Crafters USA Corp's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Certified Public Accountants

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Floor Crafters USA Corp' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Floor Crafters USA Corp's ability to continue as a going concern for a reasonable period of time.

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

Olson, Reyes & Sauerwein, LLC

Olson, Reyes & Sauerwein, LLC
Centennial, Colorado
July 17, 2025

Floor Crafters USA Corp

Balance Sheet

December 31, 2024

ASSETS		
Cash	$	697
Royalty fees receivable		2,000
TOTAL ASSETS	$	2,697
LIABILITIES AND STOCKHOLDER'S (DEFICIT)		
Liabilities		
Accounts payable	$	30,226
Due to related parties		5,308
Total Liabilities		35,534
Stockholder's (Deficit)		
Common stock - no par value, 10 shares authorized; 100 shares issued and outstanding		
Additional paid-in capital		2,486
Retained (deficit)		(35,323)
Total Stockholder's (Deficit)		(32,837}
TOTAL LIABILITIES AND STOCKHOLDER'S (DEFICIT)	$	2 697

See Notes to Financial Statements

Floor Crafters USA Corp

Statement of Operations

For the Year Ended December 31, 2024

Franchise fees and royalty revenue	$	13,000
Operating Expenses		
Advertising and promotion		13,308
Bank charges		180
Software subscriptions		14,666
Office expenses		105
Legal fees		19,669
Repairs and maintenance		400
Total Operating Expenses		48,328
NET (LOSS)	$	{35,328}

See Notes to Financial Statements

Floor Crafters USA Corp

Statement of Retained Earnings

For the Year Ended December 31, 2024

Retained earnings - beginning of Year	$	5
Net (loss)		(35,328)
RETAINED (DEFICIT) - END OF YEAR	$	(35,323)

See Notes to Financial Statements

Floor Crafters USA Corp

Statement of Cash Flows

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$	{35,328)
Changes in Operating Assets and Liabilities		
Accounts receivable		(2,000)
Accounts payable		30,226
Due to related parties		5,308
Net Cash Flows from Operating Activities		(1,794)
Net (Decrease) in Cash		(1,794)
Cash - Beginning of Year		2,491
CASH - END OF YEAR	$	697

See Notes to Financial Statements

Floor Crafters USA Corp

Notes to the Financial Statements

Note 1- Significant Accounting Policies

Nature of Business

Floor Crafters USA Corp (the "Company") was incorporated in the state of Colorado on March 14, 2023. The Company is engaged in franchising flooring companies who specialize in flooring solutions for both residential and commercial markets. The Company is based in Louisville, Colorado. Under the franchise agreement, the franchisees are granted the nonexclusive use of the Company's "Marks" (see Note 2). The Company is also responsible for monitoring the activities of the franchisees, enforcing its rights, and ensuring the performance of obligations under the franchise agreements. As of December 31, 2024, there was one franchisee.

The Company generates revenues from the sale of new franchise agreements and from ongoing royalty fees earned under existing franchise agreements. The Company receives royalty fees from franchise owners based on a percentage of sales.

Income Taxes

The Company is a corporation. The Company accounts for income taxes using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

Financial Instruments

The Company's financial instruments include cash and accounts receivable. The fair values of these financial instruments approximates their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Note 1- Significant Accounting Policies (continued)

Royalty Fees Receivable

Royalty fees receivable are recorded when services are provided. The carrying value of these receivables are recorded net of an allowance for credit losses. Credit losses are estimated based on management's evaluation of historical losses, current conditions of individual accounts and reasonable and supportable forecasts. The Company uses a pooled approach to estimate credit losses for financial assets with similar characteristics. Generally, the Company pools its receivables using the aging method. No allowance for credit losses was considered necessary as of December 31, 2024.

Revenue Recognition

Initial franchise fees are allocated between the franchise license fee and pre-opening service fees and are recognized when the performance obligations are satisfied. The Company has elected the practical expedient allowed under ASC 606 and considers all pre-opening services to have a single performance obligation. Renewal franchise fees are collected for the franchise license for the renewal term.

Franchise license fees are recognized ratably over the course of the franchise term since the benefits of the franchise license are consumed over the term of the agreement. Pre-opening service fees are recognized when the performance obligation has been satisfied which is generally when the franchisee commences operations. Franchise fees collected prior to the performance obligation being satisfied are recorded as a contract liability (deferred revenue). For the year ended December 31, 2024, the Company had no contract liabilities..

Franchisees are also required to pay the Company a royalty fee. Royalty fees are due monthly and are accrued based on a percent of gross sales less discounts, as reported by the franchisees.

For the year ended December 31, 2024, the Company recognized $5,000 of royalty fees which were recognized at a point in time and $8,000 of initial franchise fees that are recognized over time.

Advertising and Promotion

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $13,308 for the year ended December 31, 2024.

Subsequent Events

In preparing its financial statements, the Company has evaluated subsequent events through July 17, 2025, which is date the financial statements were available to be issued. Management of the Company has not identified any material subsequent events that require reporting or disclosure, except as discussed in Note 4.

Floor Crafters USA Corp

Notes to the Financial Statements

Note - 2 Marks

Marks include the Company's trademarks, service marks, trade names, logos, and other commercial symbols, and also includes copyrighted materials and other intellectual and proprietary information. These Marks were licensed to the Company by an affiliate, under a 90-year license dated October 31, 2023. This license gives the Company the exclusive right to license to the franchisees the Marks, with the understanding that the Company will protect and defend the Marks and must work to increase the goodwill of the Marks. No monetary value has been assigned to these Marks.

Note - 3 Due to Related Parties

The principal shareholder of the Company has advanced monies to the Company on an informal basis. The amounts advanced are non-interest bearing, unsecured and due on demand. As of December 31, 2024 the amount due to the shareholder was $5,308.

Note - 4 Subsequent Events

In 2025, the Company sold four franchise units to two seperate individuals.

Floor Crafters USA Corp

Financial Statements
For the Period March 14, 2023 Through December 31, 2023

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Certified Public Accountants

Floor Crafters USA Corp

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Certified Public Accountants

Independent Auditor's Report

To the Stockholders
Floor Crafters USA Corp

Opinion

We have audited the accompanying financial statements of Floor Crafters USA Corp (a corporation), which comprise the balance sheet as of December 31, 2023, and the related statements of income, retained earnings, and cash flows for the period March 14, 2023 through December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Floor Crafters USA Corp as of December 31, 2023, and the results of its operations and its cash flows for the for the period March 14, 2023 through December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Floor Crafters USA Carp's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Certified Public Accountants

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Floor Crafters USA Corp' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Floor Crafters USA Corp's ability to continue as a going concern for a reasonable period of time.

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

Olson, Reyes & Sauerwein, LLC

Olson, Reyes & Sauerwein, LLC
Centennial, Colorado
May 8, 2024

Floor Crafters USA Corp

Balance Sheet

December 31, 2023

ASSETS		
Cash	$	2,491
TOTAL ASSETS	$	2,491
STOCKHOLDER'S EQUITY		
Common stock - no par value, 10 shares authorized; 100 shares issued and outstanding	$	
Additional paid-in capital		2,486
Retained earnings		S
TOTAL STOCKHOLDER'S EQUITY	$	2,491

See Notes to Financial Statements

Floor Crafters USA Corp

Statement of Income

For the Period March 14, 2023 Through December 31, 2023

Revenue	$	5
NET INCOME	$	5

See Notes to Financial Statements

Floor Crafters USA Corp

Statement of Retained Earnings

For the Period March 14, 2023 Through December 31, 2023

Retained earnings - beginning of period	$	
Net income		5
RETAINED EARNINGS-END OF PERIOD	$	5

See Notes to Financial Statements

Floor Crafters USA Corp

Statement of Cash Flows

For the Period March 14, 2023 Through December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	5
Net Cash Flows from Operating Activities		5
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional paid-in capital		2,486
Net Increase in Cash		2,491
Cash - Beginning of Period		
CASH - END OF PERIOD	$	2,491

See Notes to Financial Statements

Floor Crafters USA Corp

Notes to the Consolidated Financial Statements

Note 1 Significant Accounting Policies

Nature of Business

Floor Crafters USA Corp (the "Company") was incorporated in the state of Colorado on March 14, 2023. The Company is engaged in franchising flooring companies who specialize in flooring solutions for both residential and commercial markets. The Company is based in Louisville, Colorado. The Company had no franchisees at December 31, 2023.

Income Taxes

The Company is a corporation. The Company accounts for income taxes using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

Subsequent Events

In preparing its financial statements, the Company has evaluated subsequent events through **May 8,** 2024, which is date the financial statements were available to be issued. Management of the Company has not identified any material subsequent events that require reporting or disclosure.

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
Indiana	
Maryland	
Michigan	
Minnesota	
Rhode Island	
Virginia	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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EXHIBIT H

RECEIPT

©2026 All Rights Reserved Floor Crafters USA Corp Gen

RECEIPT

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

If Floor Crafters USA Corp offers you a franchise agreement, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to the franchisor or an Affiliate in connection with the proposed franchise sale.

New York and Rhode Island law 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. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Floor Crafters USA Corp does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A.

Issuance Date: April 1, 2026

The Franchisor is Floor Crafters USA Corp, located at 1188 Grove Court, Louisville, Colorado 80027, (720) 699-7230.

The franchise seller for this offering is Shaun Bezuidenhout at 1188 Grove Court, Louisville, Colorado 80027, (720) 669-7230.

Floor Crafters USA Corp authorizes the respective agencies identified in Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated April 1, 2026, that included the following Exhibits:

Exhibit A	List of State Agencies/Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit B-1	Multi-Territory Addendum
Exhibit C	Manual Table of Contents
Exhibit D	List of Franchisees and Franchisees That Have Left the System
Exhibit E	State-Specific Addenda
Exhibit F	Franchisee Organizations Franchisor Has Created, Sponsored, or Endorsed and Independent Organizations
Exhibit G	Financial Statements
Exhibit H	Receipt

_____ _____

Receipt Date (Do not leave blank) Prospective Franchisee

_____

Print Name

You may return the signed receipt by signing and dating it through an electronic signature system or by signing, dating, and mailing it to Floor Crafters USA Corp, 1188 Grove Court, Louisville, Colorado 80027.

KEEP A COPY FOR YOUR RECORDS

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RECEIPT

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

If Floor Crafters USA Corp offers you a franchise agreement, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to the franchisor or an Affiliate in connection with the proposed franchise sale.

New York and Rhode Island law 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. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Floor Crafters USA Corp does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A.

Issuance Date: April 1, 2026

The Franchisor is Floor Crafters USA Corp, located at 1188 Grove Court, Louisville, Colorado 80027, (720) 699-7230.

The franchise seller for this offering is Shaun Bezuidenhout at 1188 Grove Court, Louisville, Colorado 80027, (720) 669-7230.

Floor Crafters USA Corp authorizes the respective agencies identified in Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated April 1, 2026, that included the following Exhibits:

Exhibit A	List of State Agencies/Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit B-1	Multi-Territory Addendum
Exhibit C	Manual Table of Contents
Exhibit D	List of Franchisees and Franchisees That Have Left the System
Exhibit E	State-Specific Addenda
Exhibit F	Franchisee Organizations Franchisor Has Created, Sponsored, or Endorsed and Independent Organizations
Exhibit G	Financial Statements
Exhibit H	Receipt

_____ _____

Receipt Date (Do not leave blank) Prospective Franchisee

_____

Print Name

You may return the signed receipt by signing and dating it through an electronic signature system or by signing, dating, and mailing it to Floor Crafters USA Corp, 1188 Grove Court, Louisville, Colorado 80027.

RETURN TO FRANCHISOR

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